

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 13, 2026

NEW ISSUES – FULL BOOK-ENTRY

RATINGS:

Fitch “AAA”

Moody’s “Aa2”

(See “MISCELLANEOUS – Ratings” herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District, 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 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Tax-Exempt Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.



\$123,000,000*

SWEETWATER UNION HIGH SCHOOL DISTRICT

(San Diego County, California)

\$23,000,000* Election of 2006, Series 2026E Comprised of:

\$535,000*

General Obligation Bonds

(Dedicated Unlimited Ad Valorem Property Tax Bonds),

Election of 2006, Series 2026E-1

(Federally Taxable)

\$22,465,000*

General Obligation Bonds

(Dedicated Unlimited Ad Valorem Property Tax Bonds),

Election of 2006, Series 2026E-2

\$50,000,000* Election of 2018, Series 2026B Comprised of:

\$1,650,000*

General Obligation Bonds

(Dedicated Unlimited Ad Valorem Property Tax Bonds),

Election of 2018, Series 2026B-1

(Federally Taxable)

\$48,350,000*

General Obligation Bonds

(Dedicated Unlimited Ad Valorem Property Tax Bonds),

Election of 2018, Series 2026B-2

\$50,000,000* Election of 2024, Series 2026B Comprised of:

\$865,000*

General Obligation Bonds

(Dedicated Unlimited Ad Valorem Property Tax Bonds),

Election of 2024, Series 2026B-3

(Federally Taxable)

\$49,135,000*

General Obligation Bonds

(Dedicated Unlimited Ad Valorem Property Tax Bonds),

Election of 2024, Series 2026B-4

Dated: Date of Delivery

Due: As shown on the inside cover.

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited Ad Valorem Property Tax Bonds), Election of 2006, Series 2026E-1 (Federally Taxable) (the “Series 2026E-1 Bonds”) and the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited Ad Valorem Property Tax Bonds), Election of 2006, Series 2026E-2 (the “Series 2026E-2 Bonds”) and, together with the Series 2026E-1 Bonds, the “2006 Election Series E Bonds”) were authorized at an election of the registered voters of the Sweetwater Union High School District (the “District”) held on November 7, 2006, at which the requisite 55% or more of the persons voting on the bond proposition (“Proposition O”) voted to authorize the issuance and sale of \$644,000,000 aggregate principal amount of general obligation bonds of the District (the “2006 Election”). The 2006 Election Series E Bonds are the fifth issuance of general obligation bonds of the District authorized at the 2006 Election.

The Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited Ad Valorem Property Tax Bonds), Election of 2018, Series 2026B-1 (Federally Taxable) (the “Series 2026B-1 Bonds”) and the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited Ad Valorem Property Tax Bonds), Election of 2018, Series 2026B-2 (the “Series 2026B-2 Bonds”) and, together with the Series 2026B-1 Bonds, the “2018 Election Series B Bonds”) were authorized at an election of the registered voters of the District held on November 6, 2018, at which the requisite 55% or more of the persons voting on the bond measure (“Measure DD”) voted to authorize the issuance and sale of \$403,000,000 aggregate principal amount of general obligation bonds of the District (the “2018 Election”). The 2018 Election Series B Bonds are the second issuance of general obligation bonds of the District authorized at the 2018 Election.

The Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited Ad Valorem Property Tax Bonds), Election of 2024, Series 2026B-3 (Federally Taxable) (the “Series 2026B-3 Bonds”) and the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited Ad Valorem Property Tax Bonds), Election of 2024, Series 2026B-4 (the “Series 2026B-4 Bonds”) and, together with the Series 2026B-3 Bonds, the “2024 Election Series B Bonds”) were authorized at an election of the registered voters of the District held on November 5, 2024, at which the requisite 55% or more of the persons voting on the bond measure (“Measure RR”) voted to authorize the issuance and sale of \$647,000,000 aggregate principal amount of general obligation bonds of the District (the “2024 Election”). The 2024 Election Series B Bonds are the second issuance of general obligation bonds of the District authorized at the 2024 Election.

The 2006 Election Series E Bonds, the 2018 Election Series B Bonds and the 2024 Election Series B Bonds are collectively referred to herein as the “Bonds.” The Bonds are being issued by the District pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Government Code”), other applicable law and a resolution of the Board of Trustees of the District (Resolution No. 5056) adopted on October 12, 2026 (the “Resolution”). The Bonds are being issued (i) to construct and improve various school facilities of the District under the respective bond measures, (ii) to pay debt service on a portion of the Bonds, and (iii) to pay certain costs of issuing the Bonds. See “PLAN OF FINANCE” herein.

The Series 2026E-1 Bonds, the Series 2026B-1 Bonds and the Series 2026B-3 Bonds are collectively referred to herein as the “Taxable Bonds.” The Series 2026E-2 Bonds, the Series 2026B-2 Bonds and the Series 2026B-4 Bonds are collectively referred to herein as the “Tax-Exempt Bonds.”

The distribution of this Official Statement and the offering, sale and delivery of the Bonds in certain jurisdictions outside the United States is restricted by law. Persons in such jurisdictions into whose possession this Official Statement comes are expected by the District to inform themselves about and to observe any such restrictions.

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT, SECURED AND PAYABLE FROM AD VALOREM PROPERTY TAXES ASSESSED UPON ALL PROPERTY SUBJECT TO TAXATION BY THE DISTRICT, WHICH THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO (THE “COUNTY”) IS EMPOWERED AND OBLIGATED TO LEVY WITHOUT LIMITATION AS TO RATE OR AMOUNT (EXCEPT FOR CERTAIN PERSONAL PROPERTY WHICH IS TAXABLE AT LIMITED RATES) ALL AS MORE FULLY DESCRIBED UNDER “SECURITY AND SOURCES OF PAYMENT” HEREIN.

The Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth on the inside front cover pages hereof. Interest on the Tax-Exempt Bonds accrues from the date of delivery of the Bonds (the “Date of Delivery”) and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2027. Interest on and principal of the Taxable Bonds is payable on February 1, 2027. Principal of the Tax-Exempt Bonds is due on August 1, in the years and the amounts set forth on the inside cover pages hereof.

The Bonds will be issued in book-entry form only, in denominations of \$5,000 principal amounts, or any integral multiple thereof, and are payable as to principal amount or interest. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Purchasers will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by U.S. Bank Trust Company, National Association, as paying agent (the “Paying Agent”), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See “APPENDIX G: BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds are subject to redemption prior to maturity as described herein.” See “THE BONDS – Redemption.”

MATURITY SCHEDULES
(See Inside Cover)

J.P. Morgan
Raymond James

Morgan Stanley
Stifel

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. Certain matters will be passed upon for the District by its General Counsel and for the Underwriters by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California. KNN Public Finance, LLC, Berkeley, California serves as Municipal Advisor to the District, and Norton Rose Fulbright US LLP, Los Angeles, California serves as Disclosure Counsel to the District in connection with the issuance of the Bonds. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about November 4, 2026.

Dated: _____, 2026

* Preliminary; subject to change.

PROPOSITION O MATURITY SCHEDULES*

\$23,000,000*

SWEETWATER UNION HIGH SCHOOL DISTRICT

(San Diego County, California)

Election of 2006, Series 2026E Comprised of:

\$535,000*

General Obligation Bonds

(Dedicated Unlimited *Ad Valorem* Property Tax Bonds),

Election of 2006, Series 2026E-1

(Federally Taxable)

<u>Maturity</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	CUSIP[†] <u>Number</u> <u>870462</u>
2027					

\$22,465,000*

General Obligation Bonds

(Dedicated Unlimited *Ad Valorem* Property Tax Bonds),

Election of 2006, Series 2026E-2

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	CUSIP[†] <u>Number</u> <u>870462</u>
2028					
2048					

* Preliminary; subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP® numbers have been assigned by an independent company and are included solely for the convenience of the holders of the Bonds. None of the District, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

MEASURE DD MATURITY SCHEDULES*

\$50,000,000*

SWEETWATER UNION HIGH SCHOOL DISTRICT (San Diego County, California) Election of 2018, Series 2026B Comprised of:

\$1,650,000*

General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2018, Series 2026B-1 (Federally Taxable)

<u>Maturity</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u> <u>Number</u> <u>870462</u>
2027					

\$48,350,000*

General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2018, Series 2026B-2

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u> <u>Number</u> <u>870462</u>
2028					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					

\$ _____ % Term Bonds Due August 1, 2051 - Yield _____ % Price _____ CUSIP[†] _____
\$ _____ % Term Bonds Due August 1, 2053 - Yield _____ % Price _____ CUSIP[†] _____

* Preliminary; subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP® numbers have been assigned by an independent company and are included solely for the convenience of the holders of the Bonds. None of the District, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

MEASURE RR MATURITY SCHEDULES*

\$50,000,000*

SWEETWATER UNION HIGH SCHOOL DISTRICT

(San Diego County, California)

Election of 2024, Series 2026B Comprised of:

\$865,000*

General Obligation Bonds

(Dedicated Unlimited *Ad Valorem* Property Tax Bonds),

Election of 2024, Series 2026B-3

(Federally Taxable)

<u>Maturity</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u> <u>Number</u> <u>870462</u>
2027					

\$49,135,000*

General Obligation Bonds

(Dedicated Unlimited *Ad Valorem* Property Tax Bonds),

Election of 2024, Series 2026B-4

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u> <u>Number</u> <u>870462</u>
2028					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					

\$ _____ – _____ % Term Bonds Due August 1, 2051 - Yield _____ % Price _____ CUSIP[†] _____

\$ _____ – _____ % Term Bonds Due August 1, 2056 - Yield _____ % Price _____ CUSIP[†] _____

* Preliminary; subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP® numbers have been assigned by an independent company and are included solely for the convenience of the holders of the Bonds. None of the District, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

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

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

The District maintains a website and certain social media accounts. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

The information set forth herein has been obtained from official sources that are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. 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 any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds 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 District.

The Bonds have not been registered under the Securities Act of 1933, in reliance upon an exemption contained in such Act. The Bonds have not been registered under the securities laws of any state.

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 respective responsibilities 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.

By placing an order for the Bonds with an Underwriter, you agree that if you are allocated Bonds, the Underwriter may disclose your identity to the District as an initial purchaser of the Bonds, unless you advise your sales representative otherwise.

THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND BANKS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 27A of the United States Securities Act of 1933, as amended (the “Securities Act”). Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

SWEETWATER UNION HIGH SCHOOL DISTRICT
San Diego County, California

BOARD OF TRUSTEES

Arturo Solis, President
Rudy Lopez, Vice-President
Dr. Adrián Arancibia, Board Member
Elva Lopez-Zepeda, Board Member
Marti Emerald, Board Member

DISTRICT ADMINISTRATORS

Dr. Moisés G. Aguirre, Superintendent
Dr. Jenny Salkeld, Chief Financial Officer
Janea Quirk, Assistant Superintendent, Facilities and Operations
Jennifer Carbuccia, General Counsel
Dr. Ana Maria Alvarez, Assistant Superintendent, Teaching & Learning
Dr. Vernon Moore, Assistant Superintendent, Educational Equity and Support Services
Dr. Maribel Gavin, Assistant Superintendent of Human Resources

BOND COUNSEL

Orrick, Herrington & Sutcliffe, LLP
San Francisco, California

DISCLOSURE COUNSEL

Norton Rose Fulbright US LLP
Los Angeles, California

MUNICIPAL ADVISOR

KNN Public Finance, LLC
Berkeley, California

PAYING AGENT

U.S. Bank Trust Company, National Association
Los Angeles, California

DISSEMINATION AGENT

Special District Financing & Administration
Escondido, California

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
The District	2
Purpose of the Bonds, Proposition O, Measure DD and Measure RR.....	3
Security and Source of Payment for the Bonds	3
Description of the Bonds	4
Tax Matters	4
Offering and Delivery of the Bonds.....	4
Continuing Disclosure	5
Professionals Involved in the Offering	5
Other Information	5
PLAN OF FINANCE.....	6
The Projects	6
ESTIMATED SOURCES AND USES OF FUNDS	8
THE BONDS	8
Authority for Issuance.....	8
General Provisions	8
Redemption	9
Notice of Redemption	11
Conditional Notice of Redemption	12
Rescission of Notice	12
Selection of Bonds for Redemption	13
Defeasance	13
Annual Net Debt Service	14
SECURITY AND SOURCES OF PAYMENT	15
General	15
Pledge of and Lien on Tax Revenues.....	15
Statutory Lien for General Obligation Bonds	16
Dedicated Unlimited <i>Ad Valorem</i> Property Tax Collection	16
Assessed Valuation	17
Tax Rates, Levies and Collection Procedures.....	20
Secured Tax Charges and Delinquencies.....	21
Tax Rates	23
Largest Taxpayers.....	24
Direct and Overlapping Debt.....	24
Teeter Plan	27
TAX MATTERS.....	27
LEGAL AND OTHER MATTERS.....	33
Possible Limitations on Remedies; Bankruptcy	33
Legality for Investment in California	36
Continuing Disclosure	36
Cyber Incident.....	36
Litigation.....	37
Legal Opinion	38

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
MISCELLANEOUS	38
Ratings	38
Underwriting	38
Municipal Advisor	39
Financial Statements	39
Additional Information	40
APPENDIX A: DISTRICT ECONOMY	A-1
APPENDIX B: FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT	B-1
APPENDIX C: AUDITED FINANCIAL STATEMENTS FOR THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025	C-1
APPENDIX D: PROPOSED FORM OF OPINION OF BOND COUNSEL	D-1
APPENDIX E: PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE	E-1
APPENDIX F: SAN DIEGO COUNTY INVESTMENT POOL	F-1
APPENDIX G: BOOK-ENTRY ONLY SYSTEM	G-1

\$123,000,000*
SWEETWATER UNION HIGH SCHOOL DISTRICT
(San Diego County, California)

\$23,000,000* Election of 2006, Series 2026E Comprised of:

\$535,000*
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds),
Election of 2006, Series 2026E-1
(Federally Taxable)

\$22,465,000*
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds),
Election of 2006, Series 2026E-2

\$50,000,000* Election of 2018, Series 2026B Comprised of:

\$1,650,000*
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds),
Election of 2018, Series 2026B-1
(Federally Taxable)

\$48,350,000*
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds),
Election of 2018, Series 2026B-2

\$50,000,000* Election of 2024, Series 2026B Comprised of:

\$865,000*
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds),
Election of 2024, Series 2026B-3
(Federally Taxable)

\$49,135,000*
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds),
Election of 2024, Series 2026B-4

INTRODUCTION

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

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT, SECURED AND PAYABLE FROM *AD VALOREM* PROPERTY TAXES ASSESSED ON ALL TAXABLE PROPERTIES WITHIN THE DISTRICT, WITHOUT LIMITATION AS TO RATE OR AMOUNT (EXCEPT FOR CERTAIN PERSONAL PROPERTY WHICH IS TAXABLE AT LIMITED RATES). THE BONDS ARE NOT AN OBLIGATION OF THE COUNTY OF SAN DIEGO OR OF THE GENERAL FUND OF THE DISTRICT. SEE “SECURITY AND SOURCES OF PAYMENT” HEREIN.

This Official Statement, which includes the cover and inside cover pages and appendices hereto, is provided to furnish information in connection with the sale of the Sweetwater Union High School District (the “District”) General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2006, Series 2026E-1 (Federally Taxable) (the “Series 2026E-1 Bonds”), the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2006, Series 2026E-2 (the “Series 2026E-2 Bonds” and, together with the Series 2026E-1 Bonds, the “2006 Election Series E Bonds”), the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2018, Series 2026B-1 (Federally Taxable) (the “Series 2026B-1 Bonds”), the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2018, Series 2026B-2 (the “Series 2026B-2 Bonds” and, together with the Series 2026B-1 Bonds, the “2018 Election Series B

* Preliminary; subject to change.

Bonds”), the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2024, Series 2026B-3 (Federally Taxable) (the “Series 2026B-3 Bonds”), and the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2024, Series 2026B-4 (the “Series 2026B-4 Bonds” and, together with the Series 2026B-3 Bonds, the “2024 Election Series B Bonds”).

The Series 2026E-1 Bonds, the Series 2026B-1 Bonds and the Series 2026B-3 Bonds are collectively referred to herein as the “Taxable Bonds.” The Series 2026E-2 Bonds, the Series 2026B-2 Bonds, and the Series 2026B-4 Bonds are collectively referred to herein as the “Tax-Exempt Bonds.”

The 2006 Election Series E Bonds, the 2018 Election Series B Bonds and the 2024 Election Series B Bonds are collectively referred to herein as the “Bonds.”

The issuance of the Bonds was authorized by a resolution adopted on October 12, 2026 by the Board of Trustees of the District (the “Resolution” or the “District Resolution”). The Bonds will be executed and delivered pursuant to a Paying Agent Agreement, dated as of November 1, 2026 (the “Paying Agent Agreement”), by and between the District and U.S. Bank Trust Company, National Association, as paying agent (the “Paying Agent”) under appointment by the Treasurer-Tax Collector of the County of San Diego (the “County”). The District anticipates that the Bonds will be issued and available for delivery through the facilities of DTC, New York, New York, on or about November 4, 2026.

The District

The Sweetwater Union High School District was established in 1920 and its current boundaries encompass approximately 153 square miles. The District is the second largest secondary school district in the State of California (the “State”) in terms of student enrollment, provides education for grades 7 through 12 and is currently operating twelve (12) comprehensive high schools, one (1) continuation high school, ten (10) middle schools, one (1) junior high school, four (4) adult education programs and four (4) alternative education schools, and has authorized two (2) independent charter schools. As of January 2026, the District’s Fiscal Year 2025-26 enrollment was 33,406 students in grades 7 to 12 (California Longitudinal Pupil Achievement Data System (“CALPADS”) reporting) and, as of January 2026, for the 2025-26 school year, enrollment was 7,462 adult learners in the cities or communities of San Diego, Bonita, Chula Vista, Eastlake, Imperial Beach, National City, Otay Mesa, South San Diego and San Ysidro. The District’s average daily attendance (“ADA”) for Fiscal Year 2025-26 was 30,707, and, as of June 2026, is budgeted to be 30,520 in Fiscal Year 2026-27. Taxable property within the District has a Fiscal Year 2026-27 assessed valuation of \$77,265,274,835. As of June 2026, the District has budgeted Fiscal Year 2026-27 general fund expenditures of approximately \$712.4 million.

The District is governed by a Board of Trustees (the “Board” or the “Board of Trustees”). The Board consists of five members who are elected by trustee area to overlapping four-year terms at elections held in staggered years. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board Members or by a special election. Board members may serve no more than two four-year terms. There is also a student representative on the Board that serves a one-year term.

The District’s Fiscal Year 2026-27 budget for all funds as of July 1, 2026 provides for the employment of approximately 1,957 full-time equivalent certificated staff positions, 1,359 full-time equivalent classified employees, 288 full-time equivalent supervisors and management employees and 10 full-time equivalent confidential employees.

The District's audited financial statements for the Fiscal Year ended June 30, 2025 are attached hereto as APPENDIX C. "Fiscal Year," as used herein, shall mean the twelve-month period commencing on July 1 of each year and ending on the following June 30.

Purpose of the Bonds, Proposition O, Measure DD and Measure RR

Purpose of the Bonds. The District intends to use the proceeds from the sale of the 2006 Election Series E Bonds, the 2018 Election Series B Bonds and the 2024 Election Series B Bonds to: (i) construct and improve various school facilities of the District under Proposition O, Measure DD and Measure RR, respectively, (ii) pay debt service on a portion of the 2006 Election Series E Bonds, the 2018 Election Series B Bonds and the 2024 Election Series B Bonds, and (iii) pay certain costs of issuing the 2006 Election Series E Bonds, the 2018 Election Series B Bonds and the 2024 Election Series B Bonds.

The Bonds are issued pursuant to certain provisions of the California Education Code, the California Government Code and other applicable law and pursuant to the Resolution. See "THE BONDS – Authority for Issuance."

Proposition O. The District received authorization at an election held on November 7, 2006, by more than 55% of the votes cast by eligible voters within the District on the proposition known as "Proposition O" to issue general obligation bonds in an amount not to exceed \$644,000,000 (the "2006 Authorization"). Under the 2006 Authorization, the District has previously issued \$357,339,156.95 principal amount of general obligation bonds and has \$286,660,843.05 remaining.

Measure DD. The District received authorization at an election held on November 6, 2018, by more than 55% of the votes cast by eligible voters within the District on the measure known as "Measure DD" to issue general obligation bonds in an amount not to exceed \$403,000,000 (the "2018 Authorization"). Under the 2018 Authorization, the District has previously issued \$200,000,000 principal amount of general obligation bonds and has \$203,000,000 remaining.

Measure RR. The District received authorization at an election held on November 5, 2024, by more than 55% of the votes cast by eligible voters within the District on the measure known as "Measure RR" to issue general obligation bonds in an amount not to exceed \$647,000,000 (the "2024 Authorization"). Under the 2024 Authorization, the District has previously issued \$50,000,000 principal amount of general obligation bonds and has \$597,000,000 remaining.

See "APPENDIX B: FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT – FINANCIAL AND OPERATING INFORMATION - Long Term Obligations" for details regarding the District's general obligation bonds.

Security and Source of Payment for the Bonds

The Bonds are payable from *ad valorem* taxes upon all property subject to taxation by the District, which the County Board of Supervisors is empowered and obligated to levy without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). Pursuant to Section 15250 of the California Education Code, the County is obligated to levy a tax for each year in which general obligation bonds of the District are outstanding, in an amount not less than that sufficient to pay principal of and interest on all outstanding bonds due during that year. See "SECURITY AND SOURCES OF PAYMENT."

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued in initial denominations of \$5,000 or any integral multiple thereof. The Bonds will have principal payable at the respective maturity dates. Interest on each Bond shall accrue from its dated date. Interest on the Bonds shall be computed using a 360-day year comprised of twelve 30-day months, and such interest with respect to the Tax-Exempt Bonds shall be payable on each February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing February 1, 2027, to the person or entity whose name appears on the bond registration books of the Paying Agent as the owner (each, an “Owner”) thereof as of the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a “Record Date”). Principal of and interest on the Taxable Bonds shall be payable at maturity of such Bonds.

Principal of the Bonds shall be due and payable on the dates in each of the years as set forth on the inside cover of this Official Statement. Principal of, and premium, if any, on the Bonds is payable when due upon surrender of the Bonds at the office of the Paying Agent. As long as DTC (defined below) is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Paying Agent will send notices to Owners only to DTC. The Paying Agent, the District, the County and the Underwriters of the Bonds have no responsibility or liability for any aspects of the records of DTC relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, or interest in the Bonds.

Denomination and Registration. The Bonds will be issued in fully registered form only, without coupons, and will be issued in denominations of \$5,000 principal amounts, or any integral multiple thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Owners will not receive physical certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. See “THE BONDS – General Provisions” and “APPENDIX G: BOOK-ENTRY ONLY SYSTEM.”

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District, 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 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Tax-Exempt Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their validity by Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about November 4, 2026.

Continuing Disclosure

The District has covenanted for the benefit of the Owners (including beneficial owners of the Bonds) to provide certain financial information and operating data relating to the District (the “Annual Report”) by a date not later than nine months following the end of the District’s Fiscal Year (which ends June 30), commencing with the report for the 2025-26 Fiscal Year (which is due no later than April 1, 2027), and to provide notices of the occurrence of certain enumerated events. See “APPENDIX E: PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The District has entered into a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) for the benefit of the Owners with Special District Financing & Administration (“SDFA”) under which the District has designated SDFA as Dissemination Agent (the “Dissemination Agent”). See “LEGAL AND OTHER MATTERS – Continuing Disclosure” herein. These covenants are being made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, is acting as Bond Counsel to the District with respect to the Bonds. Certain matters will be passed upon for the District by its General Counsel. KNN Public Finance, LLC, Berkeley, California, is acting as Municipal Advisor to the District with respect to the Bonds. Norton Rose Fulbright US LLP, Los Angeles, California, is acting as Disclosure Counsel to the District. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California is acting as counsel to the Underwriters with respect to the Bonds. U.S. Bank Trust Company, National Association, Los Angeles, California is acting as Paying Agent with respect to the Bonds. Bond Counsel, Disclosure Counsel, Underwriters’ Counsel and Municipal Advisor will each receive compensation contingent upon the sale and delivery of the Bonds.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Sweetwater Union High School District, 1130 Fifth Avenue, Chula Vista, California 91911, Attention: Chief Financial Officer. The District may impose a fee for copying, handling and mailing such requested documents.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

PLAN OF FINANCE

The Projects

Proposition O. The District received authorization under Proposition O to issue general obligation bonds in an amount not to exceed \$644,000,000 for the projects and purposes specified in such measure and summarized in the ballot as: *School Classroom, Safety and Repair Measure*. To improve learning/safety at every Sweetwater Union High School District campus by repairing/earthquake retrofitting classrooms/restrooms; installing upgraded fire safety systems, security fencing, safety lighting; upgrading science labs/computer technology; improving handicap accessibility; replacing leaky roofs, heating/air conditioning, outdated plumbing; removing asbestos, mold, and lead paint. See “INTRODUCTION – Purpose of the Bonds, Proposition O, Measure DD and Measure RR” herein.

Projects to be Funded with the 2026 Proposition O Bond Issuance. The District has planned several projects to be funded by the approximately \$23 million general obligation bond issuance of the 2006 Election Series E Bonds. Actual expenditures will depend on the progress of specific projects and it is possible that opportunities will arise with respect to other projects authorized by Proposition O not contemplated below that will call for an allocation of proceeds from this issue of bonds. Several key projects include:

- Bonita Vista High School Roof & HVAC Replacement;
- Bonita Vista Middle School Roof & HVAC Replacement; and
- Mar Vista Academy Roof & HVAC Replacement.

Measure DD. The District received authorization under Measure DD to issue general obligation bonds in an amount not to exceed \$403,000,000 for the projects and purposes specified in such measure and summarized in the ballot as: to repair/upgrade classrooms, libraries, science labs; prepare students for college/careers; expand science, technology, engineering, math instruction; remove hazardous asbestos/lead; fix deteriorating roofs; and improve school safety. See “INTRODUCTION – Purpose of the Bonds, Proposition O, Measure DD and Measure RR” herein.

Projects to be Funded with the 2026 Measure DD Bond Issuance. The District has planned several projects to be funded by the approximately \$50 million general obligation bond issuance of the 2018 Election Series B Bonds. Actual expenditures will depend on the progress of specific projects and it is possible that opportunities will arise with respect to other projects authorized by Measure DD not contemplated below that will call for an allocation of proceeds from this issue of bonds. Several key projects include:

- Sweetwater High School Bleachers & Perimeter Fence Replacement;
- Bonita Vista Middle School Building & Site Improvements; and
- Chula Vista Middle School Field Improvements.

Measure RR. The District received authorization under Measure RR to issue general obligation bonds in an amount not to exceed \$647,000,000 for the projects and purposes specified in such measure and summarized in the ballot as: to repair/upgrade schools, including vocational/career, science, engineering classrooms/labs, technology; improve safety/security, emergency communications systems; remove asbestos/lead paint/mold; provide safe drinking water; repair gas/sewer lines, restrooms. See “INTRODUCTION – Purpose of the Bonds, Proposition O, Measure DD and Measure RR” herein.

Projects to be Funded with the 2026 Measure RR Bond Issuance. The District has planned several projects to be funded by the approximately \$50 million general obligation bond issuance of the 2024

Election Series B Bonds. Actual expenditures will depend on the progress of specific projects and it is possible that opportunities will arise with respect to other projects authorized by Measure RR not contemplated below that will call for an allocation of proceeds from this issue of bonds. Several key projects include:

- Chula Vista High School Perimeter Fence;
- Chula Vista High School Kitchen Replacement;
- Sweetwater High School Bleachers & Perimeter Fence Replacement; and
- Sweetwater High School Building & Site Improvements.

The District's Facilities Master Plan was completed in 2024.

Financing Structure. As State law requires premium received by the District to be deposited in the interest and sinking fund of the District, the Taxable Bonds are being issued to utilize such premium and more efficiently amortize the principal amount of bonds outstanding.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

	<u>2006 Election Series E Bonds</u>	<u>2018 Election Series B Bonds</u>	<u>2024 Election Series B Bonds</u>	<u>Total</u>
<u>Sources of Funds</u>				
Principal Amount of Bonds				
[Net] Original Issue Premium				
Total Sources				
<u>Uses of Funds</u>				
Deposit to Building Fund				
Deposit to Interest and Sinking Fund ⁽¹⁾				
Underwriters' Discount ⁽²⁾				
Costs of Issuance ⁽³⁾				
Total Uses				

⁽¹⁾ Includes a portion of funded debt service on the Bonds through August 1, 2027.

⁽²⁾ See "MISCELLANEOUS – Underwriting" herein, for specific information regarding the Underwriters' compensation.

⁽³⁾ Costs of Issuance include Bond Counsel, Disclosure Counsel and Municipal Advisor fees, rating agency fees, paying agent fees, printing fees, County costs, demographic data and other issuance expenses.

THE BONDS

Authority for Issuance

The Bonds are authorized and issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and other applicable provisions of law, including other applicable provisions of California Education Code, and pursuant to the Resolution adopted by the Board of Trustees on October 12, 2026. The District Resolution authorizes the issuance of the Bonds, and directs that the District enter into the Paying Agent Agreement, by and between the District and U.S. Bank Trust Company, National Association, as Paying Agent, under which provisions are made for the registration, delivery, transfer, exchange and payment of the Bonds. The District has authorization from the Board of Supervisors of the County to issue and sell the Bonds on its own behalf pursuant to a resolution adopted by the Board of Supervisors of the County on June 8, 2021. The Bonds will be executed and delivered pursuant to the Paying Agent Agreement.

General Provisions

The Bonds. The Bonds shall be issued as fully registered bonds, without coupons, in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds will be issued as current interest bonds. The Bonds shall be dated the date of their issuance and shall bear interest at the respective rates set forth on the inside cover pages hereof. Interest is payable on February 1 and August 1 of each year, commencing February 1, 2027, until payment of the principal amount thereof for the Tax-Exempt Bonds. Interest on and principal of the Taxable Bonds are paid at maturity. Interest on the Bonds shall be calculated on the basis of a 360-day year comprised of twelve (12) 30-day months.

Interest on the Bonds shall be payable to the Owner thereof from the Interest Payment Date immediately preceding the date of authentication thereof unless (i) a Bond is authenticated during the period between any Record Date and the close of business on its corresponding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) a Bond is authenticated and registered on any date prior to the close of business on the first Record Date, in which event interest thereon shall be payable from the date of issuance thereof. The interest on the Bonds is payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered owner thereof as of the close of business on the applicable Record Date for each Interest Payment Date. Payment of the interest on any Bond will be paid by check mailed by first class mail on each Interest Payment Date (or on the following Business Day, if the Interest Payment Date does not fall on a Business Day) to the registered owner at such registered owner's address as it appears on such registration books or at such address as the registered owner may have filed with the Paying Agent for that purpose. The interest payments on the Bonds may be made by wire transfer to any registered owner of at least \$1,000,000 of outstanding Bonds who has requested in writing such method of payment of interest on the Bonds no later than the applicable Record Date. "Record Date" shall mean the 15th day of the month preceding any Interest Payment Date. "Business Day" shall mean any day of the week other than a Saturday or a Sunday on which the Paying Agent is not required or authorized to remain closed, and on which the New York Stock Exchange is open for business.

General. The Bonds shall be issued in fully registered form only, without coupons, in denominational amounts of \$5,000 principal amount or any integral multiple thereof, shall be dated the date of their issuance, shall accrue interest at the rates and shall mature on the dates, in the years and in the principal amounts as set forth on the inside cover pages hereof. No Bond shall have principal maturing on more than one principal maturity date. The Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Interest on and principal of the Bonds are payable in lawful money of the United States of America to the Owner thereof, upon surrender of the Bonds at the office of the Paying Agent. So long as Cede & Co. or its registered assigns shall be the registered owner of any of the Bonds, payment shall be made to Cede & Co. by wire transfer as provided in the Paying Agent Agreement. The Paying Agent, the District and the County have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, or interest in the Bonds. For information about the securities depository and DTC's book-entry system, see "APPENDIX G: BOOK-ENTRY ONLY SYSTEM."

Registration, Transfer and Exchange of Bonds. The Bonds may be purchased in book-entry form only. See "APPENDIX G: BOOK-ENTRY ONLY SYSTEM." In the event the Bonds are no longer registered with a securities depository, the Bonds may be transferred upon the registration book maintained by the Paying Agent, and any Bond may be exchanged for Bonds of a like principal amount of the same interest rate, and maturity in other authorized denominations, upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a request for transfer or exchange signed by the Owner or by the duly authorized attorney of such Owner in a form satisfactory to the Paying Agent.

Redemption

Optional Redemption. *

Taxable Bonds. The Taxable Bonds are not subject to redemption prior to maturity.

Series 2026E-2 Bonds. The Series 2026E-2 Bonds maturing on or before August 1, 20__, are not subject to redemption prior to their respective stated maturity dates. The Series 2026E-2 Bonds maturing

* Preliminary; subject to change.

on or after August 1, 20__, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20__, at a redemption price equal to 100% of the principal amount of Series 2026E-2 Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

Series 2026B-2 Bonds. The Series 2026B-2 Bonds maturing on or before August 1, 20__, are not subject to redemption prior to their respective stated maturity dates. The Series 2026B-2 Bonds maturing on or after August 1, 20__, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20__, at a redemption price equal to 100% of the principal amount of Series 2026B-2 Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

Series 2026B-4 Bonds. The Series 2026B-4 Bonds maturing on or before August 1, 20__, are not subject to redemption prior to their respective stated maturity dates. The Series 2026B-4 Bonds maturing on or after August 1, 20__, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20__, at a redemption price equal to 100% of the principal amount of Series 2026B-4 Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption.*

Series 2026B-2 Term Bonds. The \$_____ Series 2026B-2 Bonds maturing on August 1, 20__ (the “_____ Series 2026B-2 Term Bonds”) are also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption Date	Principal Amount to be Redeemed
---	--

(1)

⁽¹⁾ Final Maturity.

The \$_____ Series 2026B-2 Bonds maturing on August 1, 20__ (the “_____ Series 2026B-2 Term Bonds”) are also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

* Preliminary; subject to change.

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Principal Amount to be Redeemed</u>
--	---

(1)

(1) Final Maturity.

Series 2026B-4 Term Bonds. The \$_____ Series 2026B-4 Bonds maturing on August 1, 20__ (the “_____ Series 2026B-4 Term Bonds”) are also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Principal Amount to be Redeemed</u>
--	---

(1)

(1) Final Maturity.

The \$_____ Series 2026B-4 Bonds maturing on August 1, 20__ (the “_____ Series 2026B-4 Term Bonds”) are also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Principal Amount to be Redeemed</u>
--	---

(1)

(1) Final Maturity.

The principal amount to be redeemed in each year shown in the tables above will be reduced proportionately, in integral multiples of \$5,000, by the amounts of such Term Bonds optionally redeemed prior to the applicable mandatory sinking fund redemption date.

Notice of Redemption

Notice of any redemption of the Bonds will be given by the Paying Agent. Notice of redemption of the Bonds will be mailed postage prepaid not less than 20 nor more than 60 days prior to the date fixed for redemption (i) by first-class mail to the respective Owners of the Bonds designated for redemption at

the addresses appearing on the bond registration books of the Paying Agent, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See “APPENDIX E: PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

Each notice of redemption will contain all of the following information: (i) the date of such notice; (ii) the name of the affected Bonds and the date of issue of the Bonds; (iii) the date fixed for redemption; (iv) the redemption price; (v) the dates of maturity of the Bonds to be redeemed; (vi) if less than all of the then outstanding Bonds are to be redeemed, the distinctive serial numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the office of the Paying Agent designated by the Paying Agent for such purpose; (x) notice that further interest on such Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

When notice of redemption has been given substantially as described above, and when the amount necessary for the payment of the redemption price of the Bonds called for redemption is set aside for such purpose, the Bonds designated for redemption will become due and payable on the date fixed for redemption and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of Bonds so called for redemption after such date fixed for redemption will look for the payment of such Bonds and the redemption premium thereon, if any, only to moneys on deposit in the interest and sinking fund of the District or the escrow fund established for such purpose. All Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

Conditional Notice of Redemption

Any notice of optional redemption of the Bonds delivered in accordance with the Paying Agent Agreement may be conditioned on any fact or circumstance stated therein, and if any condition stated in the notice of redemption will not have been satisfied on or prior to the redemption date, (i) said notice will be of no force and effect, (ii) the District will not be required to redeem such Bonds, (iii) the redemption will be cancelled and (iv) the Paying Agent will within a reasonable time thereafter give notice to the persons and in the manner in which the conditional notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. The actual receipt by the Owner of any Bond of notice of such cancellation will not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice will not affect the validity of the cancellation.

Rescission of Notice

The District may rescind any optional redemption and notice thereof for any reason on any date on or prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason on the date fixed for redemption moneys are not available in the interest and sinking fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Selection of Bonds for Redemption

If less than all the Bonds are called for redemption, such Bonds will be redeemed in inverse order of maturities or as otherwise directed by the District. If less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity to be redeemed will be determined by lot. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of denominations of \$5,000 principal amount each, which may be separately redeemed.

Defeasance

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or Defeasance Securities (defined below), in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the interest and sinking fund of the District, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums, if any) at or before their respective maturity dates. If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds when due, or as described above, or as otherwise provided by law, then such Owners shall cease to be entitled to the obligation of the County to levy and collect taxes to pay the Bonds for the payment thereof, and such obligation and all agreements and covenants of the District to such Owners under the Paying Agent Agreement and under the Bonds will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by such Bonds, but only out of moneys on deposit in the interest and sinking fund of the District or otherwise held in trust for such payment, provided, that the provisions of the Paying Agent Agreement relating to unclaimed moneys will apply in all events.

“Defeasance Securities” means (i) direct, non-callable obligations of the United States Treasury; (ii) direct non-callable and non-prepayable obligations which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest; (iii) non-callable, non-prepayable coupons from the above securities which are stripped pursuant to United States Treasury programs; (iv) non-callable and non-prepayable (or irrevocably called to a specified redemption date) refunded municipal bonds that are backed by an escrow funded with obligations of or guaranteed by the United States of America; (v) Resolution Funding Corporation (REFCORP) securities consisting of interest components stripped by the Federal Reserve Bank of New York; (vi) United States State and Local Government Securities (SLGS); and (vii) the following non-callable, non-prepayable obligations of federal government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Farm Credit System, Washington Metropolitan Area Transit Authority, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration (provided such agency security has a rating when purchased at the same level as obligations of the United States Treasury).

Annual Net Debt Service

The annual net debt service on the outstanding general obligation bonds of the District following the issuance of the Bonds is shown below:

SWEETWATER UNION HIGH SCHOOL DISTRICT Annual Net Debt Service

Year Ending (August 1)	Outstanding General Obligation Bonds Total Debt Service ⁽¹⁾⁽²⁾	2006 Election Series E Bonds Net Debt Service			2018 Election Series B Bonds Net Debt Service			2024 Election Series B Bonds Net Debt Service			General Obligation Bonds Total Net Debt Service ⁽¹⁾⁽²⁾⁽³⁾
		Principal ⁽²⁾	Interest ⁽²⁾	Net Debt Service ⁽²⁾⁽³⁾	Principal ⁽²⁾	Interest ⁽²⁾	Net Debt Service ⁽²⁾⁽³⁾	Principal ⁽²⁾	Interest ⁽²⁾	Net Debt Service ⁽²⁾⁽³⁾	
2027	\$46,026,706										
2028	47,453,706										
2029	47,986,506										
2030	32,311,856										
2031	31,771,256										
2032	32,729,506										
2033	33,705,256										
2034	34,717,056										
2035	35,761,963										
2036	36,835,556										
2037	37,942,394										
2038	39,076,869										
2039	40,247,719										
2040	41,456,669										
2041	42,705,000										
2042	43,981,050										
2043	45,301,900										
2044	46,658,050										
2045	48,060,450										
2046	49,504,000										
2047	50,990,500										
2048	18,859,600										
2049	19,429,300										
2050	20,006,450										
2051	20,607,600										
2052	21,228,300										
2053	2,384,200										
2054	2,454,800										
2055 ⁽⁴⁾	2,529,600										
2056	-										
Total	\$972,723,819										

⁽¹⁾ Represents all outstanding general obligation bonds of the District. See "APPENDIX B: FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT – FINANCIAL AND OPERATING INFORMATION - Long Term Obligations."

⁽²⁾ Rounded to the nearest dollar.

⁽³⁾ Net debt service reflects amounts expected to be paid from the interest and sinking fund through August 1, 2027.

⁽⁴⁾ Final maturity for the District's General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2024, Series 2025A-2 is February 1, 2055.

SECURITY AND SOURCES OF PAYMENT

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When collected, the tax revenues are required to be deposited by the Treasurer-Tax Collector of the County (the “County Treasurer”) in the District’s interest and sinking fund, which is required to be maintained by the County and to be used solely for the payment of general obligation bonds of the District.

The District will provide the County Treasurer with a schedule of the debt service on the Bonds for purposes of the County’s annual tax levy, as required by Section 15140(c) of the California Education Code. Following receipt of that schedule, the County Auditor and Controller shall levy property taxes in each year in an amount at least sufficient to provide for payment of said debt service in full. See “– Tax Rates, Levies and Collection Procedures” herein.

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts levy property taxes for payment of voter-approved bonds and receive property taxes from a portion of the 1% general County levy for general operating purposes as well.

Under California law, the District’s funds are deposited with the County Treasurer and invested as provided for under the investment policy of the County. See “APPENDIX F: SAN DIEGO COUNTY INVESTMENT POOL.”

Pledge of and Lien on Tax Revenues

Pursuant to the District Resolution, the District pledges, and grants a lien on and security interest in, all revenues from the property taxes heretofore and hereafter collected from the levy by the Board of Supervisors of the County with respect to each voter-approved bond measure of the District for the payment of District Bonds issued under such bond measure and all amounts on deposit in any interest and sinking fund of the District related to such bond measure with respect to the District Bonds of such bond measure, in order to secure the payment of the principal or redemption price of and interest on such District Bonds. This pledge and grant will be valid and binding from the date of the District Resolution for the benefit of the owners of the District Bonds authorized and successors thereto. The property taxes and amounts held in any interest and sinking fund of the District will be immediately subject to this pledge and grant, and the pledge and grant will constitute a lien and security interest which will immediately attach to (i) the property taxes heretofore and hereafter collected and (ii) the amounts held in any interest and sinking fund of the District. This pledge and grant will secure the payment of District Bonds and will be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge or grant and without the need of any physical delivery, recordation, filing, or further act. The pledge and grant is an agreement between the District and the owners of District Bonds to provide security for the District Bonds in addition to any statutory lien that may exist, and the District Bonds secured by the pledge and grant are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

“District Bonds” means all bonds, including refunding bonds, of the District heretofore or hereafter issued pursuant to voter-approved measures of the District, including bonds approved by voters of the

District pursuant to Proposition BB (approved by the voters at an election duly called and regularly held in the District on November 7, 2000, authorizing the issuance of \$187 million in bonds), Proposition O, Measure DD and Measure RR.

Statutory Lien for General Obligation Bonds

California Government Code Section 53515 provides that general obligation bonds issued and sold by or on behalf of California local agencies, like the District, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, regardless of whether the bond issuer or bondholders take any steps to record or take possession of the taxes. See “LEGAL AND OTHER MATTERS – Possible Limitations on Remedies; Bankruptcy – *Statutory Lien*” herein.

Dedicated Unlimited *Ad Valorem* Property Tax Collection

Factors Affecting Assessed Valuation. The annual tax rate to be levied by the County for payment of the District’s general obligation bonds will be based on the assessed value of taxable property in the District. Changes in the annual debt service on the District’s outstanding general obligation bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District’s control, such as economic recession, global pandemics such as COVID-19, deflation of land values, relocation of businesses out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, storms, drought, sea level rise, fire, debris flow or other natural disaster, could cause a reduction in the assessed value of taxable property in the District and, all other factors being equal, necessitate a corresponding increase in the annual tax rate. Conversely, factors such as increased assessed value of taxable property and/or an increase in the numbers of property taxpayers within the District could, all other factors being equal, cause a corresponding decrease in the annual tax rate.

An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the outbreak of disease or natural or manmade disaster.

In recent years, portions of California, including adjacent counties, have experienced wildfires that have burned millions of acres and destroyed thousands of homes and structures. In January 2025, several wildfires, including the Palisades Fire and Eaton Fire, damaged or destroyed thousands of structures in Los Angeles County. Although the District and San Diego County have not been directly impacted by these Los Angeles County fires, property damage due to wildfires in San Diego County could result in a significant decrease in the assessed value of the District. On January 24, 2025, the San Diego County Office of Education announced the closure of certain schools, including certain schools within the District, due to safety concerns related to the Border 2 Fire in San Diego County. The District reopened its closed schools on January 27, 2025 due to the improvement of conditions related to the Border 2 Fire. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District.

The District may be particularly vulnerable to impacts associated with sea level rise due to development on its coastline. A wide range of critical infrastructure in the County, such as roads, airports, hospitals, schools, emergency facilities, wastewater treatment plants, and ports is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs. The District is unable to predict whether sea level rise or other impacts of climate change or flooding from a

major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the financial condition of the District and the local economy.

Prospective purchasers of the Bonds should be aware that, notwithstanding any decrease in assessed valuation for any Fiscal Year, the County is required to levy sufficient taxes to pay debt service on the Bonds. The consequence of any decrease in assessed valuation is a concomitant increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to pay debt service on the Bonds in full.

Assessed Valuation

As required by State Law, the County of San Diego assesses and collects taxes for District purposes. District taxes are collected at the same time and on the same tax rolls as are County, city and other special district taxes.

California law exempts \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local entities, since an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State.

The law provides, among other things, for accelerated recognition and taxation of increases in real property assessed valuation upon change in ownership of property or completion of new construction. The value of property assessed by the State Board of Equalization is allocated by a formula to local jurisdictions in the county, including K-12 school districts, each community college district, each city and each special district within the county.

The following tables reflect assessed valuations in the geographical area covered by the District, generally, by jurisdiction and by land use.

SWEETWATER UNION HIGH SCHOOL DISTRICT Summary of Assessed Valuations Fiscal Years 2016-17 through 2026-27

Fiscal Year	Local Secured	Utility	Unsecured	Total
2016-17	\$40,434,816,111	\$569,695,367	\$1,056,536,138	\$42,061,047,616
2017-18	43,034,841,025	663,287,367	1,120,465,067	44,818,593,459
2018-19	45,600,379,588	587,553,982	1,172,886,754	47,360,820,324
2019-20	48,512,449,774	597,653,982	1,184,124,389	50,294,228,145
2020-21	51,365,114,165	587,853,982	1,316,567,849	53,269,535,996
2021-22	53,655,159,275	613,253,982	1,242,021,279	55,510,434,536
2022-23	58,269,341,230	585,145,766	1,893,944,040	60,748,431,036
2023-24	62,479,992,668	570,732,766	2,178,236,148	65,228,961,582
2024-25	66,346,236,076	569,978,466	2,296,777,687	69,212,992,229
2025-26	70,519,456,265	562,327,006	2,467,714,052	73,549,497,323
2026-27	74,233,373,796	537,980,509	2,493,920,530	77,265,274,835

Source: California Municipal Statistics, Inc.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

SWEETWATER UNION HIGH SCHOOL DISTRICT
Fiscal Year 2026-27 Assessed Valuation By Jurisdiction

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Chula Vista	\$46,287,967,778	59.91%	\$46,287,967,778	100.00%
City of Coronado	1,670	0.00	14,316,741,540	0.00
City of Imperial Beach	3,699,577,916	4.79	3,699,577,916	100.00
City of National City	6,011,175,193	7.78	6,011,175,193	100.00
City of San Diego	15,536,880,911	20.11	383,580,374,146	4.05
Unincorporated San Diego County	5,729,671,367	7.42	113,470,865,567	5.05
Total District	\$77,265,274,835	100.00%		
San Diego County	\$77,265,274,835	100.00%	\$813,730,988,400	9.50%

Source: California Municipal Statistics, Inc.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

The *ad valorem* property tax levy to provide for debt service on the Bonds is in addition to the general property tax levied by the County under Proposition 13. See “SECURITY AND SOURCES OF PAYMENT – Dedicated Unlimited *Ad Valorem* Property Tax Collection.”

Shown in the following table is a summary of the Fiscal Year 2026-27 local secured assessed valuation of the District by land use, displaying the number of parcels and the percentages of the total parcels in the District in each category.

SWEETWATER UNION HIGH SCHOOL DISTRICT
Local Secured Assessed Valuation and Parcels by Land Use in Fiscal Year 2026-27

	<u>2026-27 Assessed Valuation⁽¹⁾</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
<u>Non-Residential:</u>				
Agriculture/Rural	\$ 130,077,895	0.18%	433	0.38%
Commercial	8,305,907,644	11.19	2,586	2.28
Vacant Commercial	714,289,251	0.96	671	0.59
Industrial	6,686,044,968	9.01	1,489	1.31
Vacant Industrial	906,136,256	1.22	551	0.49
Recreational/Golf	205,765,968	0.28	141	0.12
Government/Social/Institutional	387,021,612	0.52	2,337	2.06
Miscellaneous	<u>47,435,860</u>	<u>0.06</u>	<u>210</u>	<u>0.19</u>
Subtotal Non-Residential	\$17,382,679,454	23.42%	8,418	7.42%
<u>Residential:</u>				
Single Family Residence	\$35,776,457,322	48.19%	69,297	61.12%
Condominium/Townhouse	10,681,625,720	14.39	25,217	22.24
Mobile Home	195,594,496	0.26	2,342	2.07
Mobile Home Park	367,970,174	0.50	92	0.08
2-4 Residential Units	2,272,462,039	3.06	4,413	3.89
5+ Residential Units/Apartments	6,623,446,544	8.92	1,252	1.10
Miscellaneous Residential	6,700,808	0.01	412	0.36
Vacant Residential	<u>926,437,239</u>	<u>1.25</u>	<u>1,940</u>	<u>1.71</u>
Subtotal Residential	\$56,850,694,342	76.58%	104,965	92.58%
Total	\$74,233,373,796	100.00%	113,383	100.00%

⁽¹⁾ Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Shown in the following table is a summary of the Fiscal Year 2026-27 per parcel assessed valuation of single-family homes within the District.

SWEETWATER UNION HIGH SCHOOL DISTRICT
Per Parcel Fiscal Year 2026-27 Assessed Valuation of Single-Family Homes

	<u>No. of Parcels</u>	<u>2026-27 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single-Family Residential	69,297	\$35,776,457,322	\$516,277	\$481,265

<u>2026-27 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$99,999	4,350	6.277%	6.277%	\$ 310,899,439	0.869%	0.869%
\$100,000 - \$199,999	5,743	8.288	14.565	875,540,378	2.447	3.316
\$200,000 - \$299,999	8,307	11.988	26.552	2,090,662,544	5.844	9.160
\$300,000 - \$399,999	8,694	12.546	39.098	3,044,777,384	8.511	17.671
\$400,000 - \$499,999	9,318	13.446	52.545	4,197,535,183	11.733	29.403
\$500,000 - \$599,999	8,763	12.646	65.190	4,806,722,297	13.435	42.839
\$600,000 - \$699,999	7,404	10.684	75.875	4,805,704,569	13.433	56.271
\$700,000 - \$799,999	6,026	8.696	84.571	4,506,051,003	12.595	68.866
\$800,000 - \$899,999	4,134	5.966	90.536	3,498,290,060	9.778	78.644
\$900,000 - \$999,999	2,524	3.642	94.179	2,387,939,643	6.675	85.319
\$1,000,000 - \$1,099,999	1,351	1.950	96.128	1,411,657,600	3.946	89.265
\$1,100,000 - \$1,199,999	865	1.248	97.377	992,361,738	2.774	92.039
\$1,200,000 - \$1,299,999	551	0.795	98.172	686,399,673	1.919	93.957
\$1,300,000 - \$1,399,999	375	0.541	98.713	505,150,975	1.412	95.369
\$1,400,000 - \$1,499,999	238	0.343	99.056	344,093,485	0.962	96.331
\$1,500,000 - \$1,599,999	175	0.253	99.309	270,140,569	0.755	97.086
\$1,600,000 - \$1,699,999	113	0.163	99.472	186,147,283	0.520	97.606
\$1,700,000 - \$1,799,999	81	0.117	99.589	141,738,392	0.396	98.002
\$1,800,000 - \$1,899,999	61	0.088	99.677	112,608,454	0.315	98.317
\$1,900,000 - \$1,999,999	44	0.063	99.740	85,107,242	0.238	98.555
\$2,000,000 and greater	<u>180</u>	<u>0.260</u>	100.000	<u>516,929,411</u>	<u>1.445</u>	100.000
	69,297	100.000%		\$35,776,457,322	100.000%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Tax Rates, Levies and Collection Procedures

Taxes are levied for each Fiscal Year on taxable real and personal property as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change occurs or the construction is completed. The current year property tax rate is applied to the reassessed value, and the taxes are then adjusted by a proration factor that reflects the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing real property the taxes on which have a lien sufficient, in the opinion of the county assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

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

may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the County notifies the State Controller, and the property may be sold at public auction by the County Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A ten percent penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of a pandemic or natural or manmade disaster, such as earthquake, drought, flood, fire, toxic dumping. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression could impact the ability or willingness of property owners within the District to pay property taxes in the future. If delinquencies increase substantially as a result of events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

The County has adopted the Teeter Plan (defined herein), according to which the County distributes to the District the amount levied on the secured and supplemental tax rolls, instead of the amount actually collected. See "-- Teeter Plan" below. There can be no assurances that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. However, State law requires the County to levy *ad valorem* property taxes sufficient to pay general obligation bonds of the District when due.

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

Secured Tax Charges and Delinquencies

The County levies and collects all property taxes for property located within the County's taxing boundaries. The following table shows secured tax charges and delinquencies for the portion of the District within the County. Note that the District receives 100% of its *ad valorem* property taxes levied irrespective of actual delinquencies in the collection of property taxes by the County while the Teeter Plan is in place. See "-- Teeter Plan" below.

SWEETWATER UNION HIGH SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2016-17 Through 2025-26

	<u>Secured Tax Charge ⁽¹⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2016-17	\$70,699,920.89	(2)	-
2017-18	74,947,664.60	(2)	-
2018-19	78,769,744.68	(2)	-
2019-20	83,401,248.01	(2)	-
2020-21	87,954,131.64	(2)	-
2021-22	92,488,263.86	(2)	-
2022-23	101,038,630.14	(2)	-
2023-24	107,837,511.10	(2)	-
2024-25	113,890,415.47	(2)	-
2025-26	119,948,909.00	(2)	-

	<u>Secured Tax Charge ⁽³⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2016-17	\$20,871,708.93	(2)	-
2017-18	22,306,912.38	(2)	-
2018-19	24,196,778.59	(2)	-
2019-20	25,065,271.40	(2)	-
2020-21	25,114,152.10	(2)	-
2021-22	24,883,069.05	(2)	-
2022-23	40,464,885.32	(2)	-
2023-24	40,637,325.78	(2)	-
2024-25	40,513,257.68	(2)	-
2025-26	55,041,172.82	(2)	-

⁽¹⁾ 1% General Fund apportionment.

⁽²⁾ San Diego County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest.

⁽³⁾ District's general obligation bond debt service levy.

Source: California Municipal Statistics, Inc.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Tax Rates

The following tables set forth typical tax rates for property within the District, Tax Rate Areas 1-245 and 1-265, and Tax Rate Area 1-000, for Fiscal Years 2021-22 through 2025-26:

SWEETWATER UNION HIGH SCHOOL DISTRICT **Typical Tax Rate per \$100 of Assessed Valuation (TRAs 1-245 and 1-265)⁽¹⁾**

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
General Tax Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Southwestern Community College District	.04854	.04215	.04581	.04377	.04536
Chula Vista Elementary School District	.04143	.03086	.04252	.04066	.04078
Sweetwater Union High School District	.04611	.06911	.06460	.06095	.07798
Otay Water District	.00210	.00100	-	-	-
Metropolitan Water District	<u>.00350</u>	<u>.00350</u>	<u>.00350</u>	<u>.00700</u>	<u>.00700</u>
Total Tax Rate	1.14168	1.14662	1.15643	1.15238	1.17112

⁽¹⁾ 2025-26 assessed valuation of TRA 1-245 is \$3,504,011,330 which is 4.8% of the District's total assessed valuation.

2025-26 assessed valuation of TRA 1-265 is \$7,721,917,564 which is 10.5% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

SWEETWATER UNION HIGH SCHOOL DISTRICT **Typical Tax Rate per \$100 of Assessed Valuation (TRA 1-000)⁽¹⁾**

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
General Tax Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Southwestern Community College District	.04854	.04215	.04581	.04377	.04536
Chula Vista Elementary School District	.04143	.03086	.04252	.04066	.04078
Chula Vista Elementary School District SFID No. 2012-1	.02136	.01963	.01975	.01633	.01636
Sweetwater Union High School District	.04611	.06911	.06460	.06095	.07798
Metropolitan Water District	<u>.00350</u>	<u>.00350</u>	<u>.00350</u>	<u>.00700</u>	<u>.00700</u>
Total Tax Rate	1.16094	1.16525	1.17618	1.16871	1.18748

⁽¹⁾ 2025-26 assessed valuation of TRA 1-000 is \$4,190,105,346 which is 5.7% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Largest Taxpayers

The twenty largest local secured taxpayers in the District and their assessed valuations for Fiscal Year 2026-27 are shown in the following table.

SWEETWATER UNION HIGH SCHOOL DISTRICT Largest Fiscal Year 2026-27 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2026-27 Assessed Valuation</u>	<u>Percentage of Total⁽¹⁾</u>
1.	RIDA Chula Vista LLC	Hotel & Convention Center	\$1,229,914,889	1.66%
2.	Amazon.com Services LLC	Industrial	456,120,296	0.61
3.	Chelsea San Diego Finance LLC	Shopping Center	238,230,680	0.32
4.	Rohr Inc.	Commercial/Office Park	222,851,147	0.30
5.	Majestic Sunroad I, II & III LLC	Industrial	221,600,610	0.30
6.	1774 Metro Ave (CA) Owner LLC	Office Building	214,200,000	0.29
7.	CG Teresina Apts LP	Apartments	186,298,873	0.25
8.	Greenfield Village LLC	Apartments	186,200,049	0.25
9.	John Hancock Life Insurance Co. USA	Apartments	173,858,253	0.23
10.	Eastgroup Properties LP	Industrial	170,804,246	0.23
11.	LIPT Sanyo Avenue LLC	Industrial	169,508,875	0.23
12.	Corrections Corporation of America	Correctional Facility	168,221,110	0.23
13.	CH Realty X-ELC I Otay Mesa Business Park	Industrial	164,124,267	0.22
14.	Chula Vista Apartments LLC	Apartments	145,352,307	0.20
15.	Otay Enrico Industrial LLC	Industrial	138,768,737	0.19
16.	Regulo Place Apartments Investors LLC	Apartments	134,763,356	0.18
17.	Piper Ranch Industrial LLC	Industrial	134,599,907	0.18
18.	GGP-Otay Ranch LP	Shopping Center	131,278,540	0.18
19.	R-12 A LLC	Apartments	130,732,521	0.18
20.	1925 Avenida Escaya Investors LLC	Apartments	<u>128,406,166</u>	<u>0.17</u>
			<u>\$4,745,834,829</u>	<u>6.39%</u>

⁽¹⁾ 2026-27 Local Secured Assessed Valuation: \$74,233,373,796.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “Debt Report”) for the District prepared by California Municipal Statistics, Inc. on September 8, 2026 for debt outstanding as of October 1, 2026. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable from the general fund or other revenues of such public agency. The top portion of the table reflects direct and overlapping tax and assessment debt, while the bottom portion of the table reflects overlapping general fund debt.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

SWEETWATER UNION HIGH SCHOOL DISTRICT
Direct and Overlapping Debt Statement
(as of October 1, 2026)

2026-27 Assessed Valuation: \$77,265,274,835

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 10/1/26</u>
Metropolitan Water District	1.651%	\$264,903
San Diego Community College District	0.002	25,436
Southwestern Community College District	84.366	685,075,881
Sweetwater Union High School District	100.000	567,369,157⁽¹⁾
Chula Vista City School District and School Facilities Improvement District No. 2012-1	100.000	214,975,000
National School District	100.000	50,020,000
San Ysidro School District	100.000	198,517,812
South Bay Union School District	100.000	77,538,572
City of National City	100.000	780,000
Sweetwater Union High School District Community Facilities Districts	100.000	10,420,000
City of Chula Vista Community Facilities Districts	100.000	73,600,000
California Statewide Community Development Authority Community Facilities District No. 2021-11	100.000	39,380,000
California Statewide Community Development Authority Community Facilities District No. 2022-27	100.000	14,855,000
City of Chula Vista 1915 Act Bonds	100.000	1,195,000
Other Cities and Special District 1915 Act Bonds	100.000	<u>14,015,763</u>
TOTAL DIRECT & OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,948,032,524
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Diego County General Fund Obligations	9.495%	\$37,343,835
San Diego County Superintendent of Schools Certificates of Participation	9.495	446,740
Chula Vista City School District Certificates of Participation	100.000	129,200,000
San Ysidro School District Certificates of Participation	100.000	27,285,000
City of Chula Vista Certificates of Participation and Pension Obligation Bonds	100.000	379,485,000
City of National City Certificates of Participation and Pension Obligation Bonds	100.000	74,200,141
City of San Diego General Fund Obligations	4.050	44,621,888
San Miguel Consolidated Fire Protection District Pension Obligation Bonds	0.313	<u>76,898</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$692,659,502
<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Successor Agency to Chula Vista Redevelopment Agency	100.000%	\$11,265,000
Successor Agency to Imperial Beach Redevelopment Agency	100.000	21,845,000
Successor Agency to National City Redevelopment Agency	100.000	19,448,000
Successor Agency to San Diego Redevelopment Agency	2.394	<u>3,911,317</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$56,469,317
 COMBINED TOTAL DEBT		 \$2,697,161,343⁽²⁾

Ratios to 2026-27 Assessed Valuation:

Direct Debt (\$567,369,157).....	0.73%
Total Direct Overlapping Tax and Assessment Debt.....	2.52%
Combined Total Debt.....	3.49%

Ratios to Redevelopment Incremental Valuation (\$11,552,235,049):

Total Overlapping Tax Increment Debt.....	0.49%
---	-------

⁽¹⁾ Excludes Bonds to be sold.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Teeter Plan

The County, since the 1993-94 Fiscal Year, has operated under provisions of Revenue and Taxation Code Sections 4701-4716 (commonly referred to as the “Teeter Plan”) pursuant to which public agencies in the County will receive their total secured tax levies and special assessments irrespective of actual collections and delinquencies. Pursuant to such provisions, the County establishes a delinquency reserve and assumes responsibility for all secured delinquencies.

Because of this method of tax collection, the District is allocated 100% collection of its total secured tax levies. Under County policy, taxes for general obligation bonds are covered by the Teeter Plan. This method of tax collection and distribution is, however, subject to future discontinuance if demanded by the participating entities or upon action by the County Board of Supervisors. Further, the County may take action to discontinue the Teeter Plan with respect to any tax levying agency in the County if the rate of secured tax delinquency in any year exceeds 3% of the total of all taxes and assessments of that agency. The County has reported that the delinquency rate for taxes collected in the District are currently under 3%. See “Secured Tax Charges and Delinquencies” herein.

The Teeter Plan of the County is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any Fiscal Year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors of the County orders discontinuance of its Teeter Plan, only those secured property taxes and special assessments actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

The District is not aware of any plans for the discontinuance of the Teeter Plan now pending in the County. See “SECURITY AND SOURCES OF PAYMENT--Tax Rates, Levies and Collection Procedures” herein.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds 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. Bond Counsel is of the further opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Tax-Exempt Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Tax-Exempt Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

The following discussion summarizes certain United States federal income tax considerations generally applicable to U.S. Holders (as defined in the Taxable Bonds discussion, below) of the Tax-Exempt Bonds that acquire their Tax-Exempt Bonds in the initial offering, and does not address tax considerations applicable to any investors in the Tax-Exempt Bonds other than investors that are U.S. Holders.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon trade or business disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Beneficial Owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, 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 Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds 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 Tax-Exempt Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Bonds 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 Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Bonds. 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 Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds. 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.

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

Current and future federal or state legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel 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 Tax-Exempt Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, the Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of Tax-Exempt Bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds 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 Tax-Exempt Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the Tax-Exempt Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Tax-Exempt Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Tax-Exempt Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Tax-Exempt Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Taxable Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for

federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix D hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Taxable Bonds is less than the amount to be paid at maturity of such Taxable Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Taxable Bonds) by more than a *de minimis* amount, the difference may constitute original issue discount ("OID"). U.S. Holders of Taxable Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

Sale or Other Taxable Disposition of the Taxable Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Bonds. If the District defeases any Taxable Bond, the Taxable Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Taxable Bond.

Information Reporting and Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a TIN to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under

penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA") - U.S. Holders and Non-U.S. Holders," payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, described in Section 881(c)(3)(C) of the Code and (2) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Taxable Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA") - U.S. Holders and Non-U.S. Holders," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition and certain other conditions are met.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "Foreign Account Tax Compliance Act ("FATCA") - U.S. Holders and Non-U.S. Holders," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA") - U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a

non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

LEGAL AND OTHER MATTERS

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District. The discussion is based on the United States Bankruptcy Code (the “Bankruptcy Code”) as now in effect and the few relevant judicial decisions to date. The Bankruptcy Code could be amended or construed differently in future judicial decisions (including as a result of possible future decisions in the pending analogous insolvency proceedings for the Commonwealth of Puerto Rico). Any such action could affect the possible application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of school districts. See “APPENDIX B: FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT – FINANCIAL AND OPERATING INFORMATION - AB 1200 Budget Requirements; County and State Oversight; Reports and Certifications.” If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent of Public Instruction (the “State Superintendent”), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the “Bankruptcy Code”) on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding under federal or state law.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, bondholders may be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court’s permission, except possibly as described below in the case of pledged “special revenues.” In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair, equitable, not unfairly discriminatory to creditors as a whole, is in the best interests of creditors and otherwise complies with the Bankruptcy Code. There also

may be other possible effects of a District bankruptcy proceeding that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a political subdivision of the state in the exercise of its political or governmental powers, including expenditures for the exercise. In addition, Chapter 9 prevents a bankruptcy court from interfering with the political or governmental powers of a political subdivision debtor, any of its property or revenues or the use or enjoyment of its income producing property, unless the political subdivision debtor confirms a plan of adjustment to that effect or consents to that action. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voter-approved general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the District should become a debtor in a Chapter 9 proceeding, then it must propose a plan of adjustment of its debts. The plan may not become effective until confirmed by the bankruptcy court.

The court may not confirm a plan unless it finds, among other conditions, that the District is not prohibited by law from taking any action necessary to carry out the plan, and that the plan is fair, equitable, does not unfairly discriminate among creditors as a whole, is in the best interests of creditors, and is feasible. If the State law restriction on the levy and expenditure of *ad valorem* taxes for payment of general obligation bonds is respected in a bankruptcy case, then such *ad valorem* taxes could be levied by the County only for payment of the Bonds and its other voter-approved general obligation bonds, or securities issued in their stead, and could not be used by the District for any other purpose under its plan.

Statutory Lien. Pursuant to Senate Bill 222 (2015) ("SB 222"), all general obligation bonds issued by local agencies, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* taxes levied to pay the bonds. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are issued. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become a Chapter 9 debtor. (Unlike most security interests created by agreement, statutory liens on post-petition revenues remain effective under the Bankruptcy Code.) The automatic stay provisions of the Bankruptcy Code would apply, however, thereby preventing bondholders from enforcing their rights to payment from such taxes (with the result that any payments becoming due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed), except possibly as described under "– Special Revenues" below. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application by the County (or others with possession) of pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay, and bondholders may be able to compel their immediate use to pay debt service, subject to the matters discussed below, including a decision by the United States Court of Appeals for the First Circuit.

"Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes

levied to finance the general purposes of the debtor. The District has specifically levied and pledged *ad valorem* taxes for payment of the Bonds. The Bonds and the District's other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, bondholders may not be able to compel that they be used to pay debt service during the pendency of a Chapter 9 proceeding. While the application of special revenues is exempt from the automatic stay by Section 922(d) of the Bankruptcy Code, the United States Court of Appeals for the First Circuit has interpreted that section to exempt only voluntary applications by the debtor and voluntary applications by creditors or others of property in their possession, and not to exempt actions by creditors to compel an application by others, and has held that a bankruptcy court lacks authority to compel the application of special revenues. *In re: The Financial Oversight and Management Board for Puerto Rico*, 919 F.3d 121 (1st Cir. 2019). The U.S. Supreme Court declined to review the First Circuit decision. If the First Circuit's interpretation is upheld and applied by courts in the Ninth Circuit and the State Superintendent (or State-appointed administrator) were to file a petition to initiate a Chapter 9 proceeding in respect of the District, bondholders would be stayed from seeking to compel the application of pledged *ad valorem* taxes to pay debt service on the Bonds during the pendency of the proceeding (in either federal or state court), if the County failed to do so as required by State law or was instructed not to do so by the District. Accordingly, even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues," a Chapter 9 proceeding could result in a substantial delay in the payment of debt service, if the County failed to apply pledged *ad valorem* taxes to pay debt service on the Bonds.

In addition, under the Bankruptcy Code, the exemption of special revenues from the automatic stay permits application of special revenues (other than municipal betterment assessments) "derived" from a project or system only if the application is subject to necessary operating expenses of the project or system. This rule applies regardless of the provisions of transaction documents. If a bankruptcy court were to conclude that the District's tax collections are "derived" from a District project or system and are not akin to municipal betterment assessments, then the court could determine that such revenues may not be ordered (by itself or a state court) during the pendency of the bankruptcy proceeding to pay debt service to the extent that they are needed to pay necessary operating expenses of the District and its schools and may lawfully be applied for that purpose.

Possession of Tax Revenues; Remedies. If the County or the District goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County or the District, as applicable, does not voluntarily pay such tax revenues to the owners of the Bonds, it is not clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

Amounts Held in County Treasury Pool. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's Treasury Pool, as described in "SECURITY AND SOURCES OF PAYMENT

– General” and “APPENDIX F: SAN DIEGO COUNTY INVESTMENT POOL.” Should those investments suffer losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified. The proposed form of opinion of Bond Counsel, attached hereto as APPENDIX D, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights.

Legality for Investment in California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) by not later than nine months following the end of the District’s Fiscal Year (currently ending June 30), commencing with the report for the 2025-26 Fiscal Year (which is due no later than April 1, 2027), and to provide notices of the occurrence of certain enumerated events, if material, in a timely manner not in excess of ten business days after the occurrence of the event.

The District has previously entered into a number of undertakings to provide continuing disclosure. During the five-year period preceding the offering of the Bonds, the District has generally filed its continuing disclosure reports on a timely basis, however, in 2022, such report did not include the required information related to assessed valuation by jurisdiction and per parcel secured assessed valuation of single family homes. In addition, all CUSIPs were not correctly linked to information which was filed. All missing information has since been filed with the Municipal Securities Rulemaking Board (“MSRB”) through EMMA. Identification of the above-described events does not constitute a representation that any such late filings were material.

The District has entered into the Continuing Disclosure Certificate for the benefit of the Bond Owners with Special District Financing & Administration, under which the District has designated SDFA as Dissemination Agent. The Annual Report and any notices of material events will be filed by SDFA on behalf of and after receipt from the District with the MSRB through EMMA. The specific nature of the information to be contained in the Annual Report or certain Notice Events (each as defined herein) is set forth below under the caption “APPENDIX E: PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

Cyber Incident

In February 2023, the District experienced a data security incident involving unauthorized access to the District’s computer network. The District’s Information Technology department (“IT”) received reports from employees that certain systems were not accessible. IT investigated the cause and identified evidence of a network intrusion and an encryption event caused by malware. Immediate actions were taken to prevent ongoing unauthorized access, cybersecurity consultants were engaged to assist with a computer forensic investigation to determine the root cause of the incident and what, if any, data was potentially accessed or acquired during the incident.

The first evidence of unauthorized access identified through the investigation occurred on February 11, 2023. The investigation also identified data that was accessed by the unauthorized party while they had access to the network. The District reviewed the data that was accessed and identified personal information related to 12,173 individuals. The individuals whose information was involved were predominantly employees (~8,786) but some student, parent, vendor and other individuals' information was also identified during the review. The information that was accessed was stored on internal file servers supporting District operations. Significantly, none of the District's cloud based employee or student databases were involved in the incident. The District first notified employees about the incident in February 2023 and offered complimentary credit monitoring services to concerned employees. After the review of the data concluded, the District mailed notification letters to individuals whose addresses were identified, posted a notice on the District's website and issued a media statement about the notice to impacted individuals. The District engaged multiple service providers to assist with the investigation, remediation, and legal compliance associated with the incident, and the associated costs were covered by the District's insurance.

In 2023, individuals filed a class action lawsuit in San Diego County seeking damages on behalf of impacted individuals. The matter settled in 2026. The District has not suffered any material financial consequences as a result of the incident and related settlement.

The District has implemented additional security safeguards and controls to help prevent a similar incident from occurring in the future, including the deployment of multi-factor authentication (MFA), role-based access control (RBAC), privileged access management (PAM), endpoint protection, up-to-date server patching and routine patch management procedures, and ongoing phishing simulations. While data security incidents are always a risk, the steps taken to remediate the incident, including the deployment of new or enhanced security safeguards and controls, will help prevent a similar incident from occurring in the future. The District will also continue to evaluate the utility of insurance and partnerships to offset the costs associated with any future incidents.

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cybersecurity events may occur and what impact said events could have on its operations or finances.

The District relies on other entities and service providers in the course of operating the District, including the County with respect to the levy and collection of *ad valorem* property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

Litigation

The District is occasionally subject to lawsuits and claims. Of the lawsuits and claims pending against the District, the District expects to have adequate insurance coverage subject to a deductible. In the opinion of the District, the aggregate amount of the uninsured liabilities, if any, of the District under these lawsuits and claims will not materially affect the finances of the District. Accordingly, the District does

not expect to have any expenses or liabilities which would have a materially adverse effect on the District's ability to repay the Bonds.

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

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Compensation to be paid to Bond Counsel, Disclosure Counsel, Underwriters' Counsel and the Municipal Advisor is contingent upon the issuance of the Bonds.

MISCELLANEOUS

Ratings

Fitch Ratings, Inc. ("Fitch") has assigned a rating of "AAA" to the Bonds. Moody's Investors Service ("Moody's" and together with Fitch, the "Rating Agencies") has assigned a rating of "Aa2" to the Bonds. The District has furnished to the Rating Agencies certain materials and information with respect to itself, and the Bonds. Generally, rating agencies base their ratings on such information and materials and on their own investigations, studies and assumptions. Each rating reflects only the view of the respective rating agency and any explanation of the significance of such rating may be obtained only from the rating agency furnishing the same, at the following addresses: Fitch, 33 Whitehall Street, New York, New York 10004, telephone: (212) 908-0800 and Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone: (212) 553-0300. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

Underwriting

The Bonds are being purchased by J.P. Morgan Securities LLC ("J.P. Morgan"), Morgan Stanley & Co. LLC ("Morgan Stanley"), Raymond James & Associates, Inc. ("Raymond James") and Stifel, Nicolaus & Company, Incorporated ("Stifel" and, collectively with J.P. Morgan, Morgan Stanley and Raymond James, the "Underwriters"), for whom J.P. Morgan is acting as representative. The Underwriters have agreed, pursuant to the Bond Purchase Contract (the "Purchase Contract") for the Bonds, to purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by Bond Counsel and certain other conditions.

The Underwriters agree to purchase the Bonds for offering to the public at an aggregate purchase price of \$_____, which purchase price is comprised of the principal amount of the Bonds of \$_____, plus a [net] original issue premium of \$_____, less an Underwriters' discount of \$_____.

The initial offering prices stated on the inside cover pages of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

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

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

Certain of the Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

J.P. Morgan has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from J.P. Morgan at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Morgan Stanley has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Municipal Advisor

KNN Public Finance, LLC (“KNN”) has been employed by the District to perform municipal advisory services in connection with the sale and delivery of the Bonds. KNN will not participate in the underwriting of the Bonds. Fees charged by KNN are contingent upon the issuance of the Bonds. KNN has read and participated in the drafting of certain portions of this Official Statement. KNN has not audited, authenticated or otherwise verified the information set forth in the Official Statement.

Financial Statements

The audited financial statements of the District for the Fiscal Year ended June 30, 2025 (the “2025 Audit”), included in APPENDIX C to this Official Statement, have been prepared by Crowe LLP, independent certified public accountants, to the extent and for the periods indicated in its report. Crowe LLP, the District’s independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Crowe LLP also has not performed any procedures relating to this Official Statement, has not consented to the

inclusion of its report as APPENDIX C hereto, has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Crowe LLP with respect to any event subsequent to its report dated December 2, 2025.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution and the Paying Agent Agreement providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents described herein do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, is intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

SWEETWATER UNION HIGH SCHOOL DISTRICT

By: _____
Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX A
DISTRICT ECONOMY**

TABLE OF CONTENTS

	<u>Page</u>
DISTRICT ECONOMY	A-2
General.....	A-2
Population	A-3
Employment.....	A-4
Principal Employers.....	A-5
Industry	A-6
Building Permits	A-6
Median Home Sale Prices.....	A-8
Commerce	A-9
Transportation	A-12
Visitor and Convention Activity and Recreation	A-13
Education	A-15

DISTRICT ECONOMY

The following information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District, the Underwriters or the Municipal Advisor.

Prospective purchasers of the Bonds should be aware that a number of the tables below, which demonstrate historical income, employment, sales and other figures, are not an accurate predictor of future trends, nor are they an entirely current report of economic circumstances as of the date of printing of this Official Statement. The historical data displayed in this section is derived from a number of third-party sources from data accumulated over time, and thus cannot be presented on a real-time basis.

General

The District, located in San Diego County, is the second largest secondary school district in California in terms of student enrollment. The District provides educational services to the residents in and around several cities and communities, including the Cities of San Diego, Chula Vista, Imperial Beach and National City, and the communities of Bonita, Eastlake, Otay Mesa, South San Diego and San Ysidro, encompassing an area of approximately 153 square miles.

City of San Diego. The City of San Diego is located 125 miles south of Los Angeles, 525 miles south of San Francisco, and 17 miles north of the Mexican border. It grew out of the first California mission – Mission San Diego de Alcalá – founded in 1769. The City of San Diego was incorporated in 1850, the year California became the 31st State of the United States. The City of San Diego is the county seat for the County of San Diego (the “County”) and is the County’s business and financial center.

The City of San Diego covers approximately 330 square miles in the southwestern coastal area of the County of San Diego, including 72 square miles of water. The City of San Diego limits extend to the Mexican border, contiguous in places to the boundaries of the cities of Chula Vista, National City, and Imperial Beach.

City of Chula Vista. The City of Chula Vista (“Chula Vista”) is the second-largest city in the County with a population of over 280,000, located 8 miles south of the City of San Diego and 7 miles north of the Mexican border. Chula Vista has more than 52 square miles of coastal landscape, canyons, rolling hills, mountains, quality parks, and miles of trails.

City of Imperial Beach. The City of Imperial Beach (“Imperial Beach”) is a coastal city located in the southern part of the County. Imperial Beach is bordered by the City of Coronado and the San Diego Bay to the north; the City of San Diego to the north and east; the Mexican border to the south; and the Pacific Ocean to the west. Imperial Beach is the southernmost city in the State and was incorporated in 1956.

City of National City. The City of National City (“National City”) is located 5 miles south of downtown San Diego, on San Diego Bay in the southern part of the County, and 10 miles north of Baja California, Mexico. National City is bordered by San Diego to the north and east, Chula Vista to the south, the unincorporated areas of Lincoln Acres and Bonita to the south and southeast, and San Diego Bay to the west. National City was incorporated in 1887 and is the second oldest city in the County.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Population

The populations of the Cities of Chula Vista, Imperial Beach, National City, San Diego, San Diego County and the State of California for the last five years are set forth in the following table.

**CITY OF CHULA VISTA
CITY OF IMPERIAL BEACH
CITY OF NATIONAL CITY
CITY OF SAN DIEGO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA
Population ***

Year	City of Chula Vista	City of Imperial Beach	City of National City	City of San Diego	County of San Diego	State of California
2022	277,043	26,266	57,926	1,377,336	3,286,310	39,159,480
2023	278,322	26,195	57,726	1,384,174	3,296,097	39,167,274
2024	280,742	26,372	58,388	1,394,421	3,318,648	39,446,835
2025	281,850	26,362	58,649	1,409,429	3,339,392	39,646,907
2026	282,999	26,066	58,701	1,419,531	3,344,322	39,592,978

*Population statistics are as of January 1.

Source: California State Department of Finance.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Employment

CITY OF CHULA VISTA, CITY OF IMPERIAL BEACH, CITY OF NATIONAL CITY, CITY OF SAN DIEGO AND COUNTY OF SAN DIEGO, CALIFORNIA, AND UNITED STATES Labor Force, Employment, and Unemployment⁽¹⁾⁽²⁾⁽³⁾

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽⁴⁾
2021				
City of Chula Vista	128,600	119,300	9,300	7.2%
City of Imperial Beach	12,900	11,900	1,000	8.1
City of National City	27,100	24,800	2,300	8.4
City of San Diego	699,900	656,500	43,400	6.2
County of San Diego	1,575,400	1,475,200	100,200	6.4
California	19,013,800	17,619,300	1,394,500	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Chula Vista	130,600	125,600	5,000	3.8%
City of Imperial Beach	13,000	12,400	600	4.2
City of National City	27,400	26,300	1,100	4.1
City of San Diego	722,300	698,600	23,800	3.3
County of San Diego	1,613,900	1,558,800	55,100	3.4
California	19,267,400	18,441,400	826,100	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
City of Chula Vista	132,900	127,700	5,200	3.9%
City of Imperial Beach	13,100	12,500	500	4.1
City of National City	27,700	26,500	1,200	4.2
City of San Diego	738,100	711,300	26,900	3.6
County of San Diego	1,642,500	1,581,500	61,000	3.7
California	19,514,600	18,593,600	921,000	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
2024				
City of Chula Vista	135,000	128,900	6,100	4.5%
City of Imperial Beach	13,100	12,500	600	4.7
City of National City	28,100	26,700	1,400	4.9
City of San Diego	748,500	717,200	31,300	4.2
County of San Diego	1,660,700	1,589,700	71,000	4.3
California	19,692,800	18,650,700	1,042,200	5.3
United States	168,106,000	161,346,000	6,761,000	4.0
2025				
City of Chula Vista	135,990	129,318	6,672	4.9%
City of Imperial Beach	13,245	12,572	681	5.2
City of National City	28,318	26,790	1,545	5.4
City of San Diego	753,090	719,281	33,781	4.5
County of San Diego	1,671,100	1,594,300	76,800	4.6
California	19,823,800	18,738,500	1,085,300	5.5
United States	170,807,000	163,493,000	7,314,000	4.3

(1) Data reflects employment status of individuals by place of residence.

(2) Data not seasonally adjusted.

(3) Data as of August 18, 2026.

(4) Unemployment rate is based on unrounded data.

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

Principal Employers

The County is host to a diverse mix of major employers representing industries ranging from education and health services, to diversified manufacturing, financial services, retail trade and amusement and recreation. The following table lists the County's major employers.

COUNTY OF SAN DIEGO 2025 Principal Employers

<u>Employer</u>	<u>Number of Employees</u>
U.S. Navy	91,317
MCCS MCRD San Diego Marine Corps	42,687
University of California, San Diego	41,698
County of San Diego	20,471
Sharp	20,432
Scripps San Diego	17,760
Kaiser Permanente Vandever Med	12,859
UC San Diego Health	12,675
Merchants Building Maintenance	6,000
Cubic Corporation	6,000

Source: County of San Diego, Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Industry

Annual wage and salary workers by industry for 2021 through 2025 are shown below.

COUNTY OF SAN DIEGO
Non-Farm Labor Force And Industry Employment
Annual Averages⁽¹⁾
2021 through 2025 by Class of Work

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Mining and Logging	300	400	300	300	300
Construction	83,800	87,400	89,300	90,500	88,700
Manufacturing	114,400	116,900	115,500	112,900	110,400
Trade, Transportation and Public Utilities	216,800	222,400	223,500	222,600	219,000
Information	21,500	22,100	22,000	20,400	18,100
Financial Activities	76,200	76,900	73,100	72,900	73,200
Professional and Business Services	265,300	282,500	275,600	267,000	263,100
Private Education & Health Services	216,700	228,700	246,600	261,800	273,100
Leisure & Hospitality	161,600	193,100	200,900	202,300	203,200
Other Services	47,500	54,400	56,800	57,600	58,000
Government	<u>237,900</u>	<u>246,600</u>	<u>250,100</u>	<u>258,400</u>	<u>257,300</u>
Non-Farm Total	1,442,100	1,531,400	1,553,800	1,566,600	1,564,400

⁽¹⁾ Data as of July 17, 2026. Totals may not add due to rounding.
Source: California Employment Development Department.

Building Permits

Provided below is information regarding residential building permits issued for the City of Chula Vista, City of Imperial Beach, City of National City and the City of San Diego, for calendar years 2021 through 2025.

CITY OF CHULA VISTA
Housing Unit Building Permits Issued

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Units	1,756	1,034	843	1,223	536
Units in Single Family	291	331	244	261	112
Units in All Multifamily	1,465	703	599	962	424
Units in 2-Unit Multifamily	16	4	38	28	80
Units in 3 & 4-Unit Multifamily	30	93	76	122	17
Units in 5+-Unit Multifamily	1,419	606	485	812	327

Source: U.S. Department of Housing and Urban Development, HUD User, Office of Policy Development and Research, SOCDS (State of the Cities Data Systems) Building Permits.

CITY OF IMPERIAL BEACH
Housing Unit Building Permits Issued

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Units	38	18	59	78	70
Units in Single Family	20	18	34	66	58
Units in All Multifamily	18	0	25	12	12
Units in 2-Unit Multifamily	10	0	16	12	4
Units in 3 & 4-Unit Multifamily	8	0	9	0	0
Units in 5+-Unit Multifamily	0	0	0	0	8

Source: U.S. Department of Housing and Urban Development, HUD User, Office of Policy Development and Research, SOCDS (State of the Cities Data Systems) Building Permits.

CITY OF NATIONAL CITY
Housing Unit Building Permits Issued

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Units	83	134	136	4	0
Units in Single Family	13	23	59	4	0
Units in All Multifamily	70	111	77	0	0
Units in 2-Unit Multifamily	0	2	2	0	0
Units in 3 & 4-Unit Multifamily	0	8	0	0	0
Units in 5+-Unit Multifamily	70	101	75	0	0

Source: U.S. Department of Housing and Urban Development, HUD User, Office of Policy Development and Research, SOCDS (State of the Cities Data Systems) Building Permits.

CITY OF SAN DIEGO
Housing Unit Building Permits Issued

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Units	4,788	4,422	5,765	6,615	6,828
Units in Single Family	539	506	516	775	819
Units in All Multifamily	4,249	3,916	5,249	5,840	6,009
Units in 2-Unit Multifamily	78	100	146	574	510
Units in 3 & 4-Unit Multifamily	115	80	123	158	149
Units in 5+-Unit Multifamily	4,056	3,736	4,980	5,108	5,350

Source: U.S. Department of Housing and Urban Development, HUD User, Office of Policy Development and Research, SOCDS (State of the Cities Data Systems) Building Permits.

Median Home Sale Prices

The tables below provide summaries of the median home sale prices from 2022 through 2026 for the cities of Chula Vista, Imperial Beach, National City and San Diego.

CITY OF CHULA VISTA **Home (SFR) Sale Median Prices**

<u>Year⁽¹⁾</u>	<u>Home Sales Median Prices</u>
2022	\$865,000
2023	850,000
2024	920,000
2025	920,000
2026	949,950

⁽¹⁾ As of July of each year.

Source: California Association of Realtors Sales YTD Comparative Report.

CITY OF IMPERIAL BEACH **Home (SFR) Sale Median Prices**

<u>Year⁽¹⁾</u>	<u>Home Sales Median Prices</u>
2022	\$842,514
2023	875,000
2024	925,000
2025	842,500
2026	859,000

⁽¹⁾ As of July of each year.

Source: California Association of Realtors Sales YTD Comparative Report.

CITY OF NATIONAL CITY **Home (SFR) Sale Median Prices**

<u>Year⁽¹⁾</u>	<u>Home Sales Median Prices</u>
2022	\$676,000
2023	650,000
2024	717,000
2025	750,000
2026	744,000

⁽¹⁾ As of July of each year.

Source: California Association of Realtors Sales YTD Comparative Report.

CITY OF SAN DIEGO **Home (SFR) Sale Median Prices**

<u>Year⁽¹⁾</u>	<u>Home Sales Median Prices</u>
2022	\$1,170,000
2023	1,110,000
2024	1,250,000
2025	1,260,000
2026	1,280,000

⁽¹⁾ As of July of each year.

Source: California Association of Realtors Sales YTD Comparative Report.

Commerce

Taxable transactions from 2021 through 2025 for the cities of Chula Vista, Imperial Beach, National City and San Diego are summarized below.

CITY OF CHULA VISTA
Taxable Transactions
(in thousands)⁽¹⁾⁽²⁾
2021 through 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Retail and Food Services					
Motor Vehicle and Parts Dealers	\$336,006	\$392,158	\$434,896	\$440,077	\$415,991
Home Furnishings and Appliance Stores	192,293	177,282	170,268	168,702	170,054
Building Material and Garden Equipment and Supplies Dealers	187,030	193,023	180,254	181,841	181,433
Food and Beverage Stores	180,726	189,597	195,120	201,064	215,077
Gasoline Stations	319,825	378,776	376,065	376,135	361,423
Clothing and Clothing Accessories Stores	198,309	224,553	236,609	252,525	261,786
General Merchandise Stores	778,798	887,687	887,147	885,328	860,070
Food Services and Drinking Places	519,762	585,523	622,885	663,836	685,375
Other Retail Group	245,247	278,290	281,378	269,186	256,517
Total Retail and Food Services	\$2,957,997	\$3,306,890	\$3,384,623	\$3,438,694	\$3,407,726
All Other Outlets	\$343,915	\$425,226	\$438,444	\$478,957	\$553,159
Total All Outlets	\$3,301,912	\$3,732,116	\$3,823,067	\$3,917,651	\$3,960,885

⁽¹⁾ Data as of August 7, 2026.

⁽²⁾ Detail may not compute to total due to rounding.

Source: "Taxable Sales - Cities by Type of Business," California Department of Tax and Fee Administration.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

CITY OF IMPERIAL BEACH
Taxable Transactions
(in thousands)⁽¹⁾⁽²⁾
2021 through 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Retail and Food Services					
Motor Vehicle and Parts Dealers	\$8,388	\$8,197	\$5,813	\$4,171	\$4,478
Home Furnishings and Appliance Stores	2,437	2,514	2,053 ⁽³⁾	2,175	1,830
Building Material and Garden	-(³)	491	268	126 ⁽³⁾	-(³)
Equipment and Supplies Dealers					
Food and Beverage Stores	16,658	16,644	15,962	14,862	14,931
Gasoline Stations	26,072	31,814	34,342	35,318	31,281
Clothing and Clothing Accessories	494	420	311		
Stores				213	187
General Merchandise Stores	-(³)	1,908 ⁽³⁾	595 ⁽³⁾	2,047 ⁽³⁾	2,617
Food Services and Drinking Places	49,136	51,890	53,989	58,313	57,425
Other Retail Group ⁽⁴⁾	13,784	20,337	24,913	19,195	17,458
Total Retail and Food Services	\$116,970	\$134,216	\$138,246	\$136,420	\$130,206
All Other Outlets	\$20,364	\$23,650	\$16,783	\$14,773	\$14,644
Total All Outlets	\$137,335	\$157,867	\$155,030	\$151,193	\$144,850

⁽¹⁾ Data as of August 7, 2026.

⁽²⁾ Detail may not compute to total due to rounding.

⁽³⁾ Reflects certain sales that have been omitted to avoid disclosure of confidential information.

⁽⁴⁾ Adjusted for disclosures.

Source: "Taxable Sales - Cities by Type of Business," California Department of Tax and Fee Administration.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

CITY OF NATIONAL CITY
Taxable Transactions
(in thousands)⁽¹⁾⁽²⁾
2021 through 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Retail and Food Services					
Motor Vehicle and Parts Dealers	\$674,984	\$681,317	\$617,363	\$635,359	\$636,236
Home Furnishings and Appliance Stores	28,412	26,734	27,453	24,850	24,084
Building Material and Garden					
Equipment and Supplies Dealers	102,615	99,581	70,775	77,297	78,055
Food and Beverage Stores	49,273	50,669	50,111	49,708	67,309
Gasoline Stations	97,056	133,087	133,160	125,007	100,442
Clothing and Clothing Accessories					
Stores	203,802	202,361	203,983	209,303	213,816
General Merchandise Stores	174,237	182,967	182,744	183,038	181,618
Food Services and Drinking Places	225,789	248,255	261,604	292,660	311,079
Other Retail Group	78,979	83,535	77,335	73,186	72,019
Total Retail and Food Services	\$1,635,148	\$1,708,505	\$1,624,529	\$1,670,408	\$1,684,657
All Other Outlets	\$231,997	\$254,020	\$278,701	\$253,630	\$276,448
Total All Outlets	\$1,867,145	\$1,962,525	\$1,903,229	\$1,924,038	\$1,961,105

⁽¹⁾ Data as of August 7, 2026.

⁽²⁾ Detail may not compute to total due to rounding.

Source: "Taxable Sales - Cities by Type of Business," California Department of Tax and Fee Administration.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

CITY OF SAN DIEGO
Taxable Transactions
(in thousands)⁽¹⁾⁽²⁾
2021 through 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Retail and Food Services					
Motor Vehicle and Parts Dealers	\$3,276,839	\$3,236,281	\$2,910,702	\$2,959,446	\$3,251,373
Home Furnishings and Appliance Stores	1,234,739	1,518,280	1,297,159	1,219,603	1,204,508
Bldg. Mat'l. and Garden Equip. and Supplies	1,276,380	1,331,525	1,282,876	1,313,578	1,301,174
Food and Beverage Stores	1,250,946	1,317,823	1,303,207	1,319,487	1,386,542
Gasoline Stations	1,807,736	2,147,379	1,935,632	1,829,569	1,710,130
Clothing and Clothing Accessories Stores	1,895,916	2,167,040	2,155,533	2,202,282	2,295,813
General Merchandise Stores	1,823,348	2,011,311	1,979,763	1,968,758	1,957,287
Food Services and Drinking Places	4,420,223	5,620,278	5,882,884	6,037,293	6,036,713
Other Retail Group	2,232,497	2,544,178	2,502,006	2,449,241	2,491,580
Total Retail and Food Services	\$19,218,625	\$21,894,095	\$21,249,762	\$21,299,256	\$21,635,122
All Other Outlets	\$7,858,185	\$9,631,730	\$9,692,973	\$9,407,893	\$8,845,170
Total All Outlets	\$27,076,810	\$31,525,825	\$30,942,735	\$30,707,149	\$30,480,291

⁽¹⁾ Data as of August 7, 2026.

⁽²⁾ Detail may not compute to total due to rounding.

Source: "Taxable Sales - Cities by Type of Business," California Department of Tax and Fee Administration.

Transportation

There are excellent surface, sea and air transportation facilities that 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 to Phoenix, Arizona.

San Diego's International Airport (Lindbergh Field) is located approximately one mile west of the downtown area at the edge of the San Diego Bay. The airport is one of the most active commercial airports in California, served by 16 airline carriers. The airport is currently undergoing improvements through its \$3.8 billion New Terminal 1 project, which will replace the current Terminal 1 with a modern facility and is slated to be complete by 2028. In addition to San Diego International Airport, there are two military air stations and seven general aviation airports located in the County.

The City of San Diego is the terminus of the Santa Fe Railway's main line from Los Angeles. The San Diego harbor is one of the world's largest natural harbors. The harbor, a busy commercial port, has also become an extremely popular destination for cruise ships. 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.

Public transportation through the City of San Diego and surrounding communities is provided by the San Diego Metropolitan Transit Development Board. The San Diego Trolley, Inc. operates a fleet of electric trolleys that provides transportation for commuters and tourists from downtown San Diego to San Ysidro (adjacent to Tijuana), and from downtown San Diego to the southern part of the County and East County. The East Line extension to Santee was completed in 1996. This 3.6-mile extension connects the cities of El Cajon and Santee.

Visitor and Convention Activity and Recreation

An excellent climate, proximity to Mexico, extensive maritime facilities, and such attractions as the San Diego Zoo, the San Diego Zoo Safari Park (previously known as Wild Animal Park), Sea World, Cabrillo National Monument on Point Loma, and Palomar Observatory allow the County to attract visitor and convention business each year. 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 have contributed to the growth in tourism.

The visitor industry is one of the County's main sources of income generation, along with manufacturing and the military. The following table depicts total visitor spending in the County for the past ten calendar years.

COUNTY OF SAN DIEGO
Total Visitor Spending
2016 – 2025
(\$ billions)

<u>Calendar Year</u>	<u>Amount</u>
2016	\$10.4
2017	10.8
2018	11.5
2019	11.6
2020	5.2
2021	7.5
2022	13.6
2023	14.3
2024	14.8
2025	14.4

Source: San Diego Tourism Authority.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Sweetwater Union High School District is located approximately 10 miles south of the San Diego Convention Center. The Convention Center hosts various conventions, meetings and events throughout the year, attracting visitors from around the world and driving the region's economy. Some of the largest events hosted at the Convention Center on a recurring basis are Comic-Con International, Esri, TwitchCon and the American Society of Hematology. The following table provides information on the Convention Center's regional economic impact in recent fiscal years.

SAN DIEGO CONVENTION CENTER⁽¹⁾
2020 – 2025

<u>Fiscal Year</u>	<u>Direct Attendee Spending (in millions)</u>	<u>Number of Conventions</u>	<u>Total Delegate Attendance</u>
2020 ⁽¹⁾	\$575.1	115	615,774
2021 ⁽²⁾	-	-	-
2022	507.8	91	300,000 ⁽³⁾
2023	800.0 ⁽³⁾	101	736,000 ⁽³⁾
2024	855.0 ⁽³⁾	80	663,000 ⁽³⁾
2025	921.0 ⁽³⁾	92	730,000 ⁽³⁾

⁽¹⁾ The economic impact figures for this year reflect the period from July 1, 2019, through March 11, 2020, when the restriction on large gatherings were implemented in response to the COVID-19 pandemic.

⁽²⁾ Annual Report for this Fiscal Year did not report the following data. Restrictions on large gatherings were implemented in response to the COVID-19 pandemic.

⁽³⁾ Exact amount exceeds the data presented.

Source: San Diego Convention Center Annual Reports for respective Fiscal Years.

The City of San Diego is the focal point for tourism in the County and includes downtown's historic Gaslamp Quarter and the Old Town State Park. The San Diego Padres play home games at PETCO Park located on 18 acres, with a capacity of 46,000. The City of San Diego's cruise ship industry is another important sector of the local visitor industry.

The City of San Diego has constructed the San Diego Community Concourse, with its Convention and Performing Arts Center, the downtown Sports Arena, and the San Diego Stadium, located at the intersection of two interstate freeways. The City of San Diego's Park and Recreation Department offers a comprehensive program of activities for all ages.

Balboa Park covers 1,200 acres in the City of San Diego and includes museums, art galleries, theaters and recreation areas, in addition to miles of garden walks. Covering 128 acres within the park is the San Diego Zoo, famous for its innovative methods of displaying animals. The San Diego Planetarium Authority has constructed a Planetarium and Hall of Science on a three-acre site in Balboa Park. Mission Bay Park is a 4,600-acre public and private development including hotels and motels, marinas, restaurants and Sea World.

The City of Chula Vista, in partnership with the Port of San Diego, has undertaken major redevelopment efforts to transform the 535-acre Chula Vista Bayfront into a residential and waterfront resort destination, including new public parks and a convention center. The \$1.2 billion Gaylord Pacific Resort and Convention Center, the catalyst project of the Chula Vista Bayfront, opened in 2025. The resort features 1,600 hotel rooms, complemented by more than 450,000 square feet of indoor and outdoor meeting and event space, and is designed to serve as a key venue for regional and international events. The City of Chula Vista anticipates significant economic benefits from this project, including thousands of new jobs and growth in property taxes, sales taxes and transient occupancy taxes. RIDA Chula Vista LLC is the developer of the Bayfront project and was the largest local secured taxpayer in the District for Fiscal Year 2026-27. See "SECURITY AND SOURCES OF PAYMENT – Largest Taxpayers" in the forepart of this Official Statement. The Chula Vista Bayfront redevelopment efforts also include the creation of new public parks, including the Harbor Park, which will expand and improve the former Bayside Park into a 25-acre park with new play equipment, amenities and landscaping. The first phase of improvement is underway. Sweetwater Park, with 39 acres of new public recreational space, opened in April 2025.

There are over 90 golf courses in the County, including the La Costa Golf Course, site of the Tournament of Champions in 2006 and the championship Torrey Pines Golf Course, where the U.S. Open was held in 2008 and 2021.

The County benefits greatly from its natural geography and from its proximity to Mexico, with its sporting attractions such as Jai Alai, thoroughbred racing and ocean fishing, as well as the shopping and entertainment venues of Tijuana. Tijuana may be reached from downtown San Diego by the Red Trolley, and within a short drive from the center of San Diego, visitors may take in the many beaches, mountains and desert areas within the County.

Education

Sweetwater Union High School District provides education for grades 7 through 12 in the communities or cities of San Diego, Bonita, Chula Vista, Eastlake, Imperial Beach, National City, Otay Mesa, South San Diego and San Ysidro. Certain portions of the City of San Diego lie within three unified school districts, three other high school districts, and 14 elementary school districts.

There are 38 colleges and universities offering four-year and graduate degrees and five community college districts offering two-year programs in the County. Among the four-year institutions of higher education in the County are the University of California at San Diego, San Diego State University, the University of San Diego, California State University at San Marcos, Point Loma Nazarene University and National University.

The City of Chula Vista, in collaboration with various stakeholders, including the Sweetwater Union High School District, is developing a new four-year public university campus in Chula Vista. This University Innovation District will feature a hybrid, multi-institutional campus offering various programs from other colleges and universities, while integrated with commercial, retail and residential functions in an urban, mixed-use setting. The University Innovation District will include academic space for 20,000 students and 6,000 faculty and staff, onsite student and faculty living, and market rate and affordable housing.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B
FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT
TABLE OF CONTENTS

	Page
FINANCIAL AND OPERATING INFORMATION	B-2
District Organization.....	B-2
Facilities, Staff and Enrollment	B-3
Employment.....	B-4
Charter Schools of the District.....	B-4
State Budget Process.....	B-5
LCFF and the District	B-12
Other District Revenues.....	B-15
Significant Accounting Policies and Audited Financial Statements.....	B-16
Financial Statements	B-16
Fund Balances	B-19
School District Budgeting Process.....	B-19
AB 1200 Budget Requirements; County and State Oversight; Reports and Certifications	B-19
Long Term Obligations.....	B-21
Pension Plans	B-23
Post-Retirement Programs	B-28
Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures.....	B-28
CONSTITUTIONAL AND STATUTORY INITIATIVES	B-29
FUTURE INITIATIVES	B-33

FINANCIAL AND OPERATING INFORMATION

This APPENDIX B provides information concerning the operations and finances of the Sweetwater Union High School District (the “District”). The Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County or of the general fund of the District. Prospective purchasers of the Bonds should be aware that the following discussion of the District’s financial condition, its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal or interest on the Bonds is dependent in any way upon the District’s financial condition. The District neither receives nor accounts for ad valorem tax revenues collected by the County to pay debt service on the Bonds (or its other general obligation bonds). Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the interest and sinking fund of the District. The Bonds are, and will continue to be, payable solely from ad valorem taxes collected by the County within the boundaries of the District. See the forepart of this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT.”

The District was established in 1920 and consists of approximately 153 square miles in the southwestern portion of San Diego County (the “County”) in the State of California (the “State”). The District is the second largest secondary school district in the State, by student enrollment and provides education for grades 7 through 12.

District Organization

The District is governed by an independent Board of Trustees (the “Board”) consisting of five members elected by trustee area to overlapping four-year terms at elections held in staggered years. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board Members or by a special election. Board members may serve no more than two four-year terms.

Name	Office	End of Current Term
Arturo Solis	President	November 2026
Rudy Lopez	Vice-President	November 2028
Dr. Adrián Arancibia	Board Member	November 2028
Elva Lopez-Zepeda	Board Member	November 2026
Marti Emerald	Board Member	November 2026

The Superintendent of the District, appointed by the Board on April 26, 2021, Dr. Moisés G. Aguirre, is responsible for the administration of the affairs of the District. Other senior administrators include Dr. Jenny Salkeld, Chief Financial Officer, Janea Quirk, Assistant Superintendent, Facilities and Operations and Jennifer Carbuccia, General Counsel.

Dr. Moisés G. Aguirre, Superintendent. Dr. Moisés G. Aguirre was appointed as Superintendent of the District on April 26, 2021, and oversees the second largest secondary school district in California by student enrollment. Preceding this appointment, he served as Interim Superintendent beginning June of 2020. In this role, he led the district’s efforts to navigate the COVID-19 pandemic. Prior to his appointment as Interim Superintendent, he served as Assistant Superintendent of Facilities and Operations, having been appointed on April 27, 2015. In this capacity, he led the Planning and Construction, Nutrition Services, Transportation, Maintenance, and District Architect departments.

Prior to his arrival at the District, Dr. Aguirre served as Executive Director of District Relations and Manager of Charter Schools at San Diego Unified School District from 2007 to 2015. In addition, he worked at the University of California, San Diego from 2003 to 2007. From 2001 to 2003 he served as an appointee of the Governor of California as Deputy Director of the Commission of the Californias to foster collaboration in the binational region of the Californias: California, Baja California, and Baja California Sur.

Dr. Aguirre graduated from Calexico High School and attended the University of California, San Diego, where he received his bachelor’s in Political Science and Spanish/Latin American Literature, with a minor in History. He completed Public Policy and International Relations Institute at the Goldman School of Public Policy at UC

Berkeley. He received his master's degree in Public Administration from San Diego State University, and completed his Doctorate in Education Leadership (Ed.D.) from San Diego State University.

Jenny Salkeld, PhD., Chief Financial Officer. Dr. Jenny Salkeld joined the District as Chief Financial Officer in August 2018. She is responsible for management and oversight of the Fiscal Services Division, including Accounting, Duplicating, Finance, Fiscal Services, Mailroom Services, Purchasing, Payroll, and Warehouse. Prior positions include Chief Financial Officer of a K-12 Public Charter School, and Controller and Chief Financial Officer of San Diego Unified School District. On March 26, 2015, then California State Treasurer John Chiang appointed Dr. Salkeld, together with 11 other individuals, to serve on the "State Task Force on Bond Accountability," a special task force commissioned to develop best practice guidelines on the fiduciary care and use of State and local bond proceeds. In December 2016, Dr. Salkeld along with the financing team were recognized by *The Bond Buyer* for the Deal of the Year for the work associated with convincing rating agencies and investors on the evaluation of general obligation bonds based on the dedicated taxes that support them. Along with efforts with State legislation, Senate Bill 222, this resulted in a paradigm shift resulting in rating upgrades and a transformation that saved taxpayers hundreds of millions of dollars.

Dr. Salkeld has extensive experience managing multimillion dollar accounting, finance and revenue operations and is accomplished in developing financial strategies that enhance organizational growth and maximize sustainability. Her expertise includes design of short and long-term financial plans, investment management, financial problem solving, corrective action plan implementation and compliance. In a previous private sector position, Dr. Salkeld was responsible for the accounting integration for a \$450 million acquisition by a NASDAQ healthcare company. Additionally, she implemented a Board-approved Corporate Compliance Plan for a mid-size organization. She has also presented at California Association of School Business Officials conferences on charter and school district bond financings.

Dr. Salkeld holds a Ph.D. in organizational psychology from Walden University, a Masters of Business Administration and Bachelor of Science in Accounting from the University of La Verne. Dr. Salkeld completed the Chief Business Officer Program at the University of California, Riverside in March 2016. In April 2018, Dr. Salkeld completed the Superintendents Academy with the Association of California School Administrators Superintendents.

Janea Quirk, Assistant Superintendent, Facilities and Operations. Ms. Janea Quirk is the Assistant Superintendent, Facilities and Operations at the District, where she oversees the Planning and Construction, Maintenance, Nutrition Services, and Transportation departments. The District serves over 35,000 students, with 29 campuses encompassing four million square feet of school district buildings. Ms. Quirk has 35 years of experience working in public education, with 22 years managing school facilities and capital facilities programs. She manages over \$1 billion in the District's school facilities, real estate, three bond measures passed in 2006, 2018 and 2024, and Community Facilities Districts. Ms. Quirk has her Bachelor of Arts Degree in Organizational Management from Ashford University and is a graduate of the 2018 School Facilities Leadership Academy.

Jennifer Carbuccia, General Counsel. Ms. Jennifer Carbuccia was appointed the District General Counsel effective July 22, 2015. Ms. Carbuccia is an experienced school attorney specializing particularly in labor and employment, governance, contracts management and special education law. With more than 19 years of experience in the practice of law, she has represented and advised school districts and other public agencies throughout a wide array of legal matters. Ms. Carbuccia serves as internal counsel and oversees outside counsel for the District, including litigation counsel, bond counsel and other finance related legal counsel. Ms. Carbuccia has a Juris Doctor from the University of California, Davis Martin Luther King Jr. School of Law.

Facilities, Staff and Enrollment

The District currently operates twelve (12) comprehensive high schools, one (1) continuation high school, ten (10) middle schools, one (1) junior high school, four (4) adult education programs and four (4) alternative education schools, and has authorized two (2) independent charter schools. The District's Fiscal Year 2026-27 budget for all funds as of July 1, 2026 provides for the employment of approximately 1,957 full-time equivalent certificated staff positions, 1,359 full-time equivalent classified employees, 288 full-time equivalent supervisors and management employees and 10 full-time equivalent confidential employees.

Employment

The District negotiates agreements with five bargaining units under the Educational Employment Relations Act. These bargaining units budgeted for Fiscal Year 2026-27 are as set forth in the table below. The table and information summarizes the current state of affairs with respect to the District's bargaining units and unrepresented management and confidential employees. Each bargaining unit may have additional proposed changes to compensation and other terms and conditions with cost factors that are unique to such units, the costs of which are included in these figures, but the details may not be included herein.

SWEETWATER UNION HIGH SCHOOL DISTRICT Bargaining Units

<u>Bargaining Unit</u>	<u>Number of District Employees⁽¹⁾</u>	<u>Agent</u>	<u>Expiration Date</u>
Certificated employees	1,851	Sweetwater Education Association (SEA)/California Teachers Association (CTA)/National Education Association (NEA)	June 30, 2027
Certificated employees	106	Sweetwater Counseling and Guidance Association (SCGA)	June 30, 2027
Classified employees	1,359	California School Employees Association (CSEA Chapters 258, 471, 731)	June 30, 2027
Supervisors	72	National Association of Government Employees (NAGE)	June 30, 2027
Administrators	106	Administrators Association Sweetwater Union (AASU)	June 30, 2028
Management employees	110	Unrepresented (including Board of Trustees and Student Board member)	N/A
Confidential employees	10	Unrepresented	N/A

⁽¹⁾ Approximate number of full-time equivalent employees budgeted for Fiscal Year 2026-27.
Source: The District.

On October 12, 2026, the District reached a Tentative Agreement with the SEA teachers unit. The Tentative Agreement reflects a 3.25% increase to base salary effective July 1, 2026 with an increase of the healthcare cap of \$2,000 effective January 1, 2027. This Tentative Agreement is subject to ratification by the bargaining unit and is expected to be taken for Board action on November 9, 2026. The respective financial updates are expected to be included in the District's Fiscal Year 2026-27 First Interim report, which is expected to be presented to the Board on December 14, 2026. The District is continuing reopener negotiations with the other bargaining units, some of which have equity clauses.

Charter Schools of the District

The State Legislature enacted the Charter Schools Act of 1992 (California Education Code Sections 47600-47663) to permit teachers, parents, students, and community members to establish schools that would operate in accordance with its charter, from most state and district regulations. State education standards apply, and charter schools are required to use the same student assessment instruments. Charter schools are exempt from state and local education rules and regulations, except as specified in the legislation. Charter schools may be approved by school districts, county boards of education, and the State Board of Education (the "SBE").

The District has certain fiscal oversight and other responsibilities with regard to charter schools it approves to operate within its boundaries. However, charter schools receive funding directly from the State, and such funding is not reported in the District's audited financial statements. The District has two (2) District-approved charter schools currently operating within the District boundaries, as follows: the MAAC Community Charter School and the Hawking S.T.E.A.M. (Hawking) Charter School, which consolidated the previously approved Stephen W. Hawking Charter School and Stephen W. Hawking II Science, Technology, Engineering, Art, and Math Charter School

(together, the “Charter Schools”). The MAAC Community Charter School provides high school and vocational instruction for ages 14 to 24 and the Hawking Charter School provides instruction for grades TK-8.

In addition, numerous other charter schools with some overlapping grade levels operate within District boundaries, including eight charter schools approved by “feeder” elementary districts, three charter schools approved by the SBE, and eight charter schools or charter school resource centers approved by other school districts. The District does not oversee these charter schools, but their programs are open to enrollment by District students.

The following table shows enrollment figures for the District-approved Charter Schools for the past four Fiscal Years, and projected figures for Fiscal Year 2026-27.

SWEETWATER UNION HIGH SCHOOL DISTRICT
District-Approved Charter Schools Enrollment
Fiscal Years 2022-23 through 2026-27

<u>Fiscal Year</u>	<u>Enrollment at District-Approved Charter Schools</u>	
	<u>Hawking</u>	<u>MAAC</u>
2022-23	1,297	236
2023-24	1,305	155
2024-25	1,310	200
2025-26	1,305	169
2026-27 ⁽¹⁾	1,307	170

⁽¹⁾ Projected.

Source: The respective charter schools (Fiscal Year 2026-27); California Department of Education – Dataquest (Fiscal Years 2022-23 through 2025-26).

State Budget Process

General. The District’s operating income consists primarily of two components: a State portion funded from the State’s general fund in accordance with the Local Control Funding Formula (see “- Local Control Funding Formula (LCFF)” below) and a locally-generated portion derived from the District’s share of the 1% local *ad valorem* property tax authorized by the State Constitution. Generally, the State apportionments under the LCFF will amount to the difference between the District’s LCFF funding entitlement and its local property tax revenues. School districts may be eligible for other special categorical funding, including for State and federal programs. The District received approximately \$465.31 million or 76% of its general fund revenues from the State (comprised of Local Control Funding Formula (“LCFF”)) for Fiscal Year 2025-26. For Fiscal Year 2026-27, the District budgeted to receive approximately \$463.84 million or 80% of its general fund revenues from the State. Accordingly, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations. Job losses and recession may affect State revenues and in turn, State funding of schools.

State funding is guaranteed to a minimum level for school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs under “Proposition 98,” a constitutional and statutory initiative 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). See “CONSTITUTIONAL AND STATUTORY INITIATIVES - Proposition 98 and Proposition 111” herein.

The State’s Proposition 98 funding mandate normally commands about 45% of all State general fund revenues. Because education funding constitutes such a large part of the State’s general fund expenditures, it is at the heart of annual budget negotiations and adjustments.

Adoption of Annual State Budget. According to the State Constitution, the Governor of the State (the “Governor”) must propose a budget to the State Legislature no later than January 10 of each year. Under an initiative constitutional amendment approved by the State’s voters on November 2, 2010 as “Proposition 25,” a final budget must be adopted by a simple majority vote (rather than a two-third majority, as was the case prior to the passage of Proposition 25) of each house of the State Legislature no later than June 15, although this deadline has been routinely

breached in the past. (Tax increases continue to require a two-thirds majority vote.) The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget.

Prior to the passage of Proposition 25, there were instances where the State Legislature failed to pass a budget in a timely fashion, and the District cannot predict what circumstances may cause a similar failure in future years. In each year where the State budget lags adoption of the District's budget, it will be necessary for the District's staff to review the consequences of the changes, if any, at the State level from the proposals in the Governor's May Revision for that year, and determine whether the District's budget will have to be revised. The District cannot predict the final outcome of State budget negotiations, the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control.

Court Decision on State Payments Pending Budget Adoption. When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected state officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: www.sco.ca.gov (such website is not incorporated herein by reference). Should the State Legislature fail to pass the budget or emergency appropriation before the start of any Fiscal Year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the Fiscal Year. The District does not expect the *White* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State 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 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 to post-year-end revisions, as more accurate information regarding the various factors becomes available. The guaranteed amount will generally increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as a "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the State Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as a "maintenance factor."

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds one Fiscal Year to the next; by permanently deferring the year-end apportionment from June 30 to July 2; by suspending Proposition 98, and by proposing to amend the Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. **The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the Underwriters, Bond Counsel and Disclosure Counsel nor the Owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Additional information regarding State budgets is available at various State-maintained websites including www.dof.ca.gov, which website is not incorporated herein by reference.**

2026-27 State Budget. On June 29, 2026, Governor Newsom signed into law the Fiscal Year 2026-27 State Budget (the "2026-27 Budget"). The 2026-27 Budget totals approximately \$351.7 billion in State expenditures, including \$251.5 billion of General Fund spending. Unlike the prior year's budget, which addressed an \$11.8 billion General Fund shortfall, the 2026-27 Budget largely maintains the May Revision framework and balances the budget in both Fiscal Year 2026-27 and Fiscal Year 2027-28, while significantly reducing projected structural deficits in Fiscal Years 2028-29 and 2029-30. The improved fiscal position is driven in large part by increased revenues since the 2025 Budget Act, reflecting strong performance in California's economy and technology sector. To solidify the State's structural balance, the 2026-27 Budget includes three key revenue measures: (i) renewal of a House of Representatives (H.R.) 1-compliant Managed Care Organization Tax, projected to increase revenue by \$575 million in Fiscal Year 2026-27 and \$2.3 billion annually in Fiscal Years 2027-28 and 2028-29; (ii) extension of the existing temporary business tax credit limitation of \$5 million per year through 2029, with a permanent limitation beginning in 2030, projected to increase General Fund revenue by \$1 billion in Fiscal Year 2026-27; and (iii) extension of the existing sales tax on prewritten software to electronically delivered software, projected to increase General Fund revenue by \$450 million in Fiscal Year 2026-27. The 2026-27 Budget reflects a combined reserve balance of approximately \$28.8 billion, including \$15.1 billion in the Budget Stabilization Account (the "Rainy Day Fund"), \$4.5 billion in the Special Fund for Economic Uncertainties, and \$9.2 billion in the Public School System Stabilization Account. In addition, the 2026-27 Budget transfers \$6.4 billion into the Projected Surplus Temporary Holding Account for allocation in Fiscal Year 2027-28, bringing total funds set aside for future obligations to approximately \$35.2 billion.

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

Proposition 98. Proposition 98 guarantees minimum funding for TK-14 schools (the "Guarantee") based on multiple factors, including prior funding, General Fund revenues, per capita personal income, and school attendance growth or decline, with LCFF as the primary TK-12 distribution mechanism. At 2026-27 Budget enactment, the revised Guarantee is \$124.9 billion in Fiscal Year 2024-25, \$125.3 billion in Fiscal Year 2025-26, and \$128.1 billion in Fiscal Year 2026-27, representing an increase of approximately \$29.2 billion over the three-year period relative to the 2025 Budget Act and an increase of approximately \$1.2 billion from the May Revision. The Guarantee is in Test 1 for all Fiscal Years 2024-25 through 2026-27, equaling roughly 40 percent of General Fund revenues, plus local property tax revenues, and not reduced for enrollment adjustments. The 2026-27 Budget also makes an \$8.3 billion Fiscal Year 2024-25 maintenance factor payment, fully retiring the maintenance factor balance; maintains a \$3.9 billion Fiscal Year 2025-26 settle-up amount payable if revenues hold; dedicates 33 percent of new General Fund revenues above 2026 Budget Act projections (as calculated at the May Revision), to pay down any settle-up balance that remains for the 2025-26 Fiscal Year; and maintains a \$1.9 billion Fiscal Year 2024-25 settle-up payment, completely paying off the settle-up owed to the Guarantee in that Fiscal Year.

Proposition 98 Rainy Day Fund. The 2026-27 Budget projects \$8.7 billion in mandatory Proposition 98 Rainy Day Fund deposits over the three-year budget window and adds a \$500 million discretionary deposit in Fiscal Year 2025-26, bringing the final balance in the Fund to \$9.2 billion. This balance triggers school district reserve caps beginning in Fiscal Year 2026-27.

Rebench for Non-Local Educational Agency State Preschool Program. The 2026-27 Budget shifts non-local educational agency State Preschool providers from non-Proposition 98 General Fund to Proposition 98 General Fund to reduce complexity. To avoid reducing support for existing Proposition 98 programs, it "rebenches" Proposition 98 by shifting \$813 million from the General Fund to Proposition 98 and increasing the Test 1 percentage from 39.3 percent to 39.6 percent.

Local Control Funding Formula. The 2026-27 Budget provides a 2.87-percent statutory LCFF cost-of-living adjustment (“COLA”), which, with population growth, adds about \$1.1 billion in discretionary funding for local educational agencies compared to the 2025 Budget Act. It also provides another \$1.1 billion for a discretionary “super COLA,” bringing the total COLA to 4.31 percent to help cover rising costs, offset declining enrollment, and fund the new paid pregnancy disability leave requirement. The 2026-27 Budget further provides an ongoing increase of \$31.3 million Proposition 98 General Fund for a 20-percent LCFF increase for Necessary Small Schools to help them maintain programming amid enrollment and attendance fluctuations.

State Education Governance. Major studies and legislative reviews have identified fragmentation and overlapping authority as a structural flaw in California’s TK-12 governance system, including the Legislature’s 2002 Master Plan for Education and a December 2025 Policy Analysis for California Education (PACE) report, “*TK-12 Education Governance in California*.” The 2026-27 Budget implements the 2002 Master Plan recommendation to place oversight of the Department of Education and local educational agency support under the State Board of Education, while giving the Superintendent of Public Instruction greater ability to align policy from early childhood through postsecondary education. It also adds two legislative appointees to the State Board, replaces one gubernatorial appointee with the Superintendent of Public Instruction, and brings total State Board membership to 13. The new Governor-appointed Education Commissioner, who will oversee the Department of Education, will require Senate confirmation.

Special Education. The 2026-27 Budget provides a \$2.4 billion, or 43 percent, increase over the 2025 Budget Act for special education, raising the per-student rate to \$1,340 and ensuring all local educational agencies receive funding at the same rate. It also includes an \$80 million ongoing allocation for the special education extraordinary cost pool, which provides reimbursements to special education local plan areas for students with specified high-cost service needs, and the low-incidence disabilities add-on, a \$30 million one-time increase for the Supporting Inclusive Practices Project, \$25 million one-time increase for the Inclusive College Technical Assistance Center, and a \$10 million one-time investment to support alternative pathways and means to a high school diploma for students with disabilities.

Student Support and Professional Development Discretionary Block Grant. The 2026-27 Budget provides \$5 billion one-time Proposition 98 General Fund to help local educational agencies address rising costs and support statewide priorities, including: Teacher professional development on the ELA/ELD Framework, Literacy Roadmap, Mathematics Framework, and developmentally appropriate instruction for TK-3 teachers and elementary administrators; Teacher recruitment and retention strategies; Career pathways and dual enrollment expansion consistent with the Master Plan for Career Education; Community school and promising neighborhood partnerships; and Deferred maintenance of school facilities.

Paid Pregnancy Disability Leave. Beginning January 1, 2027, the 2026-27 Budget requires all TK-14 local educational agencies to provide employees up to 14 weeks of paid pregnancy disability leave. The benefit supports recruitment and retention, worker and family well-being, and educators starting or expanding families, with costs absorbable within discretionary LCFF “Super COLA” funding.

Community Schools. Community schools integrate health, trauma-informed mental health, social services, academic supports, expanded learning, family engagement, and collaborative leadership. The 2026-27 Budget provides \$1 billion ongoing Proposition 98 General Fund to expand the model at schools serving high concentrations of low-income students, English learners, and foster youth, with community-based organizations and Promise Neighborhood lead agencies helping deliver whole-child services. The 2026-27 Budget supports the following investments intended to complement the new ongoing community schools program:

- \$50 million to redesign middle and high schools within the community schools model to improve outcomes and integrate postsecondary college and career opportunities.
- \$15 million for State and Regional Transformational Assistance Centers to support new community schools statewide.
- \$13 million for the State Transformational Assistance Center to certify implementation with fidelity and develop a long-term accountability structure.

- \$6 million to continue Transforming Together, an initiative which strengthens collaboration between county offices of education and community partners to address student and family behavioral health needs.

The 2026-27 Budget also expresses intent to provide \$20 million ongoing beginning in Fiscal Year 2030-31 for county offices of education to continue regional community schools coordination after current one-time funding ends.

Literacy and Math Instruction. Over the past seven years, the State has invested in evidence-based literacy instruction and professional learning to support the English Language Arts/English Language Development Framework, including \$715 million for the Literacy Coaches and Reading Specialists Grant Program. The program supports high-poverty schools in hiring and training literacy specialists and coaches, strengthening literacy and English learner programs, and providing interventions for students with disabilities, including dyslexia. Current grants expire between June 30, 2027 and June 30, 2029. To extend support in high-need communities, the 2026-27 Budget provides a one-time \$350 million increase to continue all grants through June 30, 2031. The State has also invested in mathematics supports for the new Mathematics Framework, including \$30 million in the 2025 Budget Act for the Mathematics Professional Learning Partnership, administered by the Kern County Superintendent of Schools. The 2026-27 Budget adds a one-time \$50 million Proposition 98 General Fund investment to expand the Partnership's reach to more local educational agencies and extend its impact beyond June 30, 2029.

Teacher Preparation and Professional Development. The 2026-27 Budget provides nearly three-quarters of a billion dollars in new investments to address teacher shortages, including:

- \$408 million one-time Proposition 98 General Fund to extend the Student Teacher Stipend Program and provide an additional \$5,000 for student teachers pursuing credentials in high-need fields.
- \$250 million one-time Proposition 98 General Fund to continue educator residency programs through Fiscal Year 2029-30.
- \$30 million one-time Proposition 98 General Fund for the Statewide Teacher Residency Technical Assistance Center, extending support for teacher residency, recruitment, and retention programs through 2034.
- \$16.2 million ongoing federal special education (IDEA) funds, \$1.6 million one-time federal Title II funds, and \$10 million one-time General Fund to continue the Golden State Teacher Grant Program and support Fiscal Year 2027-28 awards in shortage fields.
- \$15 million one-time Proposition 98 General Fund to expand 21st Century California School Leadership Academy professional learning for school leaders and administrators.
- \$10 million one-time Proposition 98 General Fund for Pathways to Bilingual Teaching grants of up to \$600,000 to help local educational agencies increase bilingual teachers.
- \$10 million one-time Proposition 98 General Fund for grants of up to \$24,000 to support classified employees pursuing teaching credentials.

Supports for Immigrant Students. The 2026-27 Budget provides new investments for TK-12 immigrant and newcomer students, including \$100 million one-time Proposition 98 General Fund for the Department of Education, in consultation with the Department of Social Services, to establish the California New Americans in Schools (CalNAS) program. CalNAS will support newcomer pupils, English learners, and immigrant families, supplement the existing California Newcomer Education and Well-Being program, and reserve \$10 million for one or more local educational agencies to provide Statewide technical assistance. The 2026-27 Budget also provides \$75 million one-time Proposition 98 General Fund to establish Dream Resource Centers at high schools serving grades 9-12, supporting social services, State-funded immigration legal services, academic opportunities, and parent and family workshops.

Early Education. The 2026-27 Budget strengthens early education with \$250 million one-time Proposition 98 General Fund for the Universal Prekindergarten Planning & Implementation Grant to expand high-quality State Preschool and Transitional Kindergarten programs Statewide. It also provides ongoing Proposition 98 General Fund investments in 2026-27: \$51.4 million for increased monthly cost-of-care-plus payments for California State Preschool

Program (CSPP) contractors, \$33.6 million to increase CSPP professional development days from two to five, and \$20 million for the State's Quality Rating and Improvement System, which provides assessment, technical assistance, and fiscal support for improving the quality of early care and education programs.

Other significant features of the 2026-27 Budget affecting TK-12 Education include the following:

- ***Learning Recovery Emergency Block Grant*** - \$757.3 million one-time Proposition 98 General Fund to support the Learning Recovery Emergency Block Grant, which provides funds to local educational agencies to establish learning recovery initiatives through the 2027-28 school year. This investment is the final payment to this program, which has received multi-year investments totaling \$7.2 billion in past budgets to support schools in learning recovery efforts related to the COVID-19 pandemic.
- ***Kitchen Infrastructure and Training*** - \$500 million one-time Proposition 98 General Fund for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.
- ***Support for Students Experiencing Homelessness*** – \$116 million one-time Proposition 98 General Fund to provide three-year grants to local educational agencies to increase identification of and improve educational outcomes for students experiencing homelessness. These funds will supplement existing federal McKinney Vento Children and Youth grant program funds to expand access to the program.
- ***Dual Enrollment*** - \$100 million one-time Proposition 98 General Fund to increase access to college and career pathways for high school students, including expanding access to dual enrollment and dual credit opportunities.
- ***Reading Difficulties Risk Screening*** - \$40 million one-time Proposition 98 General Fund to support continued implementation of student reading difficulties screenings. The 2023 Budget Act required local educational agencies to begin screening students in kindergarten through second grade, for risk of reading difficulties, including dyslexia, beginning in the 2025-2026 school year.
- ***Holocaust and Genocide Education*** - \$10 million one-time Proposition 98 General Fund for the Holocaust and Genocide Education Grant Program to support professional development and provide resources on Holocaust and genocide education.
- ***Charter School Accountability*** - The 2026-27 Budget includes new requirements for charter schools to ensure that public funds are properly utilized, address fraud and malfeasance, and improve accountability and oversight. It also provides for the use of verified data in the charter school renewal process until June 30, 2028.

Future Budgets. The District cannot predict how State income or State education funding will vary over the term of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. 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, deferred revenues or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State Budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget. As the Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Bonds.

Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget" or www.ebudget.ca.gov. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, which websites are not incorporated herein by reference.

The State Constitution requires that from all State revenues there will first be set apart the moneys to be applied by the State for support of the public school system and public institutions of higher education. As discussed below, school districts in the State receive a significant portion of their funding from State appropriations. Accordingly, the State's economic condition can affect the economic condition of California school districts.

Tax Relief for Disasters. The Internal Revenue Service ("IRS") and California Franchise Tax Board ("FTB") may grant individuals and businesses additional time to file or pay taxes when a major disaster in their area is declared by the federal or state government. California generally follows the IRS extended deadlines to file and pay taxes. Impacted taxpayers may also be eligible to claim a disaster loss on their tax return.

Local Control Funding Formula (LCFF). As part of the 2013-14 State Budget, State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97") was enacted to establish a new system for funding school districts, charter schools and county offices of education by the implementation of the Local Control Funding Formula or LCFF, to replace the revenue limit funding system for determining State apportionments and the majority of categorical program funding. Subsequently, AB 97 was amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49). The LCFF consists primarily of base, supplemental and concentration funding that focuses resources based on a school district's student demographics. Each school district and charter school will receive a per pupil base grant used to support the basic costs of instruction and operations. The implementation of the LCFF was to occur over a period of several years (and by 2021 or earlier), beginning in Fiscal Year 2013-14 when an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the 2013-14 State Budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. The Fiscal Year 2018-19 Budget Act fully funded the remaining LCFF gap, and Fiscal Year 2019-20 was the first year of full implementation of the LCFF.

The LCFF includes the following components:

- A uniform base grant for each local education agency based on four different grade spans of pupils, transitional kindergarten ("TK")/kindergarten ("K")-3, 4-6, 7-8, and 9-12, per unit of average daily attendance ("ADA"). The Fiscal Year 2026-27 adjusted base grant amounts for each grade span are as follows: \$11,811 per ADA for TK/K-3, \$10,860 per ADA for 4-6, \$11,181 per ADA for 7-8, and \$13,296 per ADA for 9-12. These amounts include an adjustment to the base grant to support lowering class sizes in grades TK/K-3, and an adjustment to reflect the cost of operating career technical education programs in high schools. Unless otherwise collectively bargained for, school districts must maintain an average class enrollment of 24 or fewer students in grades TK/K-3 at each school site so as to continue receiving its adjustment to the TK/K-3 base grant.
- A 20% supplemental grant for students classified as English learners ("EL"), those eligible to receive a free or reduced price meal ("FRPM") and foster youth, to reflect increased costs associated with educating those students. These supplemental grants are only attributed to each eligible student once, and the total student population eligible for the additional funding is known as an "unduplicated count."
- An additional concentration grant equal to 65% of a local education agency's base grant, based on the number of unduplicated EL, FRPM and foster youth served by the local agency that comprise more than 55% of the school district's or charter school's total enrollment. Because the District's unduplicated count is above the 55% threshold, the District will be eligible for the concentration grant for eligible students above 55%.
- An "Economic Recovery Target" providing additional funding for those local education agencies that would have received a higher level of funding under revenue limits and various categorical programs, based on certain assumptions.
- An add-on to the LCFF entitlement equal to the TK add-on rate multiplied by a district's current year TK ADA. The Fiscal Year 2026-27 TK add-on per ADA is \$5,704.

LCFF and the District

The District has received increased revenues as a result of the LCFF due to the District's high proportion of students who are EL, FRPM eligible or foster youth. The LCFF funds the District receives may be spent on a District-wide basis, provided the District identify the District-wide services and describe how these services meet the District's goals for the targeted students. There are certain risks associated with the LCFF, including future State budget challenges in the event of an economic recession, difficulty collecting all income eligibility survey forms to determine student demographics and student free and reduced priced meal status, as well as shifts in student demographic and enrollment counts, transition year expenses, and intervention by the California Department of Education in connection with school districts that are unable to demonstrate increased and improved services for students targeted by the LCFF.

The following table sets forth a breakdown of the District's total enrollment, ADA by grade span, percentage of EL/low-income ("LI") student enrollment, and LCFF entitlement for Fiscal Years 2015-16 through 2026-27.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

SWEETWATER UNION HIGH SCHOOL DISTRICT
Enrollment, ADA, EL/LI Enrollment Percentage and LCFF Entitlement
Fiscal Years 2015-16 Through 2026-27
As of June 30, 2026

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Change from Prior Year</u>	<u>Grades 7-8 Average Daily Attendance⁽¹⁾</u>	<u>Grades 9-12 Average Daily Attendance⁽¹⁾</u>	<u>Total Average Daily Attendance⁽¹⁾</u>	<u>Change from Prior Year</u>	<u>% of EL/LI Enrollment⁽²⁾</u>	<u>Total LCFF Entitlement⁽³⁾</u>	<u>General Fund LCFF per Unit ADA⁽³⁾⁽⁴⁾</u>
2015-16	40,052	-0.24%	11,023	26,912	37,935	-0.20%	60.86%	\$342,913,310	\$9,039
2016-17	39,639	-1.03	10,763	26,556	37,319	-1.62	57.96	357,028,218	9,567
2017-18	39,611	-0.07	10,734	26,355	37,089	-0.62	61.54	359,284,547	9,687
2018-19	39,197	-1.05	10,897	26,034	36,931	-0.43	62.80	382,478,919	10,357
2019-20	38,585	-1.56	10,527	25,716	36,243	-1.86	62.63	396,707,306	10,946
2020-21 ⁽⁵⁾	37,060	-3.95	10,527	25,716	36,243	0.00	61.16	389,461,540	10,746
2021-22 ⁽⁵⁾	36,557	-1.23	10,527	25,716	36,243	0.00	62.47	413,574,960	11,411
2022-23	36,109	-1.23	8,729	23,795	32,524	-10.26	63.76	464,933,353	14,295
2023-24	35,226	-2.45	8,894	23,110	32,004	-1.60	64.96	489,490,438	15,295
2024-25	34,282	-2.68	8,880	22,357	31,237	-2.40	65.24	476,283,681	15,247
2025-26 ⁽⁶⁾	33,406	-2.56	8,628	22,079	30,707	-1.70	62.93	463,391,300	15,090
2026-27 ⁽⁷⁾	33,208	-0.59	8,500	22,020	30,520	-0.61	61.32	468,498,062	15,350

⁽¹⁾ Excluding excused absences.

⁽²⁾ A rolling three-year percentage was used for this calculation.

⁽³⁾ The LCFF distributes resources to schools through a guaranteed base revenue limit funding grant. Such base grants vary by grade span. The initial base grant for grades 7-8 was \$7,154 and for grades 9-12 was \$8,289. Since Fiscal Year 2013-14, the base grants are adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. The differences among base grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. The base, supplemental, and concentration grants for Fiscal Year 2025-26 for grades 7-8 is \$12,621 and for grades 9-12 is \$15,007.

⁽⁴⁾ Equal to "Total LCFF Entitlement" divided by "Total Average Daily Attendance."

⁽⁵⁾ Average Daily Attendance for Fiscal Year 2020-21 and Fiscal Year 2021-22 was the same as Fiscal Year 2019-20 due to the State Attendance Relief policy per the State approved budget.

⁽⁶⁾ Per the District's Unaudited Actuals Reporting for Fiscal Year 2025-26 as of September 14, 2026.

⁽⁷⁾ Budgeted; per the District's Adopted Budget for Fiscal Year 2026-27 as of June 22, 2026.

Source: The District.

Local Control and Accountability Plan. As part of the LCFF, school districts, county offices of education, and charter schools are required to develop, adopt and annually update a three-year Local Control and Accountability Plan or “LCAP,” beginning on July 1, 2014, using a template adopted by the SBE. The SBE is required to adopt evaluation rubrics to assist school districts and oversight entities in evaluating strengths, weaknesses, areas that require improvement, technical assistance needs, and where interventions are warranted. Subsequent revisions to the template or evaluation rubrics are required to be approved by the SBE by January 31 before the Fiscal Year when the template or rubric would be used. The LCAP is required to identify goals and measure progress for student subgroups across multiple performance indicators.

Pursuant to the 2020-21 State Budget, the annual LCAP requirement was replaced with a Learning Continuity and Attendance Plan (only for Fiscal Year 2020-21). The LCAP reporting requirement resumed in Fiscal Year 2021-22.

Prohibitions on Diverting Local Revenues for State Purposes; Proposition 1A and Proposition 22. Beginning in Fiscal Year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (“ERAF”) in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State’s voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as “Proposition 22.”

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State’s control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education. Because Proposition 22 reduces the State’s authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

Redevelopment Agency Dissolution. On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABX1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABX1 27, a companion bill to ABX1 26, violated the California Constitution, as amended by Proposition 22. ABX1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling \$1.7 billion statewide. The District is unable to predict what affect the implementation of ABX1 26 will have on the District’s future receipt of tax increment revenues.

As a result of the dissolution of California redevelopment agencies and ABX1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue. The California Department of Finance estimates the amount the District is expected to receive once the pass-through payments are made and enforceable obligations paid, then reduces its funding allocation to the District by such amount. See the table below for the District’s receipts from redevelopment agency tax increment distributions for Fiscal Years 2017-18 through 2026-27.

SWEETWATER UNION HIGH SCHOOL DISTRICT
Receipts from Redevelopment Agency Tax Increment Distributions
As of June 30, 2026

<u>Fiscal Year</u>	<u>Amount Received⁽¹⁾</u>
2017-18	\$ 763,442
2018-19	1,542,058
2019-20	1,709,154
2020-21	1,918,734
2021-22	1,973,530
2022-23	2,295,606
2023-24	2,814,212
2024-25	2,945,420
2025-26	3,421,960
2026-27 ⁽²⁾	2,700,000

⁽¹⁾ Amounts are rounded.

⁽²⁾ Budgeted.

Source: The District

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprised approximately 4.10% (or approximately \$25.0 million) of the District’s General Fund revenues for Fiscal Year 2025-26.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 11.87% (or approximately \$72.38 million) of the District’s General Fund revenues for Fiscal Year 2025-26. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. Approximately \$23 million of such other State revenues is attributed to CalSTRS on-behalf contributions made under Governmental Accounting Standards (“GASB”) Board No. 68, *Accounting and Financial Reporting for Pensions*. School districts receive lottery funds proportional to their total ADA. The District received \$9,345,370.77 in State lottery funds for Fiscal Year 2025-26.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from items such as interest earnings and other local sources. Other local revenues comprised approximately 7.67% (\$46.80 million) of the District’s General Fund revenues for Fiscal Year 2025-26.

Developer Fees. The District receives statutory school fees (also known as “developer fees”), collected pursuant to California Education Code Section 17620 and California Government Code provisions, commencing with Section 65995. Pursuant to provisions of the California Government Code, commencing with Section 66000, the District makes available an annual report of developer fees, and mitigation payments made by developers in lieu of developer fees, collected during each Fiscal Year. Developer fees are restricted funds. The following table shows developer fee collections for the past five Fiscal Years, and the budgeted amount for Fiscal Year 2026-27.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

SWEETWATER UNION HIGH SCHOOL DISTRICT
Developer Fee Collections
Fiscal Years 2021-22 through 2026-27

<u>Fiscal Year</u>	<u>Total Residential and Commercial Collections⁽¹⁾</u>
2021-22	\$2,982,382
2022-23	3,648,588
2023-24	5,568,591
2024-25	2,886,504
2025-26	4,351,076
2026-27 ⁽²⁾	1,309,000

⁽¹⁾ Fiscal Years 2021-22 through 2025-26 are rounded to the nearest dollar.

⁽²⁾ Budgeted.

Source: The District.

Significant Accounting Policies and Audited Financial Statements

The California State Department of Education imposes uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the contemporary California School Accounting Manual. Independent auditing services were conducted by Crowe LLP, Sacramento, California (the “Auditor”). The District’s audited financial statements for the Fiscal Year ended June 30, 2025 is attached hereto as APPENDIX C. The financial statements for prior years are available on the EMMA website (such website is not incorporated herein by reference) and by contacting the District. A fee may be imposed for copying, shipping and handling. The District has not requested the consent of the Auditor regarding the inclusion of their report in this Official Statement. The Auditor has not undertaken to update its report or to review this Official Statement and expresses no opinion with respect to any events subsequent to the date of its report.

Financial Statements

The following tables contain accounting data abstracted from financial statements prepared by the District’s independent auditors for the Fiscal Years 2020-21 through 2024-25 and budget information for Fiscal Years 2022-23 through 2026-27. The District cannot make any assurance that the District’s Fiscal Year 2025-26 general fund actual results will be commensurate with what is presented on the following pages.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

SWEETWATER UNION HIGH SCHOOL DISTRICT
General Fund Budgets Comparison
Revenues, Expenditures and Changes in Fund Balances⁽¹⁾
For Fiscal Years Ending June 30

	2022-23 Original Adopted Budget ⁽²⁾	2022-23 Audited Actuals ⁽³⁾	2023-24 Original Adopted Budget ⁽⁴⁾	2023-24 Audited Actuals ⁽³⁾	2024-25 Original Adopted Budget ⁽⁵⁾	2024-25 Audited Actuals ⁽³⁾	2025-26 Original Adopted Budget ⁽⁶⁾	2025-26 Unaudited Actuals ⁽⁷⁾	2026-27 Original Adopted Budget ⁽⁸⁾
REVENUES									
LCFF Sources	\$448,012,628	\$462,056,608	\$490,219,336	\$493,836,591	\$480,772,814	\$473,566,354	\$467,389,437	\$465,311,719	\$463,838,295
Federal Revenue	37,163,673	81,070,354	36,588,163	61,441,023	22,468,097	39,188,621	23,839,502	25,004,212	23,129,918
Other State Revenue	89,060,972	90,178,054	47,226,517	80,798,681	44,525,029	51,233,267	48,489,756	72,377,382	50,031,638
Other Local Revenue	32,674,023	32,278,286	30,566,500	46,885,669	33,435,922	52,521,995	33,501,172	46,798,410	39,134,997
TOTAL REVENUES	\$606,911,296	\$665,583,302	\$604,600,515	\$682,961,964	\$581,201,862	\$616,510,237	\$573,219,867	\$609,491,723	\$576,134,848
EXPENDITURES									
Certificated Salaries	\$236,168,751	\$228,410,764	\$265,180,743	\$240,259,049	\$266,623,292	\$246,444,132	\$292,842,375	\$258,693,525	\$289,169,451
Classified Salaries	83,431,085	78,392,436	87,832,483	82,973,254	92,506,928	90,555,341	98,051,573	94,787,790	102,347,854
Employee Benefits	155,485,571	137,179,067	159,742,159	144,908,653	166,982,707	150,665,773	174,993,901	160,470,307	177,641,902
Books and Supplies	29,962,198	42,653,894	49,737,954	30,895,011	83,478,866	25,976,395	78,829,553	17,196,186	61,647,729
Services and Other Operating Expenditures	50,963,924	47,172,631	58,300,270	61,352,294	75,886,963	63,550,936	70,834,889	65,381,612	70,321,616
Capital Outlay	360,000	2,330,044	5,903,467	7,447,100	15,756,176	8,122,899	8,099,600	3,306,968	7,106,638
Other Outgo (excluding Transfers of Indirect Costs)	2,005,297	1,948,938	2,991,102	1,304,707	4,315,502	5,990,925	5,050,473	7,874,218	5,226,073
Other Outgo - Transfers of Indirect Costs	(781,460)	-	(553,009)	-	(15,694)	-	(839,283)	(904,344)	(1,028,125)
Debt Service (Principal retirement)	-	27,397,651	-	1,769,838	-	1,380,858	-	-	-
Debt Service (Interest)	-	109,455	-	50,886	-	22,306	-	-	-
TOTAL EXPENDITURES	\$557,595,365	\$565,594,880	\$629,135,170	\$570,960,792	\$705,534,740	\$592,709,565	\$727,863,083	\$606,806,263	\$712,433,138
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES	\$49,315,931	\$99,988,422	\$(24,534,655)	\$112,001,172	\$(124,332,878)	\$23,800,672	\$(154,643,215)	\$2,685,460	\$(136,298,290)
OTHER FINANCING SOURCES/USES									
Transfers In	\$70,000	\$829,044	\$70,000	\$611,439	\$109,250	\$949,325	\$70,000	\$130,532	\$70,000
Transfers Out	(60,000)	(38,975)	(50,000)	(72,753)	(89,250)	(46,295)	(73,000)	(65,274)	(60,000)
Issuance of leases – GASB 87	-	20,289	-	1,400,869	-	1,058,159	-	-	-
Issuance of SBITA – GASB 96	-	1,956,402	-	82,494	-	579,345	-	-	-
Net Financing Sources (Uses)	\$10,000	\$2,766,760	\$20,000	\$2,022,049	\$20,000	\$2,540,534	\$(3,000)	\$65,258	\$10,000
NET CHANGE IN FUND BALANCES	\$49,325,931	\$102,755,182	\$(24,514,655)	\$114,023,221	\$(124,312,878)	\$26,341,206	\$(154,646,215)	\$2,750,718	\$(136,288,290)
BEGINNING BALANCE	\$69,452,070	\$148,377,078	\$122,289,547	\$251,132,260	\$221,079,900	\$365,155,481	\$284,311,660	\$391,496,687	\$285,278,334
ENDING BALANCE	\$118,778,001	\$251,132,260	\$97,774,893	\$365,155,481	\$96,767,022	\$391,496,687	\$129,665,445	\$397,689,721⁽⁹⁾	\$148,990,044

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Data from the District's Adopted Budget for Fiscal Year 2022-23 as of June 27, 2022.

⁽³⁾ Data from the District's Audited Financial Statements for the respective Fiscal Years.

⁽⁴⁾ Data from the District's Adopted Budget for Fiscal Year 2023-24 as of June 26, 2023.

⁽⁵⁾ Data from the District's Adopted Budget for Fiscal Year 2024-25 as of June 24, 2024.

⁽⁶⁾ Data from the District's Adopted Budget for Fiscal Year 2025-26 as of June 23, 2025.

⁽⁷⁾ Data from the District's Unaudited Actuals for Fiscal Year 2025-26 as of September 14, 2026.

⁽⁸⁾ Data from the District's Adopted Budget for Fiscal Year 2026-27 as of June 22, 2026.

⁽⁹⁾ Includes adjustments for other restatements.

Source: The District.

SWEETWATER UNION HIGH SCHOOL DISTRICT
General Fund Balance Sheets
for Fiscal Years Ending June 30

	2021	2022	2023	2024	2025
ASSETS					
Cash and Investments					
Cash in County Treasury	\$115,060,409	\$153,372,107	\$290,992,297	\$352,429,712	\$459,968,697
Cash on hand/in banks	490,818	695,737	1,139,882	122,909	1,964,253
Revolving cash fund	134,969	112,873	142,536	149,462	202,706
Cash with Fiscal Agent/Trustee	4,913,009	211	60	48	-
Accounts Receivable	25,090,927	34,487,001	41,955,944	62,002,342	29,176,562
Leases receivable ⁽¹⁾	-	7,588	4,895	-	-
Due from grantor government	46,927,671	608,941	20,092	-	44,328
Prepaid expenditures	897,792	1,030,098	4,079,686	2,700,173	1,315,375
Due from other funds	2,876,289	1,160,341	1,467,924	1,901,426	1,493,045
Inventories	514,025	554,454	580,927	376,392	620,917
Total Assets	<u>\$196,905,908</u>	<u>\$192,029,351</u>	<u>\$340,384,243</u>	<u>\$419,682,464</u>	<u>\$494,785,883</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Accounts Payable	\$ 30,371,559	\$ 22,261,776	\$ 46,869,568	\$ 35,455,214	\$ 40,866,120
Due to grantor governments	22,666,111	2,924,773	25,673,672	6,028,257	50,543,860
Tax Revenue Anticipation Note	36,810,000	-	-	-	-
Unearned Revenue	18,399,246	16,277,207	15,009,373	7,626,903	8,817,273
Due to other funds	3,418,823	2,181,030	1,694,560	5,416,609	3,061,943
Total Liabilities	<u>\$111,665,739</u>	<u>\$ 43,644,786</u>	<u>\$ 89,247,173</u>	<u>\$54,526,983</u>	<u>\$103,289,196</u>
Deferred Inflows of Resources					
Deferred inflows of resources - leases ⁽¹⁾	-	\$ 7,487	\$ 4,810	-	-
Fund Balances					
Nonspendable	\$ 1,546,786	\$ 1,697,425	\$ 4,803,149	\$ 3,684,302	\$ 2,603,540
Restricted	13,571,583	31,808,850	71,931,202	98,313,502	93,703,850
Committed	-	82,946,663	140,843,835	234,697,677	265,669,297
Assigned	60,818,878	22,054,291	22,295,224	17,075,000	17,710,000
Unassigned	9,302,922	9,869,849	11,258,850	11,385,000	11,810,000
Total Fund Balances	<u>\$ 85,240,169</u>	<u>\$148,377,078</u>	<u>\$251,132,260</u>	<u>\$365,155,481</u>	<u>\$391,496,687</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$196,905,908</u>	<u>\$192,029,351</u>	<u>\$340,384,243</u>	<u>\$419,682,464</u>	<u>\$494,785,883</u>

⁽¹⁾ Added in 2021-22.

Source: The District (Audited Financial Statements for Fiscal Years ended June 30, 2021, 2022, 2023, 2024 and 2025).

Fund Balances

The following table summarizes the fund balances for each of the District's governmental funds from Fiscal Year 2020-21 through Fiscal Year 2024-25.

SWEETWATER UNION HIGH SCHOOL DISTRICT Fund Balance for Fiscal Years Ending June 30

	2021	2022	2023	2024	2025
General Fund	\$85,240,169	\$148,377,078	\$251,132,260	\$365,155,481	\$391,496,687
Building Fund	37,754,166	18,686,003	252,761,107	249,901,938	241,122,972
Special Reserve Fund for Capital Outlay Projects	-	-	-	-	-
Capital Projects Funds	194,334,257	197,365,472	206,026,985	222,600,002	227,441,262
Non-Major Governmental Funds	98,489,643	93,927,921	122,400,490	139,771,409	150,059,871
Total Governmental Fund Balances	\$415,818,235	\$458,356,474	\$832,320,842	\$977,428,830	\$1,010,120,792

Source: The District (Audited Financial Statements for Fiscal Years ended June 30, 2021, 2022, 2023, 2024 and 2025).

School District Budgeting Process

State law requires school districts to maintain a balanced budget in each Fiscal Year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must file with the county superintendent of schools a tentative budget by July 1 in each Fiscal Year and an adopted budget by September 8 of each Fiscal Year. After approval of the adopted budget, the school district's administration may submit budget revisions for governing board approval.

School districts in California must also conduct a review of their budgets according to certain standards and criteria established by the State Department of Education. A written explanation must be provided for any element in the budget that does not meet the established standards and criteria. The district superintendent or designee must certify that such a review has been conducted and the certification, together with the budget review checklist and a written narrative, must accompany the budget when it is submitted to the governing board for approval. The balanced budget requirement makes appropriations reductions necessary to offset any revenue shortfalls.

Furthermore, county superintendent of schools offices (each, a "COE") are required to review district budgets, complete the budget review checklist and conduct an analysis of any budget item that does not meet the established standards. A copy of the completed checklist, together with any comments or recommendations, must be provided to the district and its governing board by November 1. By November 30, every district must have an adopted and approved budget, or the county superintendent of schools will impose one.

AB 1200 Budget Requirements; County and State Oversight; Reports and Certifications

The Education Code of the State (Section 42130 et seq.) requires each school district to certify to the COE at two points 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 two subsequent 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 Trustee and the State Superintendent of Public Instruction (the "Superintendent"). 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 COE within forty-five 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 Superintendent. A positive certification is assigned to any school district that, based on then-current projections, will meet its financial obligations for the

current Fiscal Year and subsequent two Fiscal Years. A negative certification is assigned to any school district that, based on then-current projections, will be unable to meet its financial obligations for the remainder of the Fiscal Year or the subsequent Fiscal Year, or for which existing expenditure practices jeopardize the ability of the school district to meet its multi-year financial commitments. A qualified certification is assigned to any school district, based on then-current projections, which may not meet its financial obligations for the current Fiscal Year or two subsequent Fiscal Years. The COE reviews the interim reports and certifications made by school districts and may change certification to qualified or negative, if necessary.

The governing board of a school district that files a qualified or negative certification for the second report is required to provide to the county superintendent of schools, the State Controller and the Superintendent by June 1 a third report for the period ending April 30.

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 succeeding Fiscal Year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent of schools determines that the school district's repayment of indebtedness is probable. As of the Fiscal Year 2025-26 Second Interim and the last three Fiscal Years, the District has filed positive interim financial reports.

For school districts under fiscal distress, the county superintendent of schools is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent of schools, receive an emergency appropriation from the State, the acceptance of which constitutes an agreement to submit to management of the school district by a Superintendent appointed administrator.

In the event the State elects to provide an emergency appropriation to a school district, such appropriation may be accomplished through the issuance of "State School Fund Apportionment Lease Revenue Bonds" to be issued by the California Infrastructure and Economic Development Bank, on behalf of the school district. State law provides that so long as such bonds are outstanding, the recipient school district (via its State-appointed administrator) cannot file for bankruptcy.

Copies of the District's reports and certifications, as well as audited financial statements, may be obtained upon request from the District's Business Office located at 1130 Fifth Avenue, Chula Vista, California 91911. A fee may be imposed for copying, mailing and handling.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Long Term Obligations

The debt service payments on the District's General Obligation Bonds listed below are secured by voter-approved ad valorem taxes from taxable property within the District.

General Obligation Bonds – Proposition BB. The District received authorization at an election held on November 7, 2000 by 72.41% of the votes cast by eligible voters within the District (more than the 2/3 required) on the proposition to issue general obligation bonds in an amount not to exceed \$187,000,000 (“Proposition BB”). As of October 1, 2026, the District had \$45,405,000.00 aggregate principal or issue amount of Proposition BB bonds outstanding. See the table below for a summary of the District’s bond issuances under Proposition BB.

November 7, 2000 Election Proposition BB \$187,000,000		
<u>Series</u>	<u>Aggregate Principal Amount Issued</u>	<u>Issue Date</u>
2001A	\$38,000,000	April 10, 2001
2003B	52,000,000	July 9, 2003
2004C	<u>96,999,415</u>	November 4, 2004
	\$186,999,415	

Remaining Authorization: \$584.65

General Obligation Bonds – Proposition O. The District received authorization at an election held on November 7, 2006 by 67.47% of the votes cast by eligible voters within the District on the proposition to issue general obligation bonds in an amount not to exceed \$644,000,000 (“Proposition O”). As of October 1, 2026, the District had \$312,044,156.95 aggregate principal or issue amount of Proposition O bonds outstanding. See the table below for a summary of the District’s bond issuances under Proposition O.

November 7, 2006 Election Proposition O \$644,000,000		
<u>Series</u>	<u>Aggregate Principal Amount Issued</u>	<u>Issue Date</u>
2008A	\$180,000,000.00	March 27, 2008
2016B	97,000,000.00	March 24, 2016
2018C	28,000,000.00	April 25, 2018
2022D-1	11,235,000.00	October 12, 2022
2022D-2	40,334,156.95	October 12, 2022
2022D-3 (Federally Taxable)	<u>770,000.00</u>	October 12, 2022
	\$357,339,156.95	

Remaining Authorization: \$286,660,843.05

General Obligation Bonds – Measure DD. The District received authorization at an election held on November 6, 2018, by 69.15% of the votes cast by eligible voters within the District on the measure to issue general obligation bonds in an amount not to exceed \$403,000,000 (“Measure DD”). As of October 1, 2026, the District had \$178,745,000.00 aggregate principal or issue amount of Measure DD bonds outstanding. See the table below for a summary of the District’s bond issuances under Measure DD.

November 6, 2018 Election Measure DD \$403,000,000		
<u>Series</u>	<u>Aggregate Principal Amount Issued</u>	<u>Issue Date</u>
2022A-1	\$199,480,000	October 12, 2022
2022A-2 (Federally Taxable)	<u>520,000</u>	October 12, 2022
	\$200,000,000	

Remaining Authorization: \$203,000,000

General Obligation Bonds – Measure RR. The District received authorization at an election held on November 5, 2024, by 61.14% of the votes cast by eligible voters within the District on the measure to issue general obligation bonds in an amount not to exceed \$647,000,000 (“Measure RR”). As of October 1, 2026, the District had \$31,175,000.00 aggregate principal or issue amount of Measure RR bonds outstanding. See the table below for a summary of the District’s bond issuances under Measure RR.

November 5, 2024 Election Measure RR \$647,000,000		
<u>Series</u>	<u>Aggregate Principal Amount Issued</u>	<u>Issue Date</u>
2025A-1 (Federally Taxable)	\$840,000	March 5, 2025
2025A-2	43,160,000	March 5, 2025
2025A-3	<u>6,000,000</u>	March 5, 2025
	\$50,000,000	
Remaining Authorization: \$597,000,000		

General Obligation Refunding Bonds and Defeasances. The District has issued general obligation refunding bonds over the years to restructure the District’s outstanding bonds, take advantage of interest rate savings, and reduce debt service. The District continues to pursue refundings and defeasances in order to manage its tax rate levels.

Mello-Roos Districts; Special Tax Obligations; Other Debt. The District has established twenty-one separate community facility districts (each, a “CFD” and, collectively, the “CFDs”) under the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the California Government Code). Each of the CFDs has adopted and approved a rate and method of apportionment (“RMA”) for collection of a special tax within the territory of the respective CFD. Each RMA specifies a term of payment (25 years with respect to CFDs No. 1 through 15, inclusive, and 18; 30 years with respect to CFDs No. 16 and 17; and 35 years with respect to CFDs No. 19 IA1, 19 IA2, and 20) of consecutive annual payments from the time a building permit is issued for such properties within the CFD. There is no CFD No. 7, but the District has established CFDs No. 9A, 9B, 19 IA1, and 19 IA2. The District has pledged the annual special tax revenue from CFDs 1-18, to certain outstanding indebtedness, including (i) the \$72,140,000 original principal amount of the 2013 Refunding Revenue Bonds (“2013 Revenue Bonds”), maturing in 2027, \$1,930,000 of which is outstanding as of October 1, 2026, and (ii) the District’s \$35,515,000 original principal amount of the 2017 Refunding Certificates of Participation (“2017 Refunding COPs”), maturing in 2029, \$8,490,000 of which is outstanding as of October 1, 2026. Neither the 2013 Revenue Bonds nor the 2017 Refunding COPs are secured by the pledge of the *ad valorem* tax securing the Bonds.

Each of the District’s special tax and general fund obligations, including its 2013 Revenue Bonds, 2017 Refunding COPs, capital leases, and other indebtedness are more fully described in “APPENDIX C: AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025.”

Bonding Capacity. As a high school district, the District may issue bonds in an amount up to 1.25% of the assessed valuation of taxable property within its boundaries. The District’s Fiscal Year 2026-27 gross bonding capacity (also commonly referred to as the “bonding limit” or “debt limit”), not including apportioned unitary utility assessed value as determined by the County Auditor-Controller, is approximately \$965,815,935 and its net bonding capacity is approximately \$398,446,778 as of October 1, 2026.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Long-Term Obligations. A schedule of changes in long-term debt for the Fiscal Year ended June 30, 2025 is as follows:

**Long-Term Debt
As of June 30, 2025**

	Balance July 1, 2024 (Restated)	Balance June 30, 2025
Governmental Activities		
General Obligation (G.O.) Bonds (including accreted interest and premium)	\$632,088,797	\$658,331,526
Certificates of Participation (COPs) (including premium)	17,695,827	15,054,021
Special Tax Revenue Bonds (including premium)	20,389,543	13,272,157
Qualified Zone Academy Bonds	390,000	-
Lease Liabilities	1,148,910	1,058,159
Compensated Absences	43,395,903	38,495,889
Subscription Liabilities	138,734	876,131
Net Other Postemployment Benefits (OPEB) Liability	153,228,362	153,849,442
Total	\$868,476,076	\$880,937,325

Source: The District's Audited Financial Statements June 30, 2025.

Pension Plans

The following information on CalPERS and CalSTRS (as defined below) has been obtained from publicly available sources and has not been independently verified by the District, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriters or the Municipal Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent losses on investments made by the retirement systems generally may have increased the unfunded actuarial accrued liabilities stated below.

The assets and liabilities of the funds administered by CalPERS and CalSTRS, as well as certain other retirement funds administered by the State, are included in the financial statements of the State for the year ended June 30, 2025 as fiduciary funds. Both CalPERS and CalSTRS have unfunded actuarial accrued liabilities in the tens of billions of dollars. The amount of unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

CalSTRS and CalPERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275 and copies of the CalPERS annual financial report and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in these reports is not incorporated by reference in this Official Statement.

CalSTRS. The District participates in the California State Teachers' Retirement System ("CalSTRS"). CalSTRS is a defined benefit plan that covers all full-time certificated employees and some classified employees, which are employees employed in a position that does not require a teaching credential from the State. CalSTRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "CalSTRS Defined Benefit Program"). The CalSTRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions are established by State legislation in accordance with the State Teachers' Retirement Law. CalSTRS is operated on a Statewide basis and, based on publicly available information, has substantial unfunded liabilities. Additional funding of CalSTRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.

As part of the 2014-15 State Budget, the State Legislature enacted AB 1469 (Chapter 47, Statutes of 2014) ("AB 1469"), a comprehensive funding solution intended to eliminate the projected CalSTRS unfunded liability on the CalSTRS Defined Benefit Program by 2046. Under AB 1469, the funding plan began in Fiscal Year 2014-15 and

will be phased in over several years. The employer contribution rate increased by 1.85% of covered payroll annually beginning July 1, 2015 and will continue to increase until the employer contribution rate is 19.10% of covered payroll. Beginning in Fiscal Year 2021-22 through Fiscal Year 2045-46, AB 1469 authorizes the CalSTRS Board to adjust the employer contribution up or down 1 percentage point each year, but no higher than 20.25% total and no lower than 8.25%, to eliminate the remaining unfunded obligation that existed on July 1, 2014.

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

In January 2024, the CalSTRS Board adopted a new set of actuarial assumptions based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2007, through June 30, 2022) (the "2024 Experience Analysis"), which established several changes to demographic and economic assumptions, including: (i) decreasing the payroll growth assumption from 3.50% to 3.25% and (ii) changing mortality assumptions, including an update in the mortality improvement scale used to project future life expectancies to reflect more current trends. The 2024 Experience Analysis projects that such changes would contribute to a 1.1% increase in the funded ratio as of June 30, 2023, an increase in the unconstrained employer contribution rate and a decrease in the unconstrained State contribution rate, as compared to prior assumptions. Unconstrained contribution rates are the actuarially calculated rates before any limits to changes are applied and do not reflect the CalSTRS Board's ability to maintain State and employer contribution rates that are greater than the actuarially calculated rates. The 2024 Experience Analysis does not expect any impact on member contribution rates as a result of adopting such new assumptions. The assumptions and methods set forth in the 2024 Experience Analysis are reflected in the CalSTRS Defined Benefit Program Actuarial Valuation, as of June 30, 2025 (the "2025 CalSTRS Actuarial Valuation").

The assumptions and methods that remain unchanged in the 2024 Experience Analysis include: use of the "Entry Age Cost Method" to measure accruing costs of benefits with future accruals; a 7.00% investment rate of return (net of investment and administrative expenses); a 3.00% interest on member accounts; and a projected 3.50% general wage growth, of which 2.75% is due to inflation and 0.75% is due to expected gains in productivity.

The 2025 CalSTRS Actuarial Valuation reports that the unfunded actuarial obligation decreased by approximately \$6.7 billion since the CalSTRS Defined Benefit Program Actuarial Valuation as of June 30, 2024 (the "2024 CalSTRS Actuarial Valuation") and the funded ratio increased by 2.6% to 79.3% over such time period. The increase in the funded ratio is due to the expected year-to-year change as a result of contributions to pay down the unfunded actuarial obligation along with other positive factors.

According to the 2025 CalSTRS Actuarial Valuation, the contribution rates under the CalSTRS Board practice are sufficient to pay for ongoing normal costs and reduce the unfunded actuarial obligation. The unfunded actuarial obligation is projected to be amortized by June 30, 2043, three years ahead of the end of the funding plan in 2046, with a projected ending funded ratio of 100.4%. This finding assumes that the CalSTRS Board continues its practice of maintaining State and employer contribution rates at the current level until the associated unfunded actuarial obligation is paid off, a 7.00% investment rate of return and the future recognition of the currently deferred asset gains.

The actuary for the CalSTRS Defined Benefit Program notes in the 2025 CalSTRS Actuarial Valuation that the decrease in the unfunded actuarial obligation represents a net actuarial gain of approximately \$5.177 billion since the unfunded actuarial obligation was expected to be \$87.169 billion based on the 2024 CalSTRS Actuarial Valuation. Although the 2025 CalSTRS Actuarial Valuation notes that the current assumptions underlying the results of the actuarial valuation provide a reasonable estimate of future expectations, future experience can differ from such assumptions to some extent. There are a number of factors that affect future valuation results, and differences between actual experience and assumption for these factors will likely cause increases or decreases in the plan's future funding level and calculated supplemental contribution rates. Of such factors, the one with the greatest potential risk is future investment returns, while payroll variation can also have a significant impact on valuation results.

On July 29, 2022, CalSTRS reported a negative 1.3% net return on investments for Fiscal Year 2021-22, which was CalSTRS' first negative return on investments since Fiscal Year 2008-09. The negative 1.3% net return on investments was less than the assumed annual rate of return on investments of 7.00%. As noted in the CalSTRS

2023 Review of Funding Levels and Risks, presented to the CalSTRS Board on November 2, 2023, CalSTRS earned just below its assumed rate of return of 7.00% for Fiscal Year 2022-23 with a 6.3% time-weighted investment return. For Fiscal Year 2023-24 and Fiscal Year 2024-25, CalSTRS reported net returns on investments of 8.4% and 8.5%, respectively. CalSTRS reported a 13.9% net return on investments for Fiscal Year 2025-26. However, persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates or the amount the District will be required to pay for pension related costs. Accordingly, there can be no assurances that the District's required contributions to CalSTRS will not significantly increase in the future.

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

The District estimates that its Fiscal Year 2026-27 CalSTRS contribution will decrease by approximately \$1.90 million from its Fiscal Year 2025-26 CalSTRS contribution. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

The District began reporting its CalSTRS obligations (and CalPERS obligation) in its audited financial statements for Fiscal Year ended June 30, 2015, in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions*.

The following sets forth the District's regular annual contributions to CalSTRS for Fiscal Years 2019-20 through Fiscal Year 2025-26 and its budgeted contribution for Fiscal Year 2026-27. Historically, the District has paid all required CalSTRS annual contributions.

SWEETWATER UNION HIGH SCHOOL DISTRICT
Annual Regular CalSTRS Contributions
Fiscal Years 2019-20 through 2026-27

<u>Fiscal Year</u>	<u>District Contributions</u>
2019-20	\$35,516,984
2020-21	32,075,715
2021-22	35,111,769
2022-23 ⁽¹⁾	42,925,652
2023-24	44,646,064
2024-25	46,527,786
2025-26 ⁽²⁾	49,215,341
2026-27 ⁽³⁾	47,310,934

⁽¹⁾ The increase to the Fiscal Year 2022-23 contribution factors in the 6% raise for certificated staff along with positions budgeted using one-time Federal and State funds, along with the increase of the CalSTRS percentage from 16.92% to 19.10%.

⁽²⁾ Unaudited actuals.

⁽³⁾ Budgeted.

Source: The District.

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

Active plan miscellaneous members hired on or before December 31, 2012 are required to contribute 7.0% of their monthly salary and those hired on or after January 1, 2013 are required to contribute 8.0% of their monthly salary (effective July 1, 2022). The required contribution rate is the difference between the actuarially determined rate and the contribution rate of employees. The actuarial methods and assumptions used for determining the rates

are based on those adopted by the CalPERS Board. School districts are currently required to contribute to CalPERS at an actuarially determined rate. The CalPERS employer contribution rate was 26.81% for Fiscal Year 2025-26.

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

According to the 2024 CalPERS Schools Pool Actuarial Valuation, the funded ratio is 69.6% on a market value of assets basis, demonstrating an increase of 2.1% from the funded ratio of 67.5% reported in the CalPERS Schools Pool Actuarial Valuation as of June 30, 2023 (the “2023 CalPERS Schools Pool Actuarial Valuation”). This increase is mainly due to employer contributions towards the Unfunded Accrued Liability (which is a measure of funded status and is equal to the funding target minus the assets) and investment gain, partially offset by a non-investment loss. In the 2024 CalPERS Schools Pool Actuarial Valuation, the contribution rate for Fiscal Year 2027-28 is projected to be 27.8%, the contribution rate for Fiscal Year 2028-29 is projected to be 27.4%, the contribution rate for Fiscal Year 2029-30 is projected to be 27.0%, and the contribution rate for Fiscal Year 2030-31 is projected to be 26.2%. The projected contribution rates in the 2024 CalPERS Schools Pool Actuarial Valuation assume all actuarial assumptions will be realized, including an investment return of 6.80% per year beyond June 30, 2025, and that no changes to assumptions, contributions, benefits or funding will occur during the projection period.

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2022 noted that the investment return for Fiscal Year 2021-22 was negative 6.1% (net of investment expenses but before netting administrative expenses), which was lower than the assumed annual rate of return on investments of 6.8% (net of both investment and administrative expenses) and was CalPERS’ first negative return on investments since Fiscal Year 2008-09. Investment returns have since increased with CalPERS noting net returns of 5.8% for Fiscal Year 2022-23 and 9.3% for Fiscal Year 2023-24. On July 14, 2025, CalPERS reported a preliminary net investment return of 11.6% for Fiscal Year 2024-25. On July 13, 2026, CalPERS reported a preliminary net investment return of 14.8% for Fiscal Year 2025-26. However, persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates. Accordingly, there can be no assurances that the District’s required contributions to CalPERS will not significantly increase in the future.

On April 14, 2026, the CalPERS Board adopted an employer contribution rate of 26.40% for Fiscal Year 2026-27. The full CalPERS Schools Pool Actuarial Valuation as of June 30, 2025 report is expected to be completed and released later this year. The additional information provided in the report will include details on assumptions, methods, and participant data.

The District estimates that its Fiscal Year 2026-27 CalPERS contribution will increase by approximately \$2.25 million over its Fiscal Year 2025-26 CalPERS contribution.

The following table sets forth the District’s annual contributions to CalPERS for Fiscal Years 2019-20 through 2025-26 and its budgeted contribution for Fiscal Year 2026-27. Historically, the District has paid all required CalPERS annual contributions.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

SWEETWATER UNION HIGH SCHOOL DISTRICT
Annual CalPERS Regular Contributions
Fiscal Years 2019-20 through 2026-27

<u>Fiscal Year</u>	<u>District Contributions</u>
2019-20	\$14,612,457
2020-21	14,943,649
2021-22 ⁽¹⁾	17,128,812
2022-23 ⁽²⁾	21,177,847
2023-24	23,646,734
2024-25	25,691,156
2025-26 ⁽³⁾	26,481,318
2026-27 ⁽⁴⁾	28,731,525

⁽¹⁾ The increase in Fiscal Year 2021-22 reflects the restoration of furloughs.

⁽²⁾ The increase in Fiscal Year 2022-23 reflects the 6% raise for classified staff along with the increase of the CalPERS rate from 22.91% in Fiscal Year 2021-22 to 25.37% in Fiscal Year 2022-23.

⁽³⁾ Unaudited actuals.

⁽⁴⁾ Budgeted.

Source: The District

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "Reform Act" or "PEPRA") into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "Implementation Date"). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in social security.

Governmental Accounting Standards Board. In June 2012, the Governmental Accounting Standards Board ("GASB") approved two related statements that change how State and local governments report and account for the pension benefits provided to their employees. Statement No. 67, "Financial Reporting for Pension Plans," addresses financial reporting for state and local government pension plans and Statement No. 68, "Accounting and Financial Reporting for Pensions," establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these Statements will change how governments calculate and report the costs and obligations associated with pensions and are designed to improve the reporting of pension information while increasing the transparency, consistency, and comparability of pension information across governments. The Statements relate only to accounting and financial reporting and do not extend to how governments approach pension plan funding. Governments will now report a pension liability on the face of their financial statements. Previously, the difference between a government's total pension obligation and assets available for benefits — often called the unfunded liability — was disclosed in notes, but did not appear on the face of the financial statements. Statement No. 67 took effect for pension plans in Fiscal Years ended June 30, 2014 or later.

Post-Retirement Programs

In June 2004, GASB pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The pronouncement required public agency employers providing other postemployment benefits (“OPEB”) to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits (“GASB 45”). In June 2015, GASB pronounced Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* (“GASB 75”). The primary objective of GASB 75, which replaced the requirements of GASB 45, is to improve accounting and financial reporting by state and local governments for OPEB obligations. GASB 75 became effective for the District in Fiscal Year ended June 30, 2018. GASB 75 requires the liability of employers and non-employer contributing entities to employees for defined benefit OPEB (“Net OPEB Liability”) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (“Total OPEB Liability”), less the amount of the OPEB plan’s fiduciary net position. The Total OPEB Liability generally is required to be determined through an actuarial valuation. The District conducted an actuarial valuation of its post-retirement health care benefits for Fiscal Year ended June 30, 2025. The results of the valuation were based on a valuation date of July 1, 2024 and a measurement date of June 30, 2025, and are applicable to the Fiscal Year ended June 30, 2025.

Based on an actuarial valuation of the District’s post-retirement health care benefits as of the June 30, 2025 valuation date, the District had a Total OPEB Liability of \$152,916,524, an annual OPEB expense of \$8,642,441 and annual employer contributions of \$4,726,742.

Changes Since Prior Valuation. The most recent actuarial valuation reflects changes in assumptions, including a change in the discount rate to 5.20% as of the June 30, 2025 measurement date. The prior valuation used a discount rate of 4.21%. The GASB 75 discount rate was selected from a range of indices based on the 20-year municipal bond index rates as of June 30, 2025.

See “APPENDIX C: AUDITED FINANCIAL STATEMENTS FOR THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025” for more detailed information regarding the District’s OPEB plans.

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District participates in one joint venture under a joint powers agreement (“JPA”), the San Diego County Schools Risk Management JPA (“RM JPA”), whose purpose is to jointly provide for the establishment, operation and maintenance of self-insurance programs for claims against member districts including, but not limited to, workers’ compensation claims, liability and property insurance coverage to member districts. The relationship between the District and the RM JPA is such that the RM JPA is not a component unit of the District for financial reporting purposes.

The RM JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of the RM JPA independent of any influence by the District beyond the District’s representation on the governing board.

The District pays an annual premium to the entity for its workers’ compensation, health and welfare, and property and liability coverage. The relationship between the District and the pool is such that it is not a component unit of the District for financial reporting purposes. During the Fiscal Year ended June 30, 2026, the District made payments totaling \$5,413,013 for annual premiums related to property and liability coverage.

The RM JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of its governing board. Member districts share surpluses and deficits proportionately to their participation in the RM JPA. The relationship between the District and the RM JPA are such that the RM JPA is not a component unit of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in the District’s financial statements attached hereto. See “APPENDIX C: AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025.” In addition, the District appropriates each Fiscal Year moneys sufficient to fund the premiums for its comprehensive

property and public liability insurance policies and to fund a reasonable reserve for the payment of the deductible amounts under such policies. The decision concerning the amount of premium and respective reserves is set by RM JPA for each participating district.

CONSTITUTIONAL AND STATUTORY INITIATIVES

Limitations on Revenues. On June 6, 1978, State voters approved Proposition 13 (“Proposition 13”), which added Article XIII A to the State Constitution (“Article XIII A”). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

Other amendments to the California Constitution have implemented and modified limits on reassessment of property value upon transfers. Most recently, Proposition 19 limits people who inherit family properties from keeping a low property tax base resulting from the 2% restriction on increases, unless they use the home as their primary residence, but it also allows homeowners who are over 55 years of age, disabled, or victims of a wildfire or natural disaster to transfer their assessed value of their primary home to a newly purchased or newly constructed replacement primary residence up to three times.

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

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

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

Beginning in the 1981-82 Fiscal Year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed at \$4 per \$100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable

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

Article XIII B of the State Constitution. An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979, thereby adding Article XIII B to the State Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District’s Fiscal Year 2025-26 appropriations subject to the limit was approximately \$314,947,357.96, and the “appropriations limit” was also approximately \$314,947,357.96. In Fiscal Year 2026-27, the estimated “appropriations limit” is approximately \$328,388,760.04. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State’s allowable limit.

Articles XIII C and XIII D of the California Constitution. On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D 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.

According to the “Title and Summary” of Proposition 218 prepared by the State Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Statutory Limitations. On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute: (a) requires new or higher general taxes to be approved by two-thirds of the local agency’s governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

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

Proposition 98 and Proposition 111. On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "K-14 districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous Fiscal Year, adjusted for growth in enrollment and inflation.

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

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

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the State Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in the State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an

additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a “credit” to schools (also referred to as a “maintenance factor”) which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 30 and Proposition 55. On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State’s income taxpayers by one to three percent for a period of seven years from January 1, 2012 through the end of 2018, and (b) increased the sales and use tax by one-quarter percent for a period of four years from January 1, 2013 through the end of 2016. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see “CONSTITUTIONAL AND STATUTORY INITIATIVES – Proposition 98 and Proposition 111” herein). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the “Education Protection Account”), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative (“Proposition 55”), approved by voters on November 8, 2016, extends by twelve years the temporary personal income tax increases on incomes over \$250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales tax increases imposed by Proposition 30. Revenues from the tax increase will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions. The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see “FINANCIAL AND OPERATING INFORMATION – State Budget Process” herein.

Proposition 2. Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

Rainy Day Fund. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year’s deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year’s deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the “Public School System Stabilization Account”) to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for Fiscal Years prior to Fiscal Year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858. Senate Bill 858 (“SB 858”) became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any Fiscal Year immediately following a Fiscal Year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the California Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the California Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 2% of its General Fund expenditures and other financing uses.

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

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Proposition 2 (2024). The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair and Safety Bond Act of 2024 (also known as Proposition 2 and referred to herein as “Proposition 2 (2024)”) is a voter initiative that was approved by voters on November 5, 2024. Proposition 2 (2024) authorizes the sale and issuance of \$10 billion in general obligation bonds for the repair, upgrade, and construction of facilities at K-12 public schools (including charter schools), community colleges, and career technical education programs, including for the improvement of health and safety conditions and classroom upgrades.

K-12 School Facilities. Proposition 2 (2024) includes \$3.3 billion for the new construction of K-12 facilities and an additional \$4 billion for the modernization of existing K-12 facilities, up to 10% of each allocated amount to be reserved for small school districts with an enrollment of fewer than 2,501 students. Of the \$4 billion available in modernization funds, up to \$115 million is available to be used for reducing lead levels in water at school facilities. Generally, K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. However, some school districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of \$1.2 billion will be available for the modernization and new construction of charter school (\$600 million) and technical education (\$600 million) facilities. The State will award funds to career technical education and charter schools through an application process, and charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 2 (2024) includes \$1.5 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must prepare a plan listing their Statewide project priorities. The Governor and State Legislature will select specific projects to fund.

The District makes no guarantees that it will either pursue or qualify for Proposition 2 (2024) State facilities funding.

FUTURE INITIATIVES

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 1A, 2, 22, 30, 55, 98 and 111, were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District’s ability to expend revenues.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

**AUDITED FINANCIAL STATEMENTS FOR THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

[THIS PAGE INTENTIONALLY LEFT BLANK]

SWEETWATER UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2025

SWEETWATER UNION HIGH SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT - WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	16
STATEMENT OF ACTIVITIES	17
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS.....	18
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	19
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS.....	20
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES.....	21
STATEMENT OF NET POSITION - FIDUCIARY FUND – TRUST FUND	22
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - TRUST FUND	23
NOTES TO THE FINANCIAL STATEMENTS	24
REQUIRED SUPPLEMENTARY INFORMATION:	
GENERAL FUND BUDGETARY COMPARISON SCHEDULE	59
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY	60
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE MPP PROGRAM NET OPEB LIABILITY	61
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	62
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS	64
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	66

SWEETWATER UNION HIGH SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025
(Continued)

CONTENTS

SUPPLEMENTARY INFORMATION:

COMBINING BALANCE SHEET - ALL NON-MAJOR FUNDS	68
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - ALL NON-MAJOR FUNDS	69
SCHEDULE OF AVERAGE DAILY ATTENDANCE.....	70
SCHEDULE OF INSTRUCTIONAL TIME	71
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	72
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS	74
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS - (UNAUDITED)	75
SCHEDULE OF CHARTER SCHOOLS	76
NOTES TO SUPPLEMENTARY INFORMATION	77

OTHER INFORMATION

ORGANIZATION	78
INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS	79
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	83
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE	85

FINDINGS AND RECOMMENDATIONS:

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS	88
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS	93



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Sweetwater Union High School District
Chula Vista, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sweetwater Union High School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Sweetwater Union High School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sweetwater Union High School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sweetwater Union High School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This resulted in a restatement of the beginning governmental activities net position of \$33,321,996. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sweetwater Union High School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sweetwater Union High School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sweetwater Union High School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 15 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 59 to 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sweetwater Union High School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Organization page but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025 on our consideration of Sweetwater Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sweetwater Union High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sweetwater Union High School District's internal control over financial reporting and compliance.

Crowe LLP

Sacramento, California
December 2, 2025

Management's Discussion and Analysis

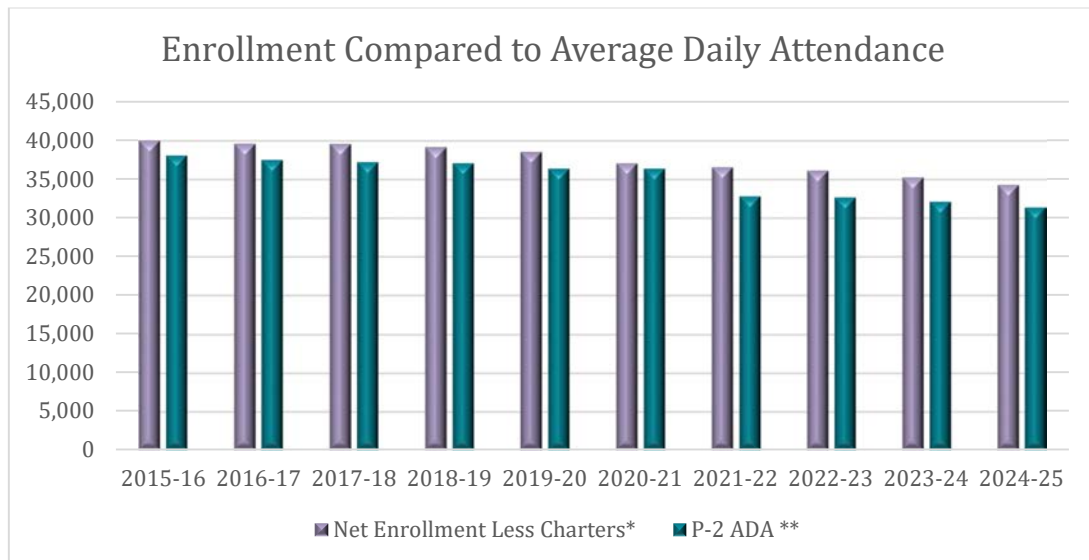
The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board of Trustees and the public. The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34. Certain comparative information is required to be presented in this document.

District Overview

The Sweetwater Union High School District (the "District") was established in 1920 and its current boundaries encompass approximately 153 square miles. The District is the second largest secondary school district in the State in terms of student enrollment. The District provides educational services to the residents in and around the cities of Chula Vista, Imperial Beach, National City, and San Diego. The District operates under the jurisdiction of the San Diego County Superintendent of Schools.

For fiscal year 2024-25, the District operated and provides education for grades 7 through 12 and is currently operating 12 comprehensive high schools, 1 continuation high school, 10 middle schools, 1 junior high school, 4 adult education programs, 4 alternative education schools and has authorized 2 independent charter schools.

The graph below demonstrates the District's year-over-year declining enrollment and average daily attendance (ADA) trend. The District is funded based on its ADA, which is tracked daily with staff. For 2024-25 the District averaged approximately 91.04% ADA.



*Enrollment is as of California Basic Educational Data System (CBEDS) date in October each year.

** P-2 ADA is collected as of the last full school month ending on or before April 15.

(Continued)

Governance

The District is governed by a Board of Trustees consisting of five members and one student member. The regular members are elected to staggered four-year terms every two years.

“Students First” Guiding Principle

The District is dedicated to putting students first by providing effective initial instruction that leads to engagement and mastery, access to challenging curricula, safe and healthy learning environments focusing on a positive transformational culture, transparent systems of support, and fostering parent and community involvement.

The 2024-25 student enrollment was 34,282. In 2024-25 58.95% of our students qualify as low income and 20.91% are identified as English Learners, and 752 of our students are Foster Youth or Homeless Youth. The Local Control and Accountability Plan (LCAP) is a direct reflection of the efforts to involve all our educational partners in a parallel process of continuous review, report, reach-out, and revise.

The District continues to provide 21st Century learning to all students in order to support their choices for college and career. Our academic programs offer a college and career preparation emphasis through rigorous, standards-based instruction, and relevant real-world learning. Through efforts with local universities and community colleges, the District provides varied pathways for students to attain entry into higher education institutions and/or career pathways. Many of our Career Technical Education (CTE) courses are articulated with the community colleges and or local universities. We offer a robust Advanced Placement program at all of our high schools and an International Baccalaureate program at Bonita Vista High School and Castle Park High School. These aforementioned programs provide students with the advantage to earn college credits while in high schools. Additionally, the District collaborated with local labor organizations to provide access to careers in the trades as part of our Project Labor Agreement.

In 2024-25, the District continued to implement actions and services to support students improve their opportunities. The District revisited the LCAP by reaching out to our educational partners including the District’s Parent Advisory Council, District-level English Learner Advisory Committee, Special Education Local Plan Area (SELPA), labor partners, and community through various meetings throughout the fiscal year. The District implemented several surveys to get an accurate understanding of the needs of students and families. The unique issues confronted by our students, staff, and community necessitated innovated approaches to instruction and student supports. The feedback received in these meetings and through the surveys and Community Schools surveys was critical to the development and implementation of the 2024-2025 LCAP. The majority of the actions and services remained the same; however, based on stakeholder input, the District added supports to increase student attendance/participation, minimize chronic absenteeism, increase student achievement, improve the opportunities for our English Learners and students with disabilities, as well as supporting the social-emotional needs of our students.

(Continued)

Our students experiencing homelessness and Foster Youth were also supported with additional resources. A central office administrator led the team to ensure that are neediest students received the educational, emotional, and physical supports to ensure their success. This position also provided coordinated services oversight and supports to align the District's counseling services to further support students in need. Through the LCAP, the District enhanced CTE course offerings and continued to fund librarian positions through the LCAP and ESSER funding resources. Community feedback emphasized the need to address career readiness for students. Actions and services to augment support in the areas of College and Career Technical Education and Attendance supports were added to the 2024-2025 plan. Additionally, parents and students identified school safety as central issues. Based on stakeholder engagement, supplemental security focused actions and services and features were added to the LCAP.

The District's LCAP Goals:

- LCAP Goal 1: Teaching and Learning
- LCAP Goal 2: Student Social Emotional Well-Being and Positive Transformational Culture
- LCAP Goal 3: Fostering Parent and Community Involvement
- LCAP Goal 4: Ensuring Excellence in Operational Systems of Support

The four LCAP goals and the subsequent actions and services provided our students with the resources and staff to continue to make academic and social-emotional gains during the 2024-2025 school year. The braiding of funding from the Learning Recovery Grant and the Arts, Music, and Instructional Materials Block Grant enhanced the District's ability to implement programs to engage students from before school hours to after school extracurricular programs.

Overview of the Financial Statements

This annual report consists of three parts: (1) management's discussion and analysis (this section); (2) the financial statements; and (3) required supplementary information.

The remainder of the MD&A highlights the structure and contents of each of the statements.

The financial statements include two kinds of statements that present different views of the District: district-wide financial statements and fund financial statements. The financial statements also include notes that explain some of the information in the statements and provide more detail.

The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial position. The Statement of Net Position includes all of the District's assets and liabilities and deferred outflows and inflows of resources. All current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

(Continued)

The District's activities are divided into two categories:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation, and administration. State support from Local Control Funding Formula (LCFF) and categorical apportionments finance most of these activities.
- Fiduciary activities – The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities, scholarships, employee retiree benefits, and pensions. The District's fiduciary activities are reported in the Statement of Fiduciary Net Position. The activity is excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Financial Position

The Statement of Net Position is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). District assets are displayed at book value including buildings, land and equipment, and related depreciation. Land is accounted for at purchase cost, not market value, and is not depreciated. Many of the school sites have low values because the district acquired the land many decades ago. School buildings are valued at their historical construction cost less depreciation.

The District's net position was \$827,640,729 at June 30, 2025, as reflected in the table below. Of this amount, \$(272,689,774) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that new position for day-to-day operations.

Our analysis below, in summary form, focuses on the net position and change in net position of the District's governmental activities.

(Continued)

Statement of Net Position

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024, restated*</u>
Assets		
Current and other assets	\$ 1,120,968,603	\$ 1,032,561,013
Capital assets	1,052,826,673	982,063,309
Total Assets	2,173,795,276	2,014,624,322
Deferred Outflows of Resources	174,022,307	186,880,895
Liabilities		
Current liabilities	121,625,884	61,535,317
Long-term obligations	880,937,325	868,476,076
Net pension liability	395,483,000	434,429,000
Total Liabilities	1,398,046,209	1,364,440,393
Deferred Inflows of Resources	122,130,645	124,452,306
Net Position		
Net investment in capital assets	857,566,782	808,758,336
Restricted	243,763,721	238,130,223
Unrestricted	(272,689,774)	(334,276,041)
Total Net Position	\$ 828,640,729	\$ 712,612,518

*Restatement due to implementation of GASB 101, *Compensated Absences*

Net Pension Liability (NPL)

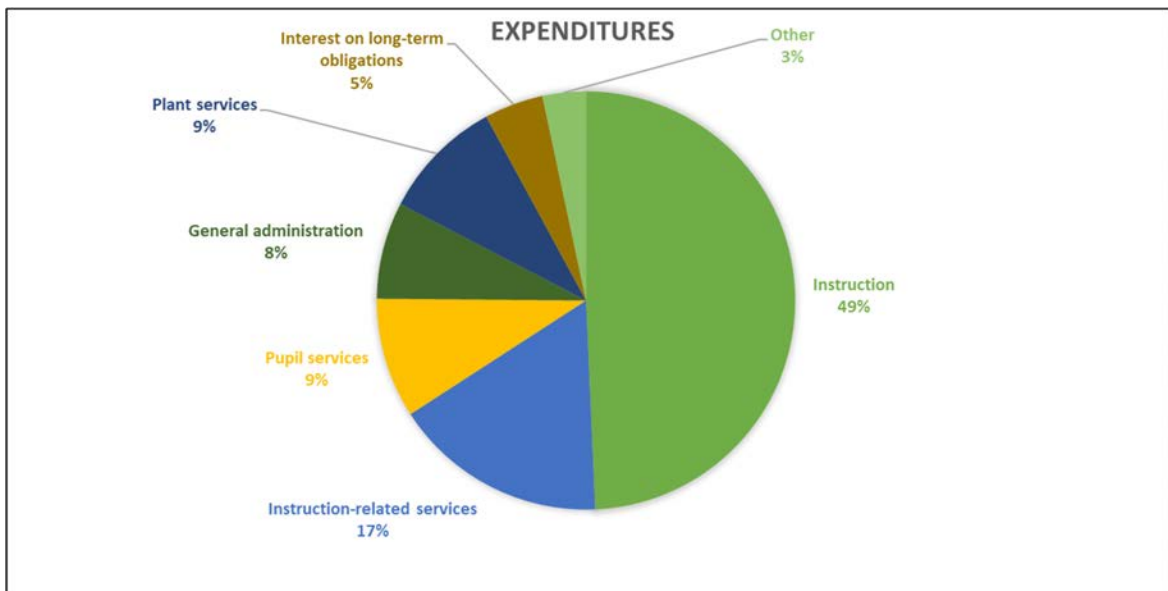
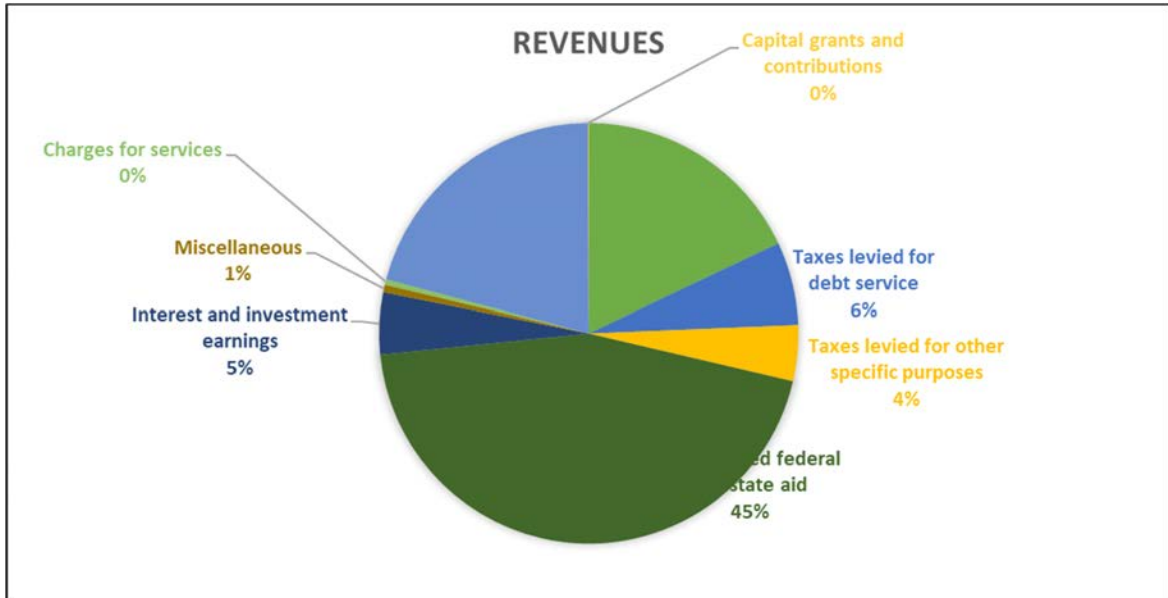
At year end, the District had a net pension liability of \$395,483,000 as a result of the implementation of GASB Statement No. 68.

(Continued)

Statement of Activities

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Revenues		
Program revenues:		
Charges for services	\$ 3,279,264	\$ 6,152,837
Operating grants and contributions	161,195,609	218,454,436
Capital grants and contributions	481,187	363,246
General revenues:		
Federal and State aid not restricted	346,668,772	374,821,126
Property Taxes	221,828,473	220,225,065
Other general revenues	41,002,398	29,924,884
Total Revenues	774,455,703	849,941,594
Expenses		
Instruction	325,128,038	341,099,657
Instruction-related services	109,121,674	96,595,563
Pupil services	61,228,569	66,361,841
General administration	49,408,676	46,814,974
Plant services	62,347,048	50,509,901
Interest on long-term obligations	30,108,854	27,133,683
Other	22,084,633	19,362,073
Total Expenses	659,427,492	647,877,692
Change in Net Position	\$ 115,028,211	\$ 202,063,902

(Continued)



(Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds. A fund consists of a self-balancing set of accounts that the District uses to track specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as cafeteria funds) or to show that it is properly using certain revenues (such as community facility funds).

The District has two kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- Fiduciary and Agency Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

(Continued)

General Fund Financial and Budgetary Highlights

The General Fund (Unrestricted and Restricted) accounts for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to account for revised and new categorical funding appropriations and related expenditures, and to update budgets for prior year carryover amounts. Additionally, the District is required to prepare expenditure reports and must include multi-year projections at least twice a year. The following table summarizes the General Fund budget to actual information for the year ended June 30, 2025:

	Adopted Budget June 24, 2024	Estimated Actuals June 23, 2025	Actuals September 15, 2025
Total Revenues	\$ 581,201,862	\$ 627,021,969	\$ 618,502,974
Total Expenditures	\$ 705,534,740	\$ 706,397,340	\$ 590,209,303
Total Other Sources/(Uses)	\$ 20,000	\$ 6,884	\$ 40,300
Net Change	\$ (124,312,878)	\$ (79,368,488)	\$ 28,333,971

The net revenue increase between Adopted and Year-End Estimated Budget was \$45,820,107, due to current year budgets for categorical funds and one-time monies, which are budgeted as the grant award documents are received. Also, the budgets for prior year unspent restricted and unrestricted program funds (carryover) are appropriated in September after the Unaudited Actuals are approved by the Board of Trustees, such as carryover for Title I and Title II. The net increase to the total expenditure budget between Adopted and Year-End Estimated Budget was \$862,601, due to revisions to set up expenditures related to the carryover and grant funds described above, which are budgeted after July 1 as grant award documents are received and school site plans are approved.

District Reserves and Net Ending Balance

Revenues that have not been expended during a budget year are carried over for expenditure in the subsequent year and are identified as the District's "Net Ending Balance." Included within the projected net ending balance is a "reserve for economic uncertainties." The State requires per Education Code 42127 that school districts of our size retain an amount equal to 2% of our budgeted Total General Fund expenditures to cover unforeseen shortfalls in revenues or expenditures greater than budget. Also included in the net ending balance are carryover balances that originated from sources that can only be used for specific purposes. These "restricted" resources can only be spent on the purposes determined by the grantor, and the balances in these accounts carry the same restrictions as the originating revenue. The District also has the option of committing or assigning the ending balance. Committing funds requires the Board of Trustees to designate the funds for any purpose by a majority vote at a Board meeting. Once the funds are committed, the amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraints for the committed funds.

(Continued)

Assigned ending balances are constrained by the District's intent, but are neither restricted nor committed. In addition to the State 2% reserve for economic uncertainties requirement, the board approved on June 24, 2024, Resolution 4621 a 3% contingency reserve and a declining enrollment was established to address instructional and operational needs.

The chart below represents the District's financial analysis of its Governmental and Fiduciary Funds

Ending Fund Balances	6/30/2025	6/30/2024	Difference
Fund 01 General	391,496,687	365,155,481	26,341,206
Fund 08 Student Activity Special Revenue	3,463,174	3,546,797	(83,623)
Fund 11 Adult Education	14,925,953	15,192,671	(266,718)
Fund 13 Cafeteria	25,874,524	22,044,205	3,830,319
Fund 14 Deferred Maintenance	1,305,248	2,445,235	(1,139,987)
Fund 21 Building	241,122,972	249,901,938	(8,778,966)
Fund 25 Capital Facilities	11,333,154	9,016,013	2,317,141
Fund 35 County School Facilities	33,178,116	31,622,130	1,555,986
Fund 40 Special Reserve for Capital Outlay	10,813,813	11,814,060	(1,000,247)
Fund 49 Capital Projects for Blended Component Units	227,441,262	222,600,002	4,841,260
Fund 51 Bond Interest and Redemption	49,165,889	44,090,298	5,075,591
Fund 73 Fiduciary	450,338	504,295	(53,957)

CAPITAL ASSET AND DISTRICT INDEBTEDNESS

Capital Projects

At June 30, 2025 , the District had \$1,052,826,673 in a broad range of capital assets (net of depreciation), including land, buildings, furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$70,763,364 from last year.

	Governmental Activities	
	2025	2024
Land and construction in progress	\$ 292,242,818	\$ 200,181,589
Buildings and Improvements	751,922,056	771,221,865
Furniture and Equipment	7,705,514	9,797,671
Other Assets	956,285	862,184
Total	\$ 1,052,826,673	\$ 982,063,309

(Continued)

This year's activity as referenced in Note 5 include several completed in progress construction projects for modernization and site improvements and the acquisition of vehicles and equipment. The District will use general obligation bond proceeds, Community Facilities District (CFD) special taxes, redevelopment funds and developer fees (Statutory Level I fees) for construction and modernization of existing school facilities.

District Indebtedness

At the end of this year, the District had \$880,937,325 in long-term obligations versus \$868,476,076 last year.

	Governmental Activities	
	2025	2024, restated*
General obligation bonds (including accreted interest and premium)	\$ 658,331,526	\$ 632,088,797
Certificates of participation (including premium)	15,054,021	17,695,827
Special tax revenue bonds (including premium)	13,272,157	20,389,543
Qualified zone academy bonds	-	390,000
Lease Liabilities	1,058,159	1,148,910
Compensated absences	38,495,889	43,395,903
Subscription Liabilities	876,131	138,734
Net other postemployment benefits (OPEB) liability	153,849,442	153,228,362
Total	\$ 880,937,325	\$ 868,476,076

Restatement due to implementation of GASB 101, *Compensated Absences

The state limits the amount of general obligation debt that districts can issue based on the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is below this statutorily imposed limit.

Other obligations include certificates of participation, qualified zone academy bonds, lease revenue bonds, compensated absences payable, capital leases, early retirement incentive, and net other postemployment benefits liability. We present more detailed information regarding our long-term obligations in Note 6 of the financial statements.

Financial Outlook

The District's fiscal recovery efforts over the last few years assisted in the stabilization and restoration of the financial position and related reserves. The District took a number of actions to enhance its processes, controls, and governance. The District made improvements to its budgeting, financial and debt reporting practices, including its response to reductions in State funding. The District has established and implemented comprehensive written policies and procedures, and periodic training, regarding securities laws and continuing disclosure obligations for the Board and senior staff.

(Continued)

The Board receives periodic budget updates and has also adopted several reserve policies, as follows: (i) for the General Fund, 2% of annual operating expenditures (State minimum) and in addition, a 3% contingency reserve and a declining enrollment reserve; (ii) for the Adult Education Fund, 2% of annual operating expenditures; and (iii) for the Cafeteria Fund, 2% of annual operating expenditures. For Fiscal Years 2022-23, 2023-24, and 2024-25 the District self-certified both its first and second interim financial statements with a “positive certification” and, after review of the District’s respective interim financial reports, the San Diego County Office of Education concurred with both positive certifications. A positive certification indicates that, based on current projections, the District will meet its financial obligations for the current fiscal year and two subsequent fiscal years.

Multi-year budget projections continue to be evaluated and revised upon updates from the Governor and State Department of Finance. Similarly to other districts in the State of California, the District faces challenges with declining student enrollment, average daily attendance percentages, and unduplicated student group percentages all which impact on the overall financial operations. These are all key variables for the basis of State, Federal, and Local revenues. There are also cost pressures that are impacting the out year financial projections specifically in the areas of employer pension costs and increased contributions from the Unrestricted General Fund to meet student needs in the Special Education program and facilities requirements with the Routine Restricted Maintenance program.

BASIC FINANCIAL STATEMENTS

SWEETWATER UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 1,077,470,021
Receivables	40,705,897
Leases receivable (Note 4)	193,035
Prepaid expenses	1,321,943
Stores inventory	844,688
Other current assets	433,019
Non-depreciable capital assets (Note 5)	292,242,818
Depreciable capital assets, net of accumulated depreciation and amortization (Note 5)	<u>760,583,855</u>
Total assets	<u>2,173,795,276</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 9 and 10)	148,047,942
Deferred outflows of resources - OPEB (Note 7)	13,196,491
Deferred loss from refunding of debt	<u>12,777,874</u>
Total deferred outflows of resources	<u>174,022,307</u>
LIABILITIES	
Accounts payable	112,600,566
Unearned revenue	9,025,318
Long-term liabilities (Note 6):	
Due within one year	51,756,641
Due after one year	<u>1,224,663,684</u>
Total liabilities	<u>1,398,046,209</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 9 and 10)	68,008,000
Deferred inflows of resources - OPEB (Note 7)	53,936,652
Deferred inflows of resources - leases (Note 4)	<u>185,993</u>
Total deferred inflows of resources	<u>122,130,645</u>
NET POSITION	
Net investment in capital assets	857,566,782
Restricted:	
Legally restricted programs	139,272,749
Capital projects	55,325,083
Debt service	49,165,889
Unrestricted	<u>(273,689,774)</u>
Total net position	<u>\$ 827,640,729</u>

See accompanying notes to financial statements.

SWEETWATER UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenues and Change in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
Instruction	\$ 325,128,038	\$ 198,682	\$ 69,074,820	\$ 481,187	\$ (255,373,349)
Instruction-related services:					
Instructional supervision and administration	35,380,001	53,763	15,152,139	-	(20,174,099)
Instructional library, media and technology	15,086,216	1,222	2,604,688	-	(12,480,306)
School site administration	58,655,457	21,327	6,633,813	-	(52,000,317)
Pupil services:					
Home- to- school transportation	10,400,194	-	47,941	-	(10,352,253)
Food services	17,348,224	2,419	21,432,367	-	4,086,562
All other pupil services	33,480,151	35,473	6,709,899	-	(26,734,779)
General administration:					
Centralized data processing	19,452,359	27	6,824,274	-	(12,628,058)
All other general administration	29,956,317	6,708	3,235,531	-	(26,714,078)
Plant services	62,347,048	2,908,395	22,781,390	-	(36,657,263)
Ancillary services	15,044,073	11,747	4,294,173	-	(10,738,153)
Community services	197,782	-	-	-	(197,782)
Interest on long- term liabilities	30,108,854	-	-	-	(30,108,854)
Other outgo	6,842,778	39,501	2,404,574	-	(4,398,703)
Total governmental activities	<u>\$ 659,427,492</u>	<u>\$ 3,279,264</u>	<u>\$ 161,195,609</u>	<u>\$ 481,187</u>	<u>(494,471,432)</u>
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					139,246,568
Taxes levied for debt service					49,306,400
Taxes levied for other specific purposes					33,275,505
Federal and state aid not restricted to specific purposes					346,668,772
Interest and investment earnings					36,559,858
Miscellaneous					4,442,540
Total general revenues					<u>609,499,643</u>
Change in net position					115,028,211
Net position, July 1, 2024					<u>745,934,514</u>
Restatement due to implementation of GASB 101 (Note 1)					(33,321,996)
Net position, July 1, 2024, as restated					<u>712,612,518</u>
Net position, June 30, 2025					<u>\$ 827,640,729</u>

See accompanying notes to financial statements.

SWEETWATER UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Building Fund	Capital Projects for Blended Component Units Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 459,968,697	\$ 242,160,549	\$ 228,625,037	\$ 141,169,163	\$1,071,923,446
Cash on hand and in banks	1,964,253	-	-	3,305,193	5,269,446
Revolving cash fund	202,706	-	-	10,833	213,539
Cash with Fiscal Agent	-	-	63,590	-	63,590
Receivables	29,176,562	2,753,063	2,415,542	6,316,402	40,661,569
Leases receivable	-	-	-	193,035	193,035
Prepaid expenditures	1,315,375	3,284	3,284	-	1,321,943
Due from grantor governments	44,328	-	-	-	44,328
Due from other funds	1,493,045	257,429	161,695	2,738,677	4,650,846
Stores inventory	620,917	-	-	223,771	844,688
Other current assets	-	-	-	433,019	433,019
	<u>-</u>	<u>-</u>	<u>-</u>	<u>433,019</u>	<u>433,019</u>
 Total assets	 <u>\$ 494,785,883</u>	 <u>\$ 245,174,325</u>	 <u>\$ 231,269,148</u>	 <u>\$ 154,390,093</u>	 <u>\$1,125,619,449</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 40,866,120	\$ 3,847,691	\$ 3,593,332	\$ 2,206,439	\$ 50,513,582
Due to grantor governments	50,543,860	-	-	579,058	51,122,918
Unearned revenue	8,817,273	-	-	208,045	9,025,318
Due to other funds	3,061,943	203,662	234,554	1,150,687	4,650,846
	<u>103,289,196</u>	<u>4,051,353</u>	<u>3,827,886</u>	<u>4,144,229</u>	<u>115,312,664</u>
 Total liabilities	 <u>103,289,196</u>	 <u>4,051,353</u>	 <u>3,827,886</u>	 <u>4,144,229</u>	 <u>115,312,664</u>
Deferred Inflow s of Resources:					
Deferred inflow s of resources - leases	-	-	-	185,993	185,993
	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,993</u>	<u>185,993</u>
Fund balances:					
Nonspendable	2,603,540	3,284	3,284	234,604	2,844,712
Restricted	93,703,850	241,119,688	227,437,978	148,520,019	710,781,535
Committed	265,669,297	-	-	1,305,248	266,974,545
Assigned	17,710,000	-	-	-	17,710,000
Unassigned	11,810,000	-	-	-	11,810,000
	<u>391,496,687</u>	<u>241,122,972</u>	<u>227,441,262</u>	<u>150,059,871</u>	<u>1,010,120,792</u>
 Total fund balances	 <u>391,496,687</u>	 <u>241,122,972</u>	 <u>227,441,262</u>	 <u>150,059,871</u>	 <u>1,010,120,792</u>
 Total liabilities, deferred inflow s of resources and fund balances	 <u>\$ 494,785,883</u>	 <u>\$ 245,174,325</u>	 <u>\$ 231,269,148</u>	 <u>\$ 154,390,093</u>	 <u>\$1,125,619,449</u>

See accompanying notes to financial statements.

SWEETWATER UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total fund balances - Governmental Funds		\$ 1,010,120,792
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$1,480,926,900 and the accumulated depreciation and amortization is \$428,100,227 (Note 5).		1,052,826,673
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2025 consisted of (Note 6):		
General Obligation Bonds	\$ (624,127,496)	
Accreted interest	(11,989,995)	
Unamortized premium - GO Bonds	(22,214,035)	
Special tax revenue bonds	(11,810,000)	
Unamortized premium - Revenue Bonds	(1,462,157)	
Certificates of Participation	(13,495,000)	
Unamortized premium - COPs	(1,559,021)	
Lease liabilities	(1,058,159)	
Subscription-based information technology agreements (SBITA)	(876,131)	
Net pension liability (Notes 9 & 10)	(395,483,000)	
Total OPEB liability (Note 7)	(153,849,442)	
Compensated absences	(38,495,889)	
		(1,276,420,325)
Losses on refundings of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the life of the debt.		12,777,874
In governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. Interest accrued on long-term liabilities at June 30, 2025 is:		(10,964,066)
In government funds, deferred outflows and inflows of resource relating to pensions and other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported (Notes 7, 9 and 10).		
Deferred outflows of resources relating to pensions	\$ 148,047,942	
Deferred outflows of resources relating to OPEB	13,196,491	
Deferred inflows of resources relating to pensions	(68,008,000)	
Deferred inflows of resources relating to OPEB	(53,936,652)	
		39,299,781
Total net position - governmental activities		<u>\$ 827,640,729</u>

See accompanying notes to financial statements.

SWEETWATER UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCES – GOVERNMENTAL FUNDS
For Year Ended June 30, 2025

	General Fund	Building Fund	Capital Projects for Blended Component Units Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	\$ 339,734,453	\$ -	\$ -	\$ -	\$ 339,734,453
Local sources	133,831,901	-	-	500,000	134,331,901
Total LCFF	<u>473,566,354</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>474,066,354</u>
Federal sources	39,188,621	-	-	12,063,803	51,252,424
Other state sources	51,233,267	-	-	27,700,210	78,933,477
Other local sources	52,521,995	14,199,580	44,742,625	65,792,875	177,257,075
Total revenues	<u>616,510,237</u>	<u>14,199,580</u>	<u>44,742,625</u>	<u>106,056,888</u>	<u>781,509,330</u>
Expenditures:					
Current:					
Certificated salaries	246,444,132	-	-	7,123,634	253,567,766
Classified salaries	90,555,341	527,737	562,360	9,037,168	100,682,606
Employee benefits	150,665,773	265,860	282,377	7,232,201	158,446,211
Books and supplies	25,976,395	110,533	234,105	12,711,307	39,032,340
Contract services and operating expenditures	63,550,936	1,876,929	277,004	5,414,335	71,119,204
Other outgo	5,990,925	-	-	851,853	6,842,778
Capital outlay	8,122,899	70,965,612	28,209,044	6,541,192	113,838,747
Debt service:					
Principal retirement	1,380,858	-	8,960,000	18,493,475	28,834,333
Interest	22,306	-	1,376,475	29,241,676	30,640,457
Total expenditures	<u>592,709,565</u>	<u>73,746,671</u>	<u>39,901,365</u>	<u>96,646,841</u>	<u>803,004,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,800,672</u>	<u>(59,547,091)</u>	<u>4,841,260</u>	<u>9,410,047</u>	<u>(21,495,112)</u>
Other financing sources (uses):					
Transfers in	949,325	-	-	46,391	995,716
Transfers out	(46,295)	-	-	(949,421)	(995,716)
Proceeds from sale of bonds	-	109,275,000	-	-	109,275,000
Premiums from issuance of bonds	-	4,913,125	-	1,781,445	6,694,570
Payment to refunding escrow	-	(63,420,000)	-	-	(63,420,000)
Issuance of leases and SBITAs	1,637,504	-	-	-	1,637,504
Total other financing sources (uses)	<u>2,540,534</u>	<u>50,768,125</u>	<u>-</u>	<u>878,415</u>	<u>54,187,074</u>
Net change in fund balances	26,341,206	(8,778,966)	4,841,260	10,288,462	32,691,962
Fund balances, July 1, 2024	<u>365,155,481</u>	<u>249,901,938</u>	<u>222,600,002</u>	<u>139,771,409</u>	<u>977,428,830</u>
Fund balances, June 30, 2025	<u>\$ 391,496,687</u>	<u>\$ 241,122,972</u>	<u>\$ 227,441,262</u>	<u>\$ 150,059,871</u>	<u>\$ 1,010,120,792</u>

See accompanying notes to financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS –
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Net change in fund balances - Total Governmental Funds	\$ 32,691,962
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 5).	107,327,075
Depreciation and amortization of capital assets is an expense that is not recorded in governmental funds (Note 5).	(31,733,397)
If planned capital project is canceled and will not be completed, costs previously capitalized as Work in Progress must be written off to expense (Note 5).	(15,252)
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported (Note 5)	(4,815,062)
Debt proceeds from debt are recognized as other financing sources. Proceeds are reported as increases to liabilities in government-wide statements. (Note 6).	(110,912,504)
Repayment of principal on long-term liabilities is an expenditure in governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	28,834,333
Defeasance of long-term liabilities is an expenditure in governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	63,420,000
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source/Use in the period it is incurred. In the government-wide statements, the premium or discount, plus deferred gain or loss from debt refunding, is amortized as interest over the life of the debt (Note 6).	(1,849,588)
Accreted interest is an expense that is not reported in the governmental funds (Note 6).	2,485,654
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	4,900,014
In governmental funds, interest on long-term liabilities is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that is incurred.	(4,206,546)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Note 9 and 10).	32,691,142
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis to include the change in the total OPEB liability as well as the changes in the deferred outflows and deferred inflows. This year, the difference between OPEB expenses and actual employer OPEB contributions was (Notes 6 and 7):	(3,789,620)
Change in net position of governmental activities	<u>\$ 115,028,211</u>

See accompanying notes to financial statements.

SWEETWATER UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION -
FIDUCIARY FUND – TRUST FUND
June 30, 2025

	Scholarship <u>Trust</u>
ASSETS	
Cash in County Treasury (Note 2)	\$ 15,060
Cash on hand and in banks (Note 2)	436,357
Receivables	<u>160</u>
Total assets	<u>451,577</u>
NET POSITION	
Restricted for scholarships	<u><u>\$ 451,577</u></u>

See accompanying notes to financial statements.

SWEETWATER UNION HIGH SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION – TRUST FUND
For the Year Ended June 30, 2025

	Scholarship <u>Trust</u>
Deductions:	
Scholarships	\$ <u>741</u>
Non-operating revenue:	
Interest income	<u>6,832</u>
Change in net position	6,091
Net position, July 1, 2024	<u>445,486</u>
Net position, June 30, 2025	<u><u>\$ 451,577</u></u>

See accompanying notes to financial statements.

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sweetwater Union High School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Component Units: The Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units discussed below have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and thus is included in the financial statements of the District. The component units, although a legally separate entity, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units are essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

Both Sweetwater Union High School District Financing Corporation (the Corporation) and Sweetwater Union High School District Public Financing Authority (the Authority) are nonprofit, public benefit corporations incorporated under the laws of the State of California and recorded by the Secretary of State. The entities were formed for the sole purpose of providing financial assistance to the District by acquiring, constructing, financing, selling, and leasing public facilities, land, personal property, and equipment for the use and benefit of the District. The District leases certain school facilities from the corporation under various lease-purchase agreements recorded in long-term obligations (certificates of participation). The District is required under certain lease agreements issued by the Corporation and special tax bonds issued by the Authority to make payments solely from Special Taxes levied in and collected from various Community Facilities Districts.

The Corporation and the Authority's financial activity are presented in the financial statements in the Capital Projects for Blended Component Units Fund and in the Debt Service Fund for Blended Component Units. Certificates of participation issued by the Corporation and special tax bonds issued by the Authority are included as long-term obligations in the government-wide financial statements. Individually prepared financial statements are not prepared for the Corporation or the Authority.

Other Related Entities: The District has approved charters for The Metropolitan Area Advisory Committee Community Charter School and Stephen Hawking Charter School pursuant to Education Code Section 47605. The Charter Schools are not operated by the District, and their financial activities are not presented in the District's financial statements. The Charter Schools are operated by separate governing boards and are not considered component units of the District. The Charter Schools receive State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation and amortization expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is an indirect expense and is reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Funds

The *General Fund* is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The *Building Fund* is a capital projects fund used primarily to account separately for proceeds from the sale of bonds and may not be used for any purposes other than those for which the bonds were issued. Other revenue to the Building Fund is investment income and change in fair value of investments on the proceeds from the sale of bonds.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *Capital Projects for Blended Component Units Fund* is a capital projects fund used to account for capital projects financed by the Sweetwater Union High School District Financing Corporation (the Corporation) and the Sweetwater Union High School District Public Financing Authority (the Authority) and similar entries that are considered blended component units of the District under generally accepted accounting principles (GAAP).

B - Other Funds

Special Revenue Funds: The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Student Activity, Adult Education, Cafeteria, and Deferred Maintenance Funds.

a - Student Activity Fund – This fund is used to account separately for local revenues restricted for use of the student body. The transactions of the Student Activity Fund are ones of raising and expending money to promote the general welfare, morale, and educational experiences of the student body.

b - Adult Education Fund - This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Money received from programs other than adult education shall not be expended for adult education.

c - Cafeteria Fund - This fund is used to account for federal, state, and local resources to operate the food service program. The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program.

d - Deferred Maintenance Fund - This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes.

Capital Projects Funds: The capital projects funds are used to account for resources used for the acquisition or construction of capital facilities by the District. This classification includes the Capital Facilities, County School Facilities and Special Reserve for Capital Outlay.

a - Capital Facilities Fund - This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development. The authority for these levies may be county/city ordinances or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund.

b - County School Facilities Fund - This is a capital project fund used to account for the accumulation and expenditure of resources used for the acquisition or construction of major capital facilities and equipment.

c - Special Reserve for Capital Outlay Fund – This is a capital projects fund used to provide for the accumulation of general fund moneys for capital outlay purposes. This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to other funds. Other authorized resources that may be deposited to the Special Reserve Fund for Capital Outlay Projects are rentals and leases of real property specifically authorized for deposit to the fund by the governing board and interest earned on cash balances.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

a - Bond Interest and Redemption Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Fiduciary Fund: This fund is used to account for assets held by the District in a trustee capacity for others that cannot be used to support the District's own programs.

a - Scholarship Trust Fund - This fund is used to report formal trust arrangements under which the principal and interest benefit other individuals, private organizations, or other governments.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Measurement Focus

Accrual - Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual - The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees complied with these requirements.

Receivables: Receivables in the General Fund and the Aggregate Remaining Fund Information are made up primarily of amounts due from the State of California and categorical programs. Receivables in the other major funds are made up primarily of interest receivable as of June 30, 2025. The District has determined that no allowance for doubtful accounts was required as of June 30, 2025.

Stores Inventory: Inventories are recorded using the purchase method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets purchased or acquired, with an original cost of \$20,000 or more, are recorded at historical cost or estimated historical cost, except for intangible right-to-use lease assets, the measurement of which is discussed in the “Leases” note below. Contributed assets are reported at estimated acquisition value as of the date received. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	45 - 50 years
Land Improvements	20 years
Building Improvements	7-30 years
Furniture and Equipment	5 -15 years
Vehicles	8 years

Leases: The District is a lessee for leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities applicable to GASB Statement No. 87, *Leases*.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. As a lessee the district recognizes interest expenses on lease payables. The interest rates for lease liabilities are not implicit and are not readily determinable. The District utilizes its incremental borrowing rate to discount the lease payments. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the remaining lease term. The estimate life for lease assets ranges from 5-7 years.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

The District is a lessor for leases of property. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditure) until then. The District has recognized a deferred loss on refunding, which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability and Total OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the District's lessor activities, net pension liability and Total OPEB liability reported which is in the Statement of Net Position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The following is a summary of pension amounts in aggregate as of June 30, 2025:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 99,085,786	\$ 48,962,156	\$ 148,047,942
Deferred inflows of resources	\$ 59,520,000	\$ 8,488,000	\$ 68,008,000
Net pension liability	\$ 234,757,000	\$ 160,726,000	\$ 395,483,000
Pension expense	\$ 30,854,427	\$ 21,650,847	\$ 52,505,274

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Compensated Absences: Compensated absence benefits in the amount of \$38,495,889 are recorded as a long-term liability of the District. The liability represents earned but unused vacation and other leave balances which are more likely than not to be paid or used. In accordance with the provisions of both STRP and PERF B, when an employee retires, all unused sick leave is added to the creditable service period for the calculation of the employee's retirement benefits.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1 - *Net Investment in Capital Assets* - Consists of capital assets including capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2 - *Restricted Net Position* - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for scholarships represents the portion of net position available for scholarships. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3 - *Unrestricted Net Position* - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, Fund Balance Reporting and Governmental Fund Type Definitions (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are non-spendable, restricted, committed, assigned and unassigned.

A – Non-spendable Fund Balance: The non-spendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures, and stores inventory.

B - Restricted Fund Balance: The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide statements.

C - Committed Fund Balance: The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance.

D - Assigned Fund Balance: The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances, the Board of Trustees has designated the Chief Financial Officer.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E - Unassigned Fund Balance: In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements if they have been adopted by the Board of Trustees. At June 30, 2021, the District has established a minimum fund balance of two percent of the district's general fund annual operating expenditures in line with the State of California's recommended minimum for a district of this size.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of San Diego bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities' column.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements: In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*, and made effective for fiscal years beginning after December 15, 2023. GASB Statement No. 101 requires recognition of a liability for leave when earned if it is attributable to services already rendered and is expected to be paid. The liability includes vacation, sick leave, and other forms of paid time off that accumulate and vest or are expected to be used in future periods. Based on the implementation of GASB Statement No. 101, the District restated its beginning net position of governmental activities and beginning long-term liabilities for a total of \$33,321,996.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2025 consisted of the following:

	Governmental <u>Funds</u>	Fiduciary <u>Activities</u>
Pooled funds:		
Cash in County Treasury	\$1,071,923,446	\$ 15,060
Cash with fiscal agent	63,590	-
Deposits:		
Cash on hand and in banks	5,269,446	436,357
Cash in revolving fund	<u>213,539</u>	<u>-</u>
	<u>\$1,077,470,021</u>	<u>\$ 451,417</u>

Pooled Funds - Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing San Diego County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Cash with Fiscal Agent: Cash with Fiscal Agent represents cash balances held at amortized cost with JPMorgan, US Bank, and MFUG Union Bank for debt obligations. The cash balances are fully collateralized at June 30, 2025.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks and insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. As of June 30, 2025, the carrying amount of the District's accounts was \$5,919,342 and the bank balances totaled \$6,007,291. Bank balances were insured for \$500,000 and \$5,507,291 remained uninsured.

Interest Rate Risk: The District's investment policy includes restrictions that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2025, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District's investment policy requires that investments be limited to securities that comply with California Government Code 53601.

Concentration of Credit Risk: In effort to reduce portfolio risk, the District's investment policy requires investments to be diversified in terms of maturity, security type and issuer.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 – INTERFUND TRANSACTIONS

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. All receivables and payables are expected to be paid within the next year.

Interfund Receivables/Payables: Interfund receivable and payable balances at June 30, 2025 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 1,493,045	\$ 3,061,943
Building	257,429	203,662
Capital Projects for Blended Component Units	161,695	234,554
Non-Major Funds:		
Adult Education	73,886	510,701
Cafeteria	138,973	417,914
Deferred Maintenance	7,687	-
Capital Facilities	662,714	86,595
Special Reserve for Capital Outlay	1,855,417	135,477
	<u>\$ 4,650,846</u>	<u>\$ 4,650,846</u>

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2024-2025 fiscal year were as follows:

Transfer from the General Fund to the Deferred Maintenance Fund for facility revenue.	\$ 46,295
Transfer from the Adult Education Fund to the General Fund for indirect costs.	862,730
Transfer from the Adult Education Fund to the Deferred Maintenance Fund for facility revenue.	96
Transfer from the Capital Facilities Fund to the General Fund for 3% of Developer Fees collected in fiscal year 2024/25 per Education Code section 17620.	86,595
Total	<u>\$ 995,716</u>

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 – LEASES RECEIVABLE

The District is a lessor for leases of district-owned property. Lease terms vary and may contain one or more renewal options. We have generally included these renewal periods in the lease term when it is reasonably certain that we will exercise the renewal option. The District's lease arrangements do not contain any material residual value guarantees. As a lessor, the District recognizes interest revenue on the lease receivables. The interest rates for lease receivables are not implicit and are not readily determinable. The District utilizes its incremental borrowing rate to discount the lease payments.

Minimum lease payments receivable on leases of investment properties are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 174,465	\$ 661	\$ 175,126
2027	<u>18,570</u>	<u>12</u>	<u>18,582</u>
	<u>\$ 193,035</u>	<u>\$ 673</u>	<u>\$ 193,708</u>

The total amount of inflows of resources relating to leases recognized in the current fiscal year are as follows:

	Governmental Funds/ Governmental Activities For Year Ended <u>June 30, 2025</u>
Lease revenue	\$ 172,947
Interest revenue	\$ 1,719

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2025 is shown below:

	Balance July 1, <u>2024</u>	Additions and <u>Transfers</u>	Deletions and <u>Transfers</u>	Balance June 30, <u>2025</u>
Non-depreciable:				
Land	\$ 143,883,168	\$ -	\$ -	\$ 143,883,168
Work-in-process	56,298,421	99,781,120	7,719,891	148,359,650
Depreciable:				
Buildings	1,028,163,694	8,977,005	-	1,037,140,699
Land improvements	86,661,862	56,276	1,021,733	85,696,405
Equipment	65,921,387	4,137,895	7,310,126	62,749,156
Totals, at cost	<u>1,380,928,532</u>	<u>112,952,296</u>	<u>16,051,750</u>	<u>1,477,829,078</u>
Less accumulated depreciation:				
Buildings	(328,353,561)	(23,996,418)	-	(352,349,979)
Land improvements	(15,250,130)	(3,314,939)	-	(18,565,069)
Equipment	<u>(57,240,895)</u>	<u>(1,330,625)</u>	<u>(2,504,818)</u>	<u>(56,066,702)</u>
Total accumulated depreciation	<u>(400,844,586)</u>	<u>(28,641,982)</u>	<u>(2,504,818)</u>	<u>(426,981,750)</u>
Lease assets:				
Equipment	<u>1,529,930</u>	<u>328,797</u>	<u>139,414</u>	<u>1,719,313</u>
Totals, at cost	<u>1,529,930</u>	<u>328,797</u>	<u>139,414</u>	<u>1,719,313</u>
Accumulated lease amortization:				
Equipment	<u>(412,751)</u>	<u>(413,162)</u>	<u>(129,660)</u>	<u>(696,253)</u>
Total accumulated lease amortization	<u>(412,751)</u>	<u>(413,162)</u>	<u>(129,660)</u>	<u>(696,253)</u>
Total lease assets, net	<u>1,117,179</u>	<u>(84,365)</u>	<u>9,754</u>	<u>1,023,060</u>
Subscription assets:				
Subscriptions	<u>5,453,237</u>	<u>2,772,354</u>	<u>6,847,082</u>	<u>1,378,509</u>
Totals, at cost	<u>5,453,237</u>	<u>2,772,354</u>	<u>6,847,082</u>	<u>1,378,509</u>
Accumulated subscriptions amortization:				
Subscriptions	<u>(4,591,053)</u>	<u>(2,678,253)</u>	<u>(6,847,082)</u>	<u>(422,224)</u>
Total accumulated subscriptions amortization	<u>(4,591,053)</u>	<u>(2,678,253)</u>	<u>(6,847,082)</u>	<u>(422,224)</u>
Total subscriptions assets, net	<u>862,184</u>	<u>94,101</u>	<u>-</u>	<u>956,285</u>
Governmental activities				
Capital assets, net	<u>\$ 982,063,309</u>	<u>\$ 84,320,050</u>	<u>\$ 13,556,686</u>	<u>\$ 1,052,826,673</u>

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to governmental activities for the year ended June 30, 2025 as follows:

Instruction	\$ 15,866,699
Instructional related services	7,933,349
All other pupil services	<u>7,933,349</u>
Total depreciation and amortization expense	<u><u>\$ 31,733,397</u></u>

NOTE 6 – LONG-TERM LIABILITIES

General Obligation Bonds: The following is a summary of Bond activity for the year ended June 30, 2025:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Fiscal Year Maturity</u>	<u>Balance July 1, 2024</u>	<u>Current Year Issuance</u>	<u>Current Year Matured</u>	<u>Balance June 30, 2025</u>
2000 - C	2.50 - 5.32%	2030	\$ 6,656,814	\$ -	\$ 3,048,475	\$ 3,608,339
2011	3.22%	2026	4,035,000	-	1,985,000	2,050,000
2014	3.0 - 5.0%	2030	66,260,000	-	66,260,000	-
2016	4.0 - 5.0%	2048	166,270,000	-	280,000	165,990,000
2016 - B	2.0 - 4.0%	2041	83,620,000	-	4,125,000	79,495,000
2018 - C	3.5 - 5.0%	2048	27,760,000	-	-	27,760,000
2022D	4.16-5.49%	2048	51,509,157	-	625,000	50,884,157
2022A	4.25-5.00%	2053	190,655,000	-	5,590,000	185,065,000
2024	5.00%	2030	-	59,275,000	-	59,275,000
2025A-1	4.60%	2026	-	840,000	-	840,000
2025A-2	4.00 - 5.00%	2055	-	43,160,000	-	43,160,000
2025A-3	5.00%	2031	-	6,000,000	-	6,000,000
			<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total			<u>\$ 596,765,971</u>	<u>\$ 109,275,000</u>	<u>\$ 81,913,475</u>	<u>\$ 624,127,496</u>

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 20,572,177	\$ 30,817,364	\$ 51,389,541
2027	36,186,162	24,252,631	60,438,793
2028	22,640,000	28,813,029	51,453,029
2029	25,150,000	21,727,606	46,877,606
2030	26,835,000	21,775,519	48,610,519
2031-2035	69,419,852	94,355,131	163,774,983
2036-2040	103,597,192	84,262,159	187,859,351
2041-2045	130,213,128	87,506,431	217,719,559
2046-2050	127,218,985	57,007,866	184,226,851
2051-2055	62,295,000	5,420,225	67,715,225
	<u>\$ 624,127,496</u>	<u>\$ 455,937,961</u>	<u>\$ 1,080,065,457</u>

In November 2000, the District voters approved Proposition BB, which authorized \$187 million in general obligation bonds. On November 4, 2004, the District issued \$96,999,415 aggregate original principal amount of General Obligation Bonds, Election of 2000, Series C (Proposition BB). The bonds were issued to finance modernization projects at 19 schools, including planning, design, and construction costs for the facilities to be completed at all schools. The bonds originally matured through August 1, 2029, with interest rates from 2.50 to 5.32 percent.

On December 14, 2011, the District issued \$23,835,000 Series 2011 Refunding Bonds (Proposition BB) pursuant to a Placement Agreement between the District and Capital One Public Funding, LLC. The bonds mature through August 1, 2025, with a stated interest rate of 3.22 percent.

On July 30, 2014, the District issued \$82,270,000 in 2014 General Obligation Refunding Bonds (Proposition BB). The bonds mature through August 1, 2029, with interest rates from 3.00 to 5.00 percent.

In November 2006, the District voters approved Proposition O, which authorized \$644 million in general obligation bonds. On March 24, 2016, the District issued \$168,710,000 in 2016 General Obligation Refunding Bonds (Proposition O). The bonds mature through August 1, 2047, with interest rates from 4.00 to 5.00 percent.

On March 24, 2016, the District issued \$97,000,000 in General Obligation Bonds, Election of 2006, Series 2016B (Proposition O). The bonds mature through August 1, 2040, with interest rates from 2.00 to 4.00 percent.

On April 4, 2018, the District issued \$28,000,000 in General Obligation Bonds, Election of 2006, Series 2018C (Proposition O). The bonds were issued to provide funds for authorized capital projects, fund capitalized interest on the bonds, and to pay certain costs of issuing the bonds. The bonds mature through August 1, 2047, with interest rates from 3.50 to 5.00 percent.

On October 12, 2022, the District issued \$52,339,157 in General Obligation Bonds, Election of 2006, Series 2022D (Proposition O). The bonds mature through August 1, 2047, with interest rates from 4.16 to 5.49 percent.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (Continued)

In November 2018, the District voters approved Measure DD, which authorized \$403 million in general obligation bonds. On October 12, 2022, the District issued \$200,000,000 in General Obligation Bonds, Election of 2018, Series 2022A (Measure DD). The bonds mature through August 1, 2052, with interest rates from 4.25 to 5.00 percent.

In November 2000, the District voters approved Proposition BB, which authorized \$187 million in general obligation bonds. On September 4, 2024, the District issued \$59,275,000 in 2024 General Obligation Refunding Bonds (Proposition BB) to refund certain portions of 2014 GO Refunding bonds in the amount of \$63,420,000. On June 30, 2025, \$63,420,000 of 2014 GO Refunding bonds outstanding are considered defeased. The 2024 GO refunding bonds mature through August 1, 2029, with an interest rate of 5.00 percent.

Although the advance refunding resulted in the recognition of an accounting loss of \$946,471 for the year ended June 30, 2025, the District in effect reduced its aggregate debt service payments by \$5,095,177 over the next 5 years and obtained an economic gain of \$4,752,542.

Calculation of difference in cash flow requirements and economic gain are as follows:

Calculation of Cash Flow Savings:

Old debt service cash flows	\$ 74,517,250
Less: New debt service cash flows	<u>69,422,073</u>
Total cash flow difference	<u><u>\$ 5,095,177</u></u>

Calculation of Economic Gain:

PV of old debt service cash flows	\$ 68,940,666
PV of new debt service cash flows	<u>64,188,124</u>
Economic Gain	<u><u>\$ 4,752,542</u></u>

In November 2024, the District voters approved Measure RR, which authorized \$647 million in general obligation bonds. On March 5, 2025, the District issued \$50,000,000 in General Obligation Bonds, Election of 2024, Series 2025A (Measure RR). The bonds mature through February 1, 2055, with interest rates from 4.60 to 5.00 percent.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Special Tax Revenue Bonds: On October 30, 2013, the Authority issued \$72,140,000 in 2013 Special Tax Refunding Revenue Bonds, pursuant to an agreement between the District and the Authority. The bonds, together with other available funds, were issued to refund certain outstanding certificates of participation. The bonds are payable from the revenue pledged, consisting primarily of installment payments made by the District for the acquisition and construction of certain school facilities. The District's obligation to make installment payments is payable solely from Special Taxes levied in and collected from various Community Facilities Districts. The bonds are due to mature through September 1, 2027, with interest rates ranging from 3.00 to 5.00 percent.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 5,505,000	\$ 399,500	\$ 5,904,500
2027	4,375,000	174,375	4,549,375
2028	1,930,000	43,437	1,973,437
	<u>\$ 11,810,000</u>	<u>\$ 617,312</u>	<u>\$ 12,427,312</u>

Certificates of Participation (COPs): On February 23, 2017, the District issued \$35,515,000 in 2017 Refunding Certificates of Participation under the terms of a lease agreement with the Corporation. The Certificates were issued to prepay the District's rental and/or installment obligations with respect to the Special Tax Revenue Bonds, Series 2005 and the Certificates of Participation, Series 2005 Refinancing. The Certificates are payable from lease payments made by the District to the Corporation as rental for certain school facilities pursuant to a lease agreement. The District is required under the lease agreement to make payments from certain Special Taxes levied in and collected from various Community Facilities Districts. The certificates are due to mature through September 1, 2029 with interest rates ranging from 2.00 to 5.00 percent.

Issue Date	Interest Rate	Original Fiscal Year Maturity	Balance July 1, 2024	Current Year Retirement	Balance June 30, 2025
2/23/2017	2.00 - 5.00%	2030	\$ 15,825,000	\$ 2,330,000	\$ 13,495,000

The certificates mature through 2030 as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,440,000	\$ 554,350	\$ 2,994,350
2027	2,565,000	429,225	2,994,225
2028	2,690,000	297,850	2,987,850
2029	2,830,000	159,850	2,989,850
2030	2,970,000	44,550	3,014,550
	<u>\$ 13,495,000</u>	<u>\$ 1,485,825</u>	<u>\$ 14,980,825</u>

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Lease Liabilities: The District holds various lease agreements for equipment including copiers and technology. The leases interest and yield vary, ranging from 0.624% to 1.896% and are scheduled to mature through 2030.

The annual requirements to amortize the leases outstanding as of June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 393,682	\$ 24,171	\$ 417,853
2027	400,356	13,575	413,931
2028	152,674	4,951	157,625
2029	76,869	2,293	79,162
2030	34,578	301	34,879
	<u>\$ 1,058,159</u>	<u>\$ 45,291</u>	<u>\$ 1,103,450</u>

Subscription Liabilities: The District has entered into subscription-based contracts to use vendor-provided information technology with noncancelable terms ranging from two to four years. These contracts require the District to make fixed payments for the right to use software.

Future subscription payments at June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 444,048	\$ 24,232	\$ 468,280
2027	281,042	11,007	292,049
2028	151,041	3,506	154,547
	<u>\$ 876,131</u>	<u>\$ 38,745</u>	<u>\$ 914,876</u>

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Restatement Due To GASB 101 Implementation	Balance July 1, 2024, as restated	Additions	Deductions	Balance June 30, 2025	Amounts Due Within One Year
General Obligation Bonds:							
General Obligation Bonds	\$ 596,765,971	\$ -	\$ 596,765,971	\$ 109,275,000	\$ 81,913,475	\$ 624,127,496	\$ 20,572,177
Accreted interest	14,475,649	-	14,475,649	3,060,871	5,546,525	11,989,995	5,967,823
Unamortized premium - GO Bonds	20,847,177	-	20,847,177	6,694,570	5,327,712	22,214,035	1,882,084
Direct Placement:							
Special tax revenue bonds	18,440,000	-	18,440,000	-	6,630,000	11,810,000	5,505,000
Unamortized premium - revenue bonds	1,949,543	-	1,949,543	-	487,386	1,462,157	487,386
Qualified Zone Academy Bonds	390,000	-	390,000	-	390,000	-	-
Certificates of Participation	15,825,000	-	15,825,000	-	2,330,000	13,495,000	2,440,000
Unamortized premium - COPs	1,870,827	-	1,870,827	-	311,806	1,559,021	311,804
Other Long-term Liabilities							
Lease Liabilities	1,148,910	-	1,148,910	328,797	419,548	1,058,159	393,682
Subscription Liabilities	138,734	-	138,734	1,308,707	571,310	876,131	444,048
Net pension liability (Notes 9 & 10)	434,429,000	-	434,429,000	-	38,946,000	395,483,000	-
Total OPEB liability (Note 7)	153,228,362	-	153,228,362	747,157	126,077	153,849,442	-
Compensated absences	10,073,907	33,321,996	43,395,903	-	4,900,014	38,495,889	13,752,637
Total	<u>\$ 1,269,583,080</u>	<u>\$ 33,321,996</u>	<u>\$ 1,302,905,076</u>	<u>\$ 121,415,102</u>	<u>\$ 147,899,853</u>	<u>\$ 1,276,420,325</u>	<u>\$ 51,756,641</u>

Payments made on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the certificates of participation and special tax revenue bonds are made from the Capital Projects for Blended Component Units Fund. Payments for the qualified zone academy bonds, leases and subscriptions are made from the General Fund. The pension liability will be paid by the fund for which the employees worked. The total other postemployment benefits (OPEB) liability is generally paid by the General Fund.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

General Information Other Postemployment Benefits Plan (OPEB) - District Plan

Plan Description: The Sweetwater Union High School District Early Retiree Health Benefit Plan (the "Plan") is a single employer defined benefit health and welfare plan administered by the District. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. There is no separate trust established.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2025:

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	218
Active employees	<u>3,673</u>
	<u><u>3,891</u></u>

Benefits Provided: The District will contribute health and welfare benefits to eligible retirees, their spouses and dependents until the employee becomes eligible for other health and welfare benefits.

Certificated, Classified & Other Non-Management Employees With Less Than 25 Years of Service: The District provides retiree medical benefits (including prescription drug benefits) to eligible retirees and their dependents. The District's financial obligation is to pay for retiree medical coverage to age 65 (Medicare eligibility). The District pays up to 100% of the cost for retiree's elected medical coverage up to an annual maximum. The annual maximum is based on the active employee annual medical maximum for medical benefits only and varies by family coverage tier. The current total district contribution is \$17,130. The retiree pays for any amounts above the District's contribution. The District does not provide any retiree health benefits beyond age 65 or Medicare eligibility, if earlier. No dental and vision coverage is available except through COBRA. Eligibility for retiree health coverage requires retirement from the District under STRS/PERS on or after age 55 with at least 15 years of total District service. Disability coverage may be available for up to 10 years. Dependent coverage (except COBRA continuation) ceases a year after the death of the retiree or when the retiree would have reached age 65, if earlier. Effective January 1, 2006 spouses over 65 are not covered under the retiree's health plan.

Management Employees & All Other Employees With at Least 25 Years of Service: The District provides retiree medical benefits (including prescription drug benefits), dental benefits, vision benefits and life benefits to eligible retirees and their dependents. The District's financial obligation is to pay for the retiree and dependent coverage to age 65 (Medicare eligibility). The District pays up to 100% of the cost for retiree's elected coverages up to an annual maximum. The annual maximum is based on the active employee annual maximum. The current total maximum is \$17,130 for all family coverage tiers. The retiree pays for any amounts above the District's contribution. The District does not provide any retiree health benefits beyond age 65 or Medicare eligibility, if earlier. Eligibility for retiree health coverage requires retirement from the District under STRS/PERS on or after age 55 with at least 15 years of service with any California Public Schools. Supervisors must have at least 15 years of District service and 25 years of total service. Disability coverage may be available for up to 10 years. The retiree pays for any amounts above the District's contribution. Dependent coverage (except COBRA continuation) ceases a year after the death of the retiree or when the retiree reaches age 65, if earlier. Effective January 1, 2006 spouses over 65 are not covered under the retiree's health plan.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Board Members: The District provides continuation of medical benefits (including prescription drug benefits), dental benefits, vision benefits and life benefits to eligible retired Board Members and their dependents. Board members are subject to two-year terms. Eligibility requires at least 12 years of consecutive service on the Board at retirement. The eligible Board Member is required to pay the full cost of continuing coverage at retirement.

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were \$4,726,742 the year ended June 30, 2025. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate liability was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions: The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Valuation Date</u>	July 1, 2024
<u>Mortality Rate:</u>	General – SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021. Teacher – SOA Pub-2010 Teachers Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021. Surviving Spouses – SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021.
<u>Discount Rate</u>	5.20% Average of S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index.
<u>Retirement Rate</u>	Retirement rates match rates developed in the most recent experience studies for California STRS and California PERS (2021).
<u>Inflation Rate</u>	2.75% per year
<u>Salary Increases</u>	2.80% per year

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

<u>Health Care Inflation</u>	4.50 – 8.00%
<u>Termination Rate</u>	Termination rates match rates developed in the most recent experience studies for California STRS and California PERS (2021).
<u>Disability Rate</u>	Disability rates match rates developed in the most recent experience studies for California STRS and California PERS (2021).

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2024	\$ 152,169,367
Changes for the year:	
Service cost	7,775,961
Interest	6,635,226
Benefit payments	(4,726,742)
Differences between expected and actual experience	(760,783)
Change in assumptions	<u>(8,176,505)</u>
Net change	<u>747,157</u>
Balance at June 30, 2025	<u>\$ 152,916,524</u>

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2024. The changes in assumptions includes a change in the discount rate from 4.21% at the June 30, 2024 measurement date to 5.20% at the June 30, 2025 measurement date as well as updates to the mortality rates, retirement rates, termination rates, disability rates and health care trend rates based upon the updated CalSTRS and CalPERS studies.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate: The following presents the Total OPEB Liability of the District would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease <u>(4.20%)</u>	Current Discount Rate (5.20%)	1% Increase <u>(6.20%)</u>
Total OPEB liability	<u>\$ 163,658,416</u>	<u>\$ 152,916,524</u>	<u>\$ 142,604,942</u>

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the District would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.5 - 7.0%)	Healthcare Cost Trend Rates Rate (4.5 - 8.0%)	1% Increase (5.5 - 9.0%)
Total OPEB liability	\$ 136,358,236	\$ 152,916,524	\$ 172,180,149

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2025, the District recognized OPEB expense of \$8,642,441. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 16,349,359
Changes of assumptions	13,196,491	37,587,293
Total	\$ 13,196,491	\$ 53,936,652

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2026	\$ (5,768,752)
2027	(5,936,987)
2028	(5,936,987)
2029	(5,936,988)
2030	(6,504,598)
Thereafter	(10,655,849)

Medicare Premium Payment (MPP) Program Plan Description: The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided: The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California Education Code Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

OPEB Liabilities and OPEB Expense: At June 30, 2025, the District reported a liability of \$932,918 for its proportionate share of the total OPEB liability for the MPP Program. The total OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the total OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2025 and June 30, 2024, respectively, was 0.350 percent and 0.349 percent, resulting in a net decrease in the proportionate share of 0.001 percent.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – FUND BALANCES

Fund balances, by category, at June 30, 2025 consisted of the following:

	General Fund	Building Fund	Capital Project for Blended Component Units Funds	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 202,706	\$ -	\$ -	\$ 10,833	\$ 213,539
Stores inventory	620,917	-	-	223,771	844,688
Prepaid expenditures	1,315,375	3,284	3,284	-	1,321,943
All others	464,542	-	-	-	464,542
Subtotal Nonspendable	2,603,540	3,284	3,284	234,604	2,844,712
Restricted:					
Grants:					
Legally restricted programs	93,703,850	-	-	-	93,703,850
Student body activities	-	-	-	3,463,174	3,463,174
Adult education operations	-	-	-	14,925,953	14,925,953
Cafeteria operations	-	-	-	25,639,920	25,639,920
Capital projects	-	241,119,688	227,437,978	55,325,083	523,882,749
Debt service	-	-	-	49,165,889	49,165,889
Subtotal Restricted	93,703,850	241,119,688	227,437,978	148,520,019	710,781,535
Committed:					
Reserve for Declining Enrollment	212,165,040	-	-	-	212,165,040
Local Control and Accountability Plan (LCAP) 2023-24	3,100,000	-	-	-	3,100,000
Local Control and Accountability Plan (LCAP) 2024-25	50,404,257	-	-	-	50,404,257
Deferred Maintenance Programs	-	-	-	1,305,248	1,305,248
Subtotal Committed	265,669,297	-	-	1,305,248	266,974,545
Assigned:					
Reserve for contingencies	17,710,000	-	-	-	17,710,000
Unassigned:					
Reserve for economic uncertainty	11,810,000	-	-	-	11,810,000
Total fund balances	\$ 391,496,687	\$ 241,122,972	\$ 227,441,262	\$ 150,059,871	\$1,010,120,792

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Employees of the District performing creditable services are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan with CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at CalSTRS' website.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 - CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to a factor of 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is the member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

CalSTRS 2% at 62 - CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members' final compensation is based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Contributions: Required member, employer and State contribution rates are set by the California Legislature and the Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by 2046.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250% of applicable member earnings for fiscal year 2023-24.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205% as per the CalSTRS Funding Plan for a total member contribution rate of 10.205%. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% annually. Based on the June 30, 2023, actuarial valuation adopted by the CalSTRS Board in May 2024, the increase in normal cost was less than 1%. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2024.

Employers – Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the CalSTRS Board to adjust the employer supplemental contribution rate up or down by a maximum of 1% annually for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2024, the CalSTRS Board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year June 30, 2025 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rates effective for fiscal year 2024-25 through fiscal year 2046-47 are summarized in the table below:

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	Total
July 1, 2024	8.250%	10.850%	19.100%
July 1, 2025 to June 30, 2046	8.250% (1)	(1)	
July 1, 2046	8.250%	AB1469 rate increase ends for 2046-47 and beyond	

(1) The CalSTRS Funding Plan authorizes the Board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed \$46,527,786 to the STRP during the fiscal year ended June 30, 2025.

State – The State is required to contribute 10.828% of the members' creditable compensation from the two fiscal years prior.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS RETIREMENT PLAN (Continued)

The State is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the State also has a supplemental contribution rate, which the Board can increase by no more than 0.5% each fiscal year to help eliminate the State's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2024, the CalSTRS Board voted to keep the State supplemental contribution rate at 6.311% for fiscal year 2024–25.

The total State contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account (SBMA), which provides inflation protection to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The SBMA is funded through a continuous appropriation from the State's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by \$72.0 million, pursuant to Education Code section 22954.

The CalSTRS State contribution rates effective for fiscal year 2024-25 and beyond are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2024	2.017%	6.311%	2.50%	10.828%
July 01, 2025 to June 30, 2046	2.017%	(1)	2.50%	(1)
July 01, 2046	2.017%	(2)	2.50%	(2)

(1) The CalSTRS Board has limited authority to adjust the State contribution rate annually through June 2046 to eliminate the remaining unfunded actuarial obligation. The CalSTRS Board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.

(2) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 234,757,000
State's proportionate share of the net pension liability associated with the District	<u>107,708,000</u>
Total	<u>\$ 342,465,000</u>

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the District's share of contributions to the STRP relative to the contributions of all participating contributing employers and the State. At June 30, 2025, the District's proportion was 0.350%, which was an increase of 0.001% from its proportion at June 30, 2024.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS RETIREMENT PLAN (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$30,854,427 and revenue of \$14,694,363 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,554,000	\$ 10,266,000
Changes of assumptions	1,028,000	16,033,000
Net differences between projected and actual earnings on investments	-	947,000
Changes in proportion and differences between District contributions and proportionate share of contributions	24,976,000	32,274,000
Contributions made subsequent to measurement date	46,527,786	-
Total	<u>\$ 99,085,786</u>	<u>\$ 59,520,000</u>

\$46,527,786 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2026	\$ (26,467,500)
2027	\$ 12,720,500
2028	\$ (3,000,000)
2029	\$ 3,966,333
2030	\$ 6,869,333
2031	\$ (1,050,666)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2024 measurement date. Deferred outflows and deferred inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to the actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry age actuarial cost method
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB

Discount Rate: The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per the CalSTRS Funding Plan. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expense occur midyear.

Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was calculated using a building-block approach. This method involves developing best-estimate ranges of 20- to 30-year geometrically linked expected future real rates of return for each major asset class. These expected returns are net of pension plan investment expenses and inflation. The best estimate ranges were created using capital market assumptions provided by CalSTRS investment staff and investment consultants.

The actuarial investment rate of return assumption was adopted by the CalSTRS Board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS independent consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	38.0%	5.25%
Real Estate	15.0	4.05
Private Equity	14.0	6.75
Fixed Income	14.0	2.45
Risk Mitigating Strategies	10.0	2.25
Inflation Sensitive	7.0	3.65
Cash / Liquidity	2.0	0.05

* 20- to 30-year geometric average

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Mortality: CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale issued by the Society of Actuaries.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	\$ 417,556,000	\$ 234,757,000	\$ 82,112,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS annual comprehensive financial report available at the CalSTRS website.

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools' cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at CalPERS' website.

Benefits Provided: The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service. All non-state Second Tier members are eligible to receive cost-of-living adjustments (COLA) up to a maximum of 2% compounded annually (up to 5% maximum as a contract option for retired members of local agencies). State Second Tier members are eligible for a COLA of 3 percent fixed compounded annually.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plan are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by State statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

The Public Employees’ Pension Reform Act of 2013 (PEPRA) became effective in January 2013, and changed how benefits are applied as well as placed compensation limits on certain members as listed below. Members which do not fall into the definitions below, are generally be considered “classic” members in PERF B:

- Members joining on or after January 1, 2013, with no prior membership in another California public retirement system.
- Members joining before January 1, 2013, who are hired by a different CalPERS employer after January 1, 2013, and have a break in service greater than six months.
- Members joining on or after January 1, 2013, who are ineligible for reciprocity with another California public retirement system.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2025 were as follows:

Members - The classic member contribution rate was 7.0% of applicable member earnings for fiscal year 2024-25. The PEPRA member contribution rate was 8.0% of applicable member earnings for fiscal year 2024-25.

Employers - The employer contribution rate was 27.05% of applicable member earnings for fiscal year 2024-25.

The District contributed \$25,691,156 to the plan for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported a liability of \$160,726,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District’s proportion of the net pension liability was based on the District’s share of contributions to the PERF B plan relative to the contributions of all participating school districts. At June 30, 2025 the District’s proportion was 0.450%, which was a decrease of 0.017% from its proportion at June 30, 2024.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$21,650,847. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 13,475,000	\$ 1,150,000
Changes of assumptions	3,553,000	-
Net differences between projected and actual earnings on investments	6,243,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	7,338,000
Contributions made subsequent to measurement date	<u>25,691,156</u>	<u>-</u>
Total	<u>\$ 48,962,156</u>	<u>\$ 8,488,000</u>

\$25,691,156 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2026	\$ 4,007,166
2027	\$ 12,261,167
2028	\$ 490,167
2029	\$ (1,975,500)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the expected average remaining service life of plan members, which was 3.9 years in the June 30, 2024 measurement. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to the actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Expected Real Rates of Return Years 1-10 ^(1, 2)</u>
Global Equity – cap-weighted	30.00%	4.54%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	.27%
Mortgage-backed Securities	5.00%	.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

- (1) An expected inflation rate of 2.30% used for this period
(2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

The long-term expected rate of return on pension plan investments was determined using a building- block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS considered long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District’s proportionate share of the net pension liability	\$ 238,760,000	\$ 160,726,000	\$ 96,264,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 11 – JOINT POWERS AGREEMENTS

The District is a member of the San Diego County Schools Risk Management Joint Powers Authority public entity risk pool. The District pays an annual premium to the entity for its workers' compensation, health and welfare, and property and liability coverage. The relationship between the District and the pool is such that it is not a component unit of the District for financial reporting purposes.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 – JOINT POWERS AGREEMENTS (Continued)

This entity has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entity and the District are included in these statements. Audited financial statements are generally available from the respective entities. Information provided below as of June 30, 2024 (most recently available information), is as follows:

Total assets	\$ 151,338,051
Deferred outflows	\$ 1,167,457
Total liabilities	\$ 82,689,442
Deferred inflows	\$ 374,013
Total net position	\$ 69,442,053
Total revenues	\$ 78,995,426
Total expenses	\$ 74,608,974
Change in net position	\$ 4,386,452

NOTE 12 – CONTINGENT LIABILITIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

Also, the District has received state and federal funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

As of June 30, 2025 the District has \$84.3 million in outstanding commitments on construction contracts.

REQUIRED SUPPLEMENTARY INFORMATION

SWEETWATER UNION HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 353,328,548	\$ 343,702,239	\$ 339,734,453	\$ (3,967,786)
Local sources	127,444,266	133,799,082	133,831,901	32,819
Total LCFF	480,772,814	477,501,321	473,566,354	(3,934,967)
Federal sources	22,468,097	53,468,996	39,188,621	(14,280,375)
Other state sources	44,525,029	54,234,413	51,233,267	(3,001,146)
Other local sources	33,435,922	42,708,383	52,521,995	9,813,612
Total revenues	581,201,862	627,913,113	616,510,237	(11,402,876)
Expenditures:				
Current:				
Certificated salaries	266,623,292	260,391,527	246,444,132	13,947,395
Classified salaries	92,506,928	95,297,853	90,555,341	4,742,512
Employee benefits	166,982,707	162,912,910	150,665,773	12,247,137
Books and supplies	83,478,866	91,326,716	25,976,395	65,350,321
Contract services and operating expenditures	75,886,963	84,006,725	63,550,936	20,455,789
Other outgo	3,510,746	5,050,540	5,990,925	(940,385)
Capital outlay	15,756,176	9,276,598	8,122,899	1,153,699
Debt service:				
Principal	771,549	792,682	1,380,858	(588,176)
Interest	33,207	39,378	22,306	17,072
Total expenditures	705,550,434	709,094,929	592,709,565	116,385,364
(Deficiency) excess of revenues (under) over expenditures	(124,348,572)	(81,181,816)	23,800,672	104,982,488
Other financing sources (uses):				
Transfers in	124,944	1,071,505	949,325	(122,180)
Transfers out	(89,250)	(110,009)	(46,295)	63,714
Issuance of leases and SBITAs	-	-	1,637,504	1,637,504
Total other financing sources (uses)	35,694	961,496	2,540,534	1,579,038
Net change in fund balance	(124,312,878)	(80,220,320)	26,341,206	106,561,526
Fund balance, July 1, 2024	365,155,481	365,155,481	365,155,481	-
Fund balance, June 30, 2025	\$ 240,842,603	\$ 284,935,161	\$ 391,496,687	\$ 106,561,526

See accompanying note to required supplementary information.

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
For the Year Ended June 30, 2025

	Last 10 Fiscal Years							
<u>District Plan</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total OPEB liability								
Service cost	\$ 8,248,940	\$ 8,373,741	\$ 8,664,761	\$ 9,270,874	\$ 10,201,241	\$ 6,634,962	\$ 6,681,913	\$ 7,775,961
Interest	4,813,224	5,237,728	5,314,183	4,849,425	4,261,303	6,029,166	6,305,458	6,635,226
Change in assumptions	(1,243,334)	2,451,108	13,488,823	6,792,464	(49,606,172)	(466,549)	5,122,927	(8,176,505)
Changes in benefit terms	-	8,293,042	-	-	-	-	-	-
Differences between expected and actual experience	-	-	(7,812,634)	(3,287,736)	(3,054,656)	(2,242,949)	(9,366,096)	(760,783)
Benefit payments	(3,738,177)	(3,981,158)	(7,202,404)	(6,150,541)	(6,412,954)	(4,402,636)	(5,083,485)	(4,726,742)
Net change in total OPEB liability	8,080,653	20,374,461	12,452,729	11,474,486	(44,611,238)	5,551,994	3,660,717	747,157
Total OPEB liability, beginning of year	<u>135,185,565</u>	<u>143,266,218</u>	<u>163,640,679</u>	<u>176,093,408</u>	<u>187,567,894</u>	<u>142,956,656</u>	<u>148,508,650</u>	<u>152,169,367</u>
Total OPEB liability, end of year	<u>\$ 143,266,218</u>	<u>\$ 163,640,679</u>	<u>\$ 176,093,408</u>	<u>\$ 187,567,894</u>	<u>\$ 142,956,656</u>	<u>\$ 148,508,650</u>	<u>\$ 152,169,367</u>	<u>\$ 152,916,524</u>
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

See accompanying note to required supplementary information.

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE MPP PROGRAM NET OPEB LIABILITY
For the Year Ended June 30, 2025

	Last 10 Fiscal Years							
<u>MPP Plan</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net OPEB liability	0.7082%	0.6653%	0.6069%	0.5348%	0.5371%	0.5200%	0.3490%	0.3500%
District's proportionate share of the net OPEB liability	\$ 2,979,411	\$ 2,546,469	\$ 2,260,138	\$ 2,266,217	\$ 2,142,445	\$ 1,713,042	\$ 1,058,995	\$ 932,918
District's covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%	0.40%	-0.80%	-0.71%	-0.80%	0.94%	-0.96%	-1.02%

As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

See accompanying note to required supplementary information.

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2025

	State Teachers' Retirement Plan Last 10 Fiscal Years									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension	0.415%	0.405%	0.391%	0.423%	0.393%	0.353%	0.302%	0.307%	0.349%	0.350%
District's proportionate share of the net pension liability	\$ 279,234,412	\$ 327,893,539	\$ 361,756,779	\$ 388,817,000	\$ 354,655,000	\$ 341,951,000	\$ 137,497,000	\$ 213,297,000	\$ 265,474,000	\$ 234,757,000
State's proportionate share of the net pension liability associated with the	<u>147,684,222</u>	<u>186,663,943</u>	<u>214,012,254</u>	<u>222,617,000</u>	<u>193,489,000</u>	<u>186,874,000</u>	<u>81,808,000</u>	<u>120,561,000</u>	<u>127,198,000</u>	<u>107,708,000</u>
Total net pension liability	<u>\$ 426,918,634</u>	<u>\$ 514,557,482</u>	<u>\$ 575,769,033</u>	<u>\$ 611,434,000</u>	<u>\$ 548,144,000</u>	<u>\$ 528,825,000</u>	<u>\$ 219,305,000</u>	<u>\$ 333,858,000</u>	<u>\$ 392,672,000</u>	<u>\$ 342,465,000</u>
District's covered payroll	\$ 190,006,892	\$ 198,562,171	\$ 208,093,887	\$ 225,198,000	\$ 219,700,000	\$ 207,702,000	\$ 198,611,000	\$ 207,516,000	\$ 224,742,000	\$ 233,749,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	146.96%	165.13%	173.84%	172.66%	161.43%	164.64%	69.23%	102.79%	118.12%	100.43%
Plan fiduciary net position as a percentage of the total pension liability	74.00%	70.00%	69.00%	71.00%	72.56%	71.82%	87.21%	81.20%	80.62%	83.55%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2025

	Public Employer's Retirement Fund B Last 10 Fiscal Years									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension	0.600%	0.600%	0.599%	0.610%	0.556%	0.511%	0.498%	0.485%	0.467%	0.450%
District's proportionate share of the net pension liability	\$ 88,370,365	\$ 118,397,673	\$ 143,033,688	\$ 162,597,000	\$ 162,106,000	\$ 156,903,000	\$ 101,297,000	\$ 166,942,000	\$ 168,955,000	\$ 160,726,000
District's covered payroll	\$ 65,725,707	\$ 68,973,791	\$ 74,308,504	\$ 80,435,000	\$ 78,261,000	\$ 74,096,000	\$ 72,192,000	\$ 74,766,000	\$ 83,476,000	\$ 88,631,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	134.45%	171.66%	192.49%	202.15%	207.14%	211.76%	140.32%	223.29%	202.40%	181.34%
Plan fiduciary net position as a percentage of the total pension liability	79.00%	74.00%	72.00%	71.00%	70.05%	70.00%	80.97%	69.76%	69.96%	72.29%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying note to required supplementary information.

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2025

	State Teachers' Retirement Plan Last 10 Fiscal Years									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 21,305,721	\$ 26,178,211	\$ 32,674,329	\$ 35,767,159	\$ 35,516,984	\$ 32,075,715	\$ 35,111,769	\$ 42,925,652	\$ 44,646,064	\$ 46,527,786
Contributions in relation to the contractually required contribution	<u>(21,305,721)</u>	<u>(26,178,211)</u>	<u>(32,674,329)</u>	<u>(35,767,159)</u>	<u>(35,516,984)</u>	<u>(32,075,715)</u>	<u>(35,111,769)</u>	<u>(42,925,652)</u>	<u>(44,646,064)</u>	<u>(46,527,786)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 198,562,171	\$ 208,093,887	\$ 225,198,000	\$ 219,700,000	\$ 207,702,000	\$ 198,611,000	\$ 207,516,000	\$ 224,742,000	\$ 233,749,000	\$ 243,601,000
Contributions as a percentage of covered payroll	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***	19.10%	19.10%	19.10%

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

*** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2025

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 8,171,325	\$ 10,319,965	\$ 12,568,578	\$ 14,135,439	\$ 14,612,457	\$ 14,943,649	\$ 17,128,812	\$ 21,177,847	\$ 23,646,734	\$ 25,691,156
Contributions in relation to the contractually required contribution	<u>(8,171,325)</u>	<u>(10,319,965)</u>	<u>(12,568,578)</u>	<u>(14,135,439)</u>	<u>(14,612,457)</u>	<u>(14,943,649)</u>	<u>(17,128,812)</u>	<u>(21,177,847)</u>	<u>(23,646,734)</u>	<u>(25,691,156)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 68,973,791	\$ 74,308,504	\$ 80,435,000	\$ 78,261,000	\$ 74,096,000	\$ 72,192,000	\$ 74,766,000	\$ 83,476,000	\$ 88,631,000	\$ 94,977,000
Contributions as a percentage of covered payroll	11.85%	13.89%	15.91%	18.06%	19.72%	20.70%	22.91%	25.37%	26.68%	27.05%

See accompanying note to required supplementary information.

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule: The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund is presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability and Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program: The Schedule of Changes in total OPEB liability is presented to illustrate the elements of the District's total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years.

Schedule of the District's Contributions: The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The District's Plan Total OPEB Liability determined by the actuarial valuation as of June 30, 2018 used a discount rate of 3.50%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2019 used a discount rate of 3.15%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2020 used a discount rate of 2.66%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2021 used a discount rate of 2.19%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2022 used a discount rate of 4.09%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2023 used a discount rate of 4.13%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2024 used a discount rate of 4.21%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2025 used a discount rate of 5.20%.

The following are the assumptions for the Public Employer's Retirement Fund B (PERF B) Plan:

Assumption	Measurement Period									
	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Inflation rate	2.30%	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	6.90%	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumption</u>	<u>Measurement Period</u>									
	As of June 30, <u>2024</u>	As of June 30, <u>2023</u>	As of June 30, <u>2022</u>	As of June 30, <u>2021</u>	As of June 30, <u>2020</u>	As of June 30, <u>2019</u>	As of June 30, <u>2018</u>	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

SWEETWATER UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2025

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	Total
ASSETS									
Cash and investments:									
Cash in County Treasury	\$ -	\$ 15,926,298	\$ 21,912,947	\$ 1,368,532	\$ 10,689,042	\$ 32,836,437	\$ 9,270,018	\$ 49,165,889	\$ 141,169,163
Cash on hand and in banks	3,110,441	-	194,752	-	-	-	-	-	3,305,193
Cash in revolving fund	-	-	10,833	-	-	-	-	-	10,833
Receivables	-	710,939	4,993,288	14,577	94,428	350,094	153,076	-	6,316,402
Leases receivable	-	-	-	-	-	-	193,035	-	193,035
Due from other funds	-	73,886	138,973	7,687	662,714	-	1,855,417	-	2,738,677
Stores inventory	-	-	223,771	-	-	-	-	-	223,771
Other current assets	433,019	-	-	-	-	-	-	-	433,019
Total assets	<u>\$ 3,543,460</u>	<u>\$ 16,711,123</u>	<u>\$ 27,474,564</u>	<u>\$ 1,390,796</u>	<u>\$ 11,446,184</u>	<u>\$ 33,186,531</u>	<u>\$ 11,471,546</u>	<u>\$ 49,165,889</u>	<u>\$ 154,390,093</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 80,286	\$ 1,274,469	\$ 395,023	\$ 85,548	\$ 26,435	\$ 8,415	\$ 336,263	\$ -	\$ 2,206,439
Due to grantor governments	-	-	579,058	-	-	-	-	-	579,058
Due to other funds	-	510,701	417,914	-	86,595	-	135,477	-	1,150,687
Unearned Revenue	-	-	208,045	-	-	-	-	-	208,045
Total liabilities	<u>80,286</u>	<u>1,785,170</u>	<u>1,600,040</u>	<u>85,548</u>	<u>113,030</u>	<u>8,415</u>	<u>471,740</u>	<u>-</u>	<u>4,144,229</u>
Deferred Inflows of Resources									
Deferred inflow s of resources - leases	-	-	-	-	-	-	185,993	-	185,993
Fund balances:									
Nonspendable	-	-	234,604	-	-	-	-	-	234,604
Restricted	3,463,174	14,925,953	25,639,920	-	11,333,154	33,178,116	10,813,813	49,165,889	148,520,019
Committed	-	-	-	1,305,248	-	-	-	-	1,305,248
Total fund balance	<u>3,463,174</u>	<u>14,925,953</u>	<u>25,874,524</u>	<u>1,305,248</u>	<u>11,333,154</u>	<u>33,178,116</u>	<u>10,813,813</u>	<u>49,165,889</u>	<u>150,059,871</u>
Total liabilities, deferred inflow s of resources and fund balances	<u>\$ 3,543,460</u>	<u>\$ 16,711,123</u>	<u>\$ 27,474,564</u>	<u>\$ 1,390,796</u>	<u>\$ 11,446,184</u>	<u>\$ 33,186,531</u>	<u>\$ 11,471,546</u>	<u>\$ 49,165,889</u>	<u>\$ 154,390,093</u>

SWEETWATER UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2025

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	Total
Revenues:									
Local Control Funding Formula (LCFF):									
Local Sources	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Federal sources	-	1,062,714	11,001,089	-	-	-	-	-	12,063,803
Other state sources	-	18,801,674	8,680,215	-	-	-	-	218,321	27,700,210
Other local sources	3,849,080	948,446	1,135,103	113,970	3,347,605	1,807,129	3,780,566	50,810,976	65,792,875
Total revenues	3,849,080	20,812,834	20,816,407	613,970	3,347,605	1,807,129	3,780,566	51,029,297	106,056,888
Expenditures:									
Current:									
Certificated salaries	-	7,123,634	-	-	-	-	-	-	7,123,634
Classified salaries	-	2,792,840	6,244,328	-	-	-	-	-	9,037,168
Employee benefits	-	4,703,166	2,529,035	-	-	-	-	-	7,232,201
Books and supplies	2,280,968	2,449,611	7,632,054	16,238	274,624	-	57,812	-	12,711,307
Contract services and operating expenditures	1,651,735	1,763,734	416,699	21,740	625,358	-	935,069	-	5,414,335
Other outgo	-	851,853	-	-	-	-	-	-	851,853
Capital outlay	-	531,888	163,972	1,762,370	43,887	251,143	3,787,932	-	6,541,192
Debt Service:									
Principal retirement	-	-	-	-	-	-	-	18,493,475	18,493,475
Interest	-	-	-	-	-	-	-	29,241,676	29,241,676
Total expenditures	3,932,703	20,216,726	16,986,088	1,800,348	943,869	251,143	4,780,813	47,735,151	96,646,841
(Deficiency) excess of revenues (under) over expenditures	(83,623)	596,108	3,830,319	(1,186,378)	2,403,736	1,555,986	(1,000,247)	3,294,146	9,410,047
Other financing sources (uses):									
Transfers in	-	-	-	46,391	-	-	-	-	46,391
Transfers out	-	(862,826)	-	-	(86,595)	-	-	-	(949,421)
Premiums on issuance of bond	-	-	-	-	-	-	-	1,781,445	1,781,445
Total other financing sources (uses)	-	(862,826)	-	46,391	(86,595)	-	-	1,781,445	878,415
Net change in fund balances	(83,623)	(266,718)	3,830,319	(1,139,987)	2,317,141	1,555,986	(1,000,247)	5,075,591	10,288,462
Fund balance, July 1, 2024	3,546,797	15,192,671	22,044,205	2,445,235	9,016,013	31,622,130	11,814,060	44,090,298	139,771,409
Fund balance, June 30, 2025	\$ 3,463,174	\$ 14,925,953	\$ 25,874,524	\$ 1,305,248	\$ 11,333,154	\$ 33,178,116	\$ 10,813,813	\$ 49,165,889	\$ 150,059,871

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2025

	<u>Second Period Report</u>	<u>Audited Second Period Report</u>	<u>Annual Report</u>	<u>Audited Annual Report</u>
Certificate #	C2A2321F	*	C7B2C063	*
Seventh through Eighth:				
Regular ADA	8,880	8,880	8,830	8,830
Extended Year Special Education	1	1	1	1
Special Education	6	6	7	7
Community Day School	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>
Total Seventh through Eighth	<u>8,895</u>	<u>8,895</u>	<u>8,846</u>	<u>8,846</u>
Ninth through Twelfth				
Regular ADA	22,359	22,357	22,158	22,156
Extended Year Special Education	9	9	10	10
Special Education	55	55	50	50
Community Day School	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>
Total Ninth through Twelfth	<u>22,440</u>	<u>22,438</u>	<u>22,235</u>	<u>22,233</u>
District Total	<u><u>31,335</u></u>	<u><u>31,333</u></u>	<u><u>31,081</u></u>	<u><u>31,079</u></u>

*The District is currently in process to revise the Second Period Report and Annual Report to reflect the reduction of ADA pursuant to Finding 2025-001.

See accompanying notes to supplementary information.

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2025

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2024-2025 Actual Minutes</u>	<u>Number of Days</u>	<u>Status</u>
Grade 7	54,000	61,260	180	In Compliance
Grade 8	54,000	61,260	180	In Compliance
Grade 9	64,800	65,810	180	In Compliance
Grade 10	64,800	65,800	180	In Compliance
Grade 11	64,800	65,800	180	In Compliance
Grade 12	64,800	65,800	180	In Compliance

See accompanying notes to supplementary information.

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

<u>Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through the California Department of Education</u>			
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education	14508	\$ 532,485
84.002	Adult Education: Adult Secondary Education	13978	306,928
84.002A	Adult Education: English Literacy & Civics Education	14109	175,218
	Subtotal Adult Education Programs		<u>1,014,631</u>
	Special Education Cluster:		
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	7,120
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611, Private School ISPs	10115	6,409,170
84.027A	Special Education: IDEA Mental Health Average Daily Attendance Allocation, Part B, Section 611	15197	315,820
	Subtotal Special Education Cluster		<u>6,732,110</u>
	Title I Programs:		
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	11,123,959
84.010	ESEA: ESSA School Improvement (CSI) Funding	15438	214,016
	Subtotal Title I Programs		<u>11,337,975</u>
	COVID-19: Education Stabilization Fund (ESF) Programs:		
84.425U	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	15621	413,492
84.425	COVID-19: 21st Century Community Learning Centers (CCLC): ESSER III Summer Learning Program	15650	176,409
84.425	COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	15559	9,022,544
84.425U	COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund III: Learning Loss	10155	4,849,880
84.425	COVID-19: After School Education and Safety (ASES) Rate Increase: ESSER III State Reserve Summer Learning Program	15652	179,392
84.425	COVID-19: American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	15564	10,247
84.425	COVID-19: American Rescue Plan-Homeless Children and Youth II (ARP HCY II)	15566	93,357
	Subtotal COVID-19: Education Stabilization Fund (ESF) Programs		<u>14,745,321</u>

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

<u>Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through the California</u>			
<u>Department of Education (Continued)</u>			
84.367	ESEA: Title II, Part A, Improving Teaching Quality Local Grants	14341	\$ 1,153,933
	ESEA: Title III Programs		
84.365	ESEA: Title III, Immigrant Education Program	15146	94,295
84.365	ESEA: Title III, Limited English Proficient (LEP)	14346	833,161
	Subtotal ESEA: Title III Programs		<u>927,456</u>
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers (CCLC) Program	14535	1,929,020
84.424	ESEA (ESSA): Title IV, Part A, Student Support and Academic Enrichment Grants	15396	835,304
	Career Tech Ed Adult Programs:		
84.048A	Carl D. Perkins Career and Technical Education: Adult, Section 132	14893	48,083
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	728,487
	Subtotal Career Tech Ed Adult Programs		<u>776,570</u>
84.126	Workability II, Transition Partnership	10006	192,190
84.196	ESEA (ESSA): Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act	14332	32,922
	Total U.S. Department of Education		<u>39,677,432</u>
<u>U.S. Department of Agriculture - Passed Through the California</u>			
<u>Department of Education</u>			
	Child Nutrition Cluster:		
10.555	Child Nutrition: National School Lunch Program	13396	10,350,670
	Subtotal Child Nutrition Cluster		<u>10,350,670</u>
10.558	Child Nutrition: CACFP Claims - Centers and Family Day Care	13393	222,350
	Total U.S. Department of Agriculture		<u>10,573,020</u>
	Total Federal Programs		<u>\$ 50,250,452</u>

See accompanying notes to supplementary information.

SWEETWATER UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

There are no adjustments to fund balance for any funds of the District.

See accompanying notes to supplementary information.

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2024
(UNAUDITED)

	(Adopted Budget) <u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 574,144,705	\$ 619,097,066	\$ 685,056,766	\$ 668,389,037
Expenditures	733,501,615	592,709,565	570,960,792	565,594,880
Other uses and transfers out	74,718	46,295	72,753	38,975
Total outgo	733,576,333	592,755,860	571,033,545	565,633,855
Change in fund balance	\$ (159,431,628)	\$ 26,341,206	\$ 114,023,221	\$ 102,755,182
Ending fund balance	\$ 232,065,059	\$ 391,496,687	\$ 365,155,481	\$ 251,132,260
Available reserves	\$ 14,680,000	\$ 11,810,000	\$ 11,385,000	\$ 11,258,850
Designated for economic uncertainties	\$ 14,680,000	\$ 11,810,000	\$ 11,385,000	\$ 11,258,850
Undesignated fund balance	\$ -	\$ -	\$ -	\$ -
Available reserves as percentages of total outgo	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>
<u>All Funds</u>				
Total long-term liabilities	\$ 1,224,663,684	\$ 1,276,420,325	\$ 1,269,584,080	\$ 1,245,316,759
Average daily attendance at P-2	<u>30,977</u>	<u>31,333</u>	<u>32,073</u>	<u>32,625</u>

The General Fund balance has increased by \$243,119,609 over the past three fiscal years. The District's budget projects a decrease of \$159,431,628 for the year ending June 30, 2026 primarily due to utilizing the carryover balance of the LCAP. For a district this size, the State of California recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses be maintained. The District has met this requirement.

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit for the fiscal year ending June 30, 2026.

Total long-term liabilities have increased by \$31,103,566 over the past two years.

Average daily attendance has decreased by 1,292 over the past two years. This decrease is primarily driven by the COVID-19 pandemic. An decrease in 354 ADA is anticipated during the fiscal year ending June 30, 2026 as the District is moving towards stabilization.

See accompanying notes to supplementary information.

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2025

<u>Charter ID</u>	<u>Charter Schools Chartered by District</u>	Included in District Financial Statements, or <u>Separate Report</u>
0303	The Metropolitan Area Advisory Committee (MAAC) Community Charter School	Separate Report
1407	Hawking S.T.E.A.M Charter School	Separate Report

See accompanying notes to supplementary information.

SWEETWATER UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance: Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

Schedule of Expenditures of Federal Awards: The Schedule of Expenditures of Federal Awards includes the federal award activity of Sweetwater Union High School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are recognized following, as applicable contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2025-26 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosures in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2025, the District did not adopt this program.

OTHER INFORMATION

SWEETWATER UNION HIGH SCHOOL DISTRICT
ORGANIZATION
For the Year Ended June 30, 2025

Sweetwater Union High School District was organized in 1921 and consists of an area comprising approximately 153 square miles. The District operates eleven middle schools, twelve high schools, one continuation high school, four adult schools, and four alternative education schools. There were no changes to the District's boundaries during the current year.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Elva Lopez-Zepeda	President	2026
Arturo Solis	Vice President	2026
Dr. Adrian Arancibia	Member	2028
Marti Emerald	Member	2026
Rudy Lopez	Member	2028

ADMINISTRATION

Dr. Moisés Aguirre
Superintendent

Dr. Maribel Gavin
Assistant Superintendent of Human Resources

Dr. Vernon Moore
Assistant Superintendent of Educational Equity
and Support Services

Dr. Ana Maria Alvarez
Assistant Superintendent, Teaching and Learning

Dr. Jenny Salkeld
Chief Financial Officer

Dr. Daniel Winters
Assistant Superintendent of Improvement
and Innovation

Ms. Janea Quirk
Assistant Superintendent Facilities
and Operations Officer

Ms. Jennifer Carbuccia
General Counsel



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Trustees
Sweetwater Union High School District
Chula Vista, California

Report on Compliance

Opinion on State Compliance

We have audited Sweetwater Union High School District's (the District) compliance with the requirements specified in the State of California *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the compliance requirements that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion on Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements noted in the table below.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements noted in the table below and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements noted in the table below occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements noted in the table below is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements noted in the table below and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

<u>2024-25 K-12 Audit Guide Procedures</u>	<u>Procedures Performed</u>
<i>Local Education Agencies Other than Charter Schools:</i>	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
D. Independent Study	Yes
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A, see below
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	N/A, see below
N. Middle or Early College High Schools or Programs	N/A, see below
O. K-3 Grade Span Adjustment	N/A, see below
Q. Apprenticeship: Related and Supplemental Instruction	N/A, see below
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A, see below
TT. Home to School Transportation Reimbursement	Yes

(Continued)

2024-25 K-12 Audit Guide Procedures (continued)

Procedures
Performed

School Districts, County Offices of Education, and Charter Schools:

T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	N/A, see below
CZ. Career Technical Education Incentive Grant	Yes
DZ. Expanded Learning Opportunities Program	N/A, see below
EZ. Transitional Kindergarten	N/A, see below
FZ. Kindergarten Continuance	N/A, see below

Charter Schools:

AA. Attendance	N/A, see below
BB. Mode of Instruction	N/A, see below
CC. Nonclassroom-Based Instruction/Independent Study	N/A, see below
DD. Determination of Funding for Nonclassroom-Based Instruction	N/A, see below
EE. Annual Instructional Minutes-Classroom Based	N/A, see below
FF. Charter School Facility Grant Program	N/A, see below

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer this program in the current year.

We did not perform any procedures related to Juvenile Court Schools because the District does not operate any Juvenile Court Schools, as it is not a County Office.

The District does not operate Middle or Early College High Schools or Programs; therefore, we did not perform any procedures related to Middle or Early College High Schools or Programs.

The District did not operate elementary schools; therefore, we did not perform any procedures related to K-3 Grade Span Adjustment, Expanded Learning Opportunities Program, Transitional Kindergarten or Kindergarten Continuance.

We did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction because the District did not operate this program in the current year.

The District is not reported as a District of Choice per the California Department of Education, therefore we did not perform any procedures related to District of Choice.

The District did not offer an Independent Study-Course Based program, therefore, we did not perform any procedures related to this program.

The District did receive or expend any Expanded Learning Opportunities Grant (ELO-G) funds, therefore, we did not perform any procedures related to this program.

The District does not operate any charter schools; therefore, we did not perform any of the testing related to charter schools Procedures AA, BB, CC, DD, EE and FF.

(Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matter

The results of our auditing procedures disclosed instances of noncompliance regarding Independent Study, which is described in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2025-001.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Sacramento, California
December 2, 2025



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Trustees
Sweetwater Union High School District
Chula Vista, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sweetwater Union High School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Sweetwater Union High School District's basic financial statements, and have issued our report thereon dated December 2, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sweetwater Union High School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sweetwater Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sweetwater Union High School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sweetwater Union High School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Sacramento, California
December 2, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Sweetwater Union High School District
Chula Vista, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sweetwater Union High School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Sweetwater Union High School District's major federal programs for the year ended June 30, 2025. Sweetwater Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sweetwater Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sweetwater Union High School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sweetwater Union High School District compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Sweetwater Union High School District's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sweetwater Union High School District compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sweetwater Union High School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sweetwater Union High School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sweetwater Union High School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sweetwater Union High School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Sacramento, California
December 2, 2025

FINDINGS AND RECOMMENDATIONS

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None reported

Noncompliance material to financial statements noted?

<u> </u> Yes	<u> X </u> No
-----------------------	-------------------------

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

<u> </u> Yes	<u> X </u> No
-----------------------	-------------------------

Identification of major programs:

AL Number(s)

Name of Federal Program or Cluster

84.027, 84.027A
84.425, 84.425U
84.287

Special Education Cluster
COVID-19: Education Stabilization Fund (ESF) Program
ESEA: Title IV, Part B, 21st Century Community Learning Centers (CCLC) Program

Dollar threshold used to distinguish between Type A and Type B programs: \$1,507,514

Auditee qualified as low-risk auditee? X Yes No

STATE AWARDS

Type of auditors' report issued on compliance for state programs: Unmodified

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2025-001 – DEFICIENCY – STATE COMPLIANCE – INDEPENDENT STUDY (40000)

Criteria: Pursuant to Education Code 51747, no days of attendance are to be reported for dates prior to the signing of the independent study agreement by all parties and the agreement is required to include a beginning and ending date for the independent study agreement. The master agreement needs to include a statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion. Further, the District is required to maintain work samples from students enrolled in independent study for which attendance is claimed.

Condition: At the indicated sites, the following discrepancies were noted:

- At the District's long-term Independent Study program, out of a sample of 25 students, 1 student's agreements did not include the required number of credits to be earned upon completion, 1 student did not submit work samples, and 2 students did not have an independent study agreement in place for the year under audit.

Context: We performed the audit procedures enumerated in the State of California 2024-25 Guide for Annual Audits of *K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is out of compliance with state requirements.

Cause: The District claimed attendance for students without the proper independent study agreements in place.

Fiscal Impact: The effect of the finding is an overstatement of 2.43 ADA in Grade Span 9-12, or approximately \$36,265.

Repeat Finding: Yes, prior year finding 2024-005.

Recommendation: The District should ensure independent study ADA is not claimed until an independent study contract is completed by all required parties, course credits are included, work samples are obtained and full complete independent study agreements.

Views of Responsible Officials and Planned Corrective Action: Management provided the following corrective action plan:

1. Strengthen Documentation and Verification Systems
 - Establish a centralized electronic tracking system for all LTIS documentation, ensuring real-time verification of:
 - Master Agreement completion and signatures.
 - Credits to be earned, verified by counselor and principal before instruction begins.
 - Timely submission of required student work samples.
 - Assign the Independent Study Assistant Principal to conduct weekly file checks for compliance and report any discrepancies to administration.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2025-001 – DEFICIENCY – STATE COMPLIANCE – INDEPENDENT STUDY (40000) (Continued)

Views of Responsible Officials and Planned Corrective Action: (Continued)

2. Staff Training and Implementation

- Provide continuous and ongoing monthly training for all staff involved in Independent Study, covering:
 - Education Code §§51745–51749.6 requirements.
 - Documentation, recordkeeping, and ADA compliance procedures.
 - Roles and responsibilities in maintaining compliant student files.
- Maintain sign-in sheets and training agendas as documentation of completion.

3. Revised Enrollment and Orientation Protocol

- Incorporate our “Green Folder checklist” in all student folders as a mandatory enrollment/audit checklist requiring verification of:
 - Signed and dated Master Agreement.
 - Course list with clearly defined credits to be earned.
 - Completion of Independent Study orientation prior to first day of instruction.
- Students will not begin Independent Study until all documentation is verified and filed.

4. Ongoing Monitoring and Internal Audits

- Conduct monthly internal reviews of student files by administrative staff.
- Implement quarterly compliance audits led by the district Independent Study oversight team.
- Develop a feedback process to address and correct any identified gaps immediately.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2025

2024-001 – DEFICIENCY – INTERNAL CONTROL – CYBERSECURITY POLICY (30000)

Condition: The District has not formalized a cybersecurity policy to include District policies surrounding cybersecurity threats and risk assessment procedures.

Recommendation: We recommend that the District formalize a comprehensive cybersecurity policy to include risk assessment of response to and mitigation of cybersecurity threats.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2025

2024-002 – SIGNIFICANT DEFICIENCY – SALARIED EMPLOYEE PAYROLL (30000)

Condition: The District does not have evidence to support the review and approval of the payroll registers prior to upload to the SDCOE system. In addition, changes and updates that are made undergoes a manual process due to the limitation of the District's financial system.

Recommendation: This is a repeat finding. We recommend implementing the use of a robust financial system to track the payroll transactions in a more automated process to allow for a more streamlined control structure to mitigate susceptibility to error.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2025

2024-003 – DEFICIENCY – FEDERAL COMPLIANCE (50000)

Condition: The District was unable to provide supporting documentation for payroll for two employee charged to the Title I programs. The Uniform Guidance compliance also require internal control procedures to be in place and followed to demonstrate compliance with the requirements. As a result, the District did not have appropriate internal control procedures in place, nor were the expenditures compliant with Uniform Guidance requirements.

Recommendation: The District's management team should implement necessary internal controls to ensure compliance with all Federal program requirements. The internal controls should include (1) a procedure identifying which attributes apply to each Federal program operated by the District, and (2) steps to ensure compliance with each attribute identified as applicable.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2025

2024-004 – DEFICIENCY – STATE COMPLIANCE – ATTENDANCE (10000)

Condition: One student from Otay Ranch High School was marked absent in the absence logs, however the students were marked present in the attendance system.

Recommendation: The District should enforce controls to ensure accurate accounting for attendance.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

(Continued)

SWEETWATER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2025

2024-005 – MATERIAL WEAKNESS – STATE COMPLIANCE – INDEPENDENT STUDY (40000)

Condition: At the indicated sites, the following discrepancies were noted:

- At the District's long-term Independent Study program, out of a sample of 25 students, 4 students' agreements did not include the required number of credits to be earned upon completion and 1 agreement was not signed by the student as required.
- At Palomar High, out of a sample of 4 short-term independent study students, 4 students' agreements did not include all of the required elements of a compliant master agreement.
- At Olympian High, out of a sample of 5 short-term independent study students, 3 student files did not include the relevant work samples.
- At Bonita Vista High, out of a sample of 3 short-term independent study students, 1 student agreement was missing the date of the signatures.

Recommendation: The District should ensure independent study ADA is not claimed until an independent study contract is completed by all required parties.

Current Status: Not implemented.

District Explanation if Not Implemented: See current year finding 2025-001.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Trustees
Sweetwater Union High School District
Chula Vista, California

Sweetwater Union High School District
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property
Tax Bonds),
Election of 2006, Series 2026E-1
(Federally Taxable)

Sweetwater Union High School District
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property
Tax Bonds),
Election of 2006, Series 2026E-2

Sweetwater Union High School District
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property
Tax Bonds),
Election of 2018, Series 2026B-1
(Federally Taxable)

Sweetwater Union High School District
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property
Tax Bonds),
Election of 2018, Series 2026B-2

Sweetwater Union High School District
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property
Tax Bonds),
Election of 2024, Series 2026B-3
(Federally Taxable)

Sweetwater Union High School District
General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property
Tax Bonds),
Election of 2024, Series 2026B-4

(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sweetwater Union High School District (the “District”), which is located in the County of San Diego, California (the “County”), in connection with the issuance by the District of \$_____ aggregate principal amount of bonds designated as “Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2006, Series 2026E-1 (Federally Taxable)” (the “2026E-1 Bonds”), \$_____ aggregate principal amount of bonds designated as “Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2006, Series 2026E-2” (the “2026E-2 Bonds”), \$_____ aggregate principal amount of bonds designated as “Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2018, Series 2026B-1 (Federally Taxable)” (the “2026B-1 Bonds”), \$_____ aggregate principal amount of bonds designated as “Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2018, Series 2026B-2” (the “2026B-2 Bonds”), \$_____ aggregate principal amount of bonds designated as “Sweetwater Union High School

District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2024, Series 2026B-3 (Federally Taxable)” (the “2026B-3 Bonds” and, together with the 2026E-1 Bonds and the 2026B-1 Bonds, the “Taxable Bonds”) and \$ _____ aggregate principal amount of bonds designated as “Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2024, Series 2026B-4” (the “2026B-4 Bonds” and, together with the 2026E-2 Bonds and the 2026B-2 Bonds, the “Tax-Exempt Bonds”). The Taxable Bonds and the Tax-Exempt Bonds are collectively referred to herein as the “Bonds.” The Bonds are authorized and issued pursuant to a resolution of the Board of Trustees of the District adopted on October 12, 2026 (the “District Resolution”) and delivered pursuant to a Paying Agent Agreement, dated as of November 1, 2026 (the “Paying Agent Agreement”), by and between the District and U.S. Bank Trust Company, National Association, as paying agent (the “Paying Agent”) and acknowledged by the Treasurer-Tax Collector of the County. The Board of Supervisors of the County authorized the District to issue the Bonds on its own behalf by a resolution adopted on June 8, 2021. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the District Resolution or the Paying Agent Agreement.

In such connection, we have reviewed the District Resolution, the Paying Agent Agreement, the tax certificate of the District, dated the date hereof (the “Tax Certificate”), certificates of the District, the County and others, opinions of counsel to the District 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 original delivery of the Bonds on 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 original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed that each document and each signature thereon provided to us is genuine and that each such document has been duly and legally executed by, and constitutes a valid and binding agreement of, each party thereto other than the District. 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 District Resolution, the Paying Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the District Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the District or the County in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the District Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness

or fairness of the Official Statement or other offering material relating to the Bonds and express no view 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. The Bonds constitute the valid and binding obligations of the District.
2. The District Resolution has been duly and legally adopted and constitutes the valid and binding obligation of the District.
3. The Paying Agent Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the District.
4. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.
5. Interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Tax-Exempt Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Bonds is exempt from State of California personal income taxes. We observe that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under the Code. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the Sweetwater Union High School District (the “District”) in connection with the issuance of \$_____ aggregate principal amount of the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2006, Series 2026E-1 (Federally Taxable), \$_____ aggregate principal amount of the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2006, Series 2026E-2, \$_____ aggregate principal amount of the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2018, Series 2026B-1 (Federally Taxable), \$_____ aggregate principal amount of the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2018, Series 2026B-2, \$_____ aggregate principal amount of the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2024, Series 2026B-3 (Federally Taxable), and \$_____ aggregate principal amount of the Sweetwater Union High School District General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), Election of 2024, Series 2026B-4 (collectively, the “Bonds”). The Bonds are being issued pursuant to the Resolution of the Board of Trustees of the District adopted on October 12, 2026 (the “Bond Resolution”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2- 12(b)(5).

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

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean, individually, the Superintendent of the District, the Chief Financial Officer or their respective designee, or such other officer or employee as the District shall designate in writing from time to time.

“Dissemination Agent” shall mean the Special District Financing & Administration, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” as used in this Disclosure Certificate is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial

Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Sections 5(a) or (b) hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated _____, 2026 (including all exhibits or Appendices thereto), relating to the offer and sale of Bonds.

“Participating Underwriters” shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (which due date shall be April 1 of each year, so long as the fiscal year ends on June 30), commencing with the report for the 2025-26 Fiscal Year (which is due not later than April 1, 2027), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d) hereof. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

The District’s lead business official (regardless of title) (the “CFO”) shall present a substantially final form of the Annual Report to the District’s Board of Trustees (the “Board”) for approval in a timely manner to ensure that the Annual Report can be submitted to the MSRB on or prior to the deadline set forth in this Disclosure Certificate. In addition to presenting the substantially final form of the Annual Report, the CFO shall report to the Board whether any significant events have occurred since the last report to the Board which required a significant event filing under any of the District’s continuing disclosure obligations. If such event occurred, the CFO shall report whether the required notice was filed in a timely manner, being within ten (10) business days of the event.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection the District shall send a notice to the MSRB, in substantially the form attached as Exhibit A.

- (c) The Dissemination Agent shall:
 - (i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; and
 - (ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

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

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

- (i) The adopted budget of the District for the then-current fiscal year.
- (ii) Assessed value of taxable property in the District as shown on the recent equalized assessment roll.
- (iii) Property tax levies, collections and delinquencies for the District, for the prior fiscal year, if the District is no longer a participant in the County's Teeter Plan.
- (iv) Top twenty property owners in the District for the then current fiscal year, as measured by the secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB's website. The District shall clearly identify each such other document so included by reference.

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b), the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

SECTION 5. Reporting of Significant Events.

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

- (i) Principal and interest payment delinquencies;

- (ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) Tender offers;
- (vii) Defeasances;
- (viii) Rating changes;
- (ix) Bankruptcy, insolvency, receivership or similar event of the District; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

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

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not in excess of ten (10) business days after the occurrence of the event:

- (i) Unless described in paragraph 5(a)(v) hereof, other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) Modifications to rights of Bondholders;
- (iii) Optional, unscheduled or contingent Bond calls;
- (iv) Release, substitution or sale of property securing repayment of the Bonds, if applicable;
- (v) Non-payment related defaults;

- (vi) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent; or
- (viii) Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

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

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

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Special District Financing & Administration.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a) hereof, Section 4 hereof, or Sections 5(a) or (b) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

(c) the proposed amendment or waiver either (i) is approved by the Holders in the same manner as provided in the Bond Resolution for amendments to the Bond Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of San Diego or in U.S. District Court in or nearest to the County of San Diego. A default under this Disclosure Certificate shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

Dated: _____, 2026

SWEETWATER UNION HIGH SCHOOL DISTRICT

By: _____
Chief Financial Officer

ACKNOWLEDGED AND ACCEPTED:

**SPECIAL DISTRICT FINANCING &
ADMINISTRATION**, as Dissemination Agent

By: _____
Authorized Representative

EXHIBIT A

**NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Sweetwater Union High School District

Name of Issue: Sweetwater Union High School District
General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax
Bonds), Election of 2006, Series 2026E-1 (Federally Taxable)

Sweetwater Union High School District
General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax
Bonds), Election of 2006, Series 2026E-2

Sweetwater Union High School District
General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax
Bonds), Election of 2018, Series 2026B-1 (Federally Taxable)

Sweetwater Union High School District
General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax
Bonds), Election of 2018, Series 2026B-2

Sweetwater Union High School District
General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax
Bonds), Election of 2024, Series 2026B-3 (Federally Taxable)

Sweetwater Union High School District
General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax
Bonds), Election of 2024, Series 2026B-4

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated _____, 2026. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

**SWEETWATER UNION HIGH SCHOOL
DISTRICT**

By: _____
Chief Financial Officer

APPENDIX F

SAN DIEGO COUNTY INVESTMENT POOL

The following information concerning the Treasury Pool of San Diego County (the “Treasury Pool”) has been provided by the Treasurer and has not been confirmed or verified by the District or the Underwriters. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The County of San Diego County Investment Pool general information and portfolio statistics can be found at <http://www.sdttc.com/content/ttc/en/treasury/financial-reports.html>. The foregoing internet address is included for reference only, and the information on such internet site is not incorporated by reference herein.

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]



COUNTY OF SAN DIEGO INVESTMENT POOL TREASURY INVESTMENT RESULTS

**August
2026**

County of San Diego Treasurer-Tax Collector | 1600 Pacific Hwy, San Diego, CA 92101 | www.sdtfc.com

TABLE OF CONTENTS

03	Summary Portfolio Statistics
04	Participant Cash Balances
05	Investment Fund Participants
06	Asset Allocation
06	Asset Credit Quality
08	Appendix
	08 - Investment Policy Compliance Report
	09 - Investment Inventory Report
	30 - Investment Transaction Report

Note: The Information provided, including all charts, tables, graphs and numerical representations, are provided to readers solely as a general overview of the economic and market conditions which the Treasurer utilizes in making investment decisions.

SUMMARY PORTFOLIO STATISTICS

County of San Diego Pooled Money Fund

As of August 31, 2026

Investment Type	Par Value	Book Value	Market Value	% of Portfolio	Market Price	Days To Maturity	YTM	Accrued Interest	Unrealized Gain/Loss
ABS	341,308,662	341,281,761	342,261,842	2.57%	100.28	854	4.96%	698,472	980,081
Agency	1,726,840,000	1,725,195,229	1,713,955,149	12.86%	99.25	714	3.70%	12,409,480	(11,240,080)
Bank Deposit	68,419,913	68,419,913	68,419,913	0.51%	100.00	0	2.65%	-	-
Commercial Paper	2,249,000,000	2,224,576,013	2,224,284,247	16.69%	98.90	99	4.03%	-	(291,766)
Corporate	135,000,000	134,735,683	133,878,440	1.00%	99.17	580	4.30%	1,855,208	(857,243)
Local Gov Investment Pool	363,453,733	363,453,733	363,453,733	2.72%	100.00	0	3.81%	-	-
Money Market Fund FI	295,400,000	295,400,000	295,400,000	2.22%	100.00	0	3.60%	-	-
Municipal Bonds	378,645,000	380,971,269	379,584,727	2.85%	100.25	664	4.46%	6,282,142	(1,386,541)
Negotiable CD	2,777,000,000	2,777,000,000	2,776,480,170	20.83%	99.98	135	4.04%	31,879,724	(519,831)
Supranationals	2,037,080,000	2,027,338,223	2,017,273,111	15.13%	99.03	872	4.39%	13,668,328	(10,065,112)
US Treasury	3,050,000,000	3,051,252,718	3,014,284,920	22.61%	98.83	975	3.92%	19,745,881	(36,967,798)
Receivables/Payables	519,156	519,156	519,156	0.01%	0.00	0	0.00%	-	-
Total for August 2026	13,422,666,464	13,390,143,697	13,329,795,408	100%	99.31	537	4.04%	86,539,234	(60,348,290)
Total for July 2026	14,704,175,637	14,664,531,457	14,611,453,421	100%	99.37	507	3.98%	79,221,059	(53,078,037)
Change from Prior Month	(1,281,509,173)	(1,274,387,760)	(1,281,658,013)		(0.06)	30	0.06%	7,318,176	(7,270,253)

Portfolio Effective Duration 1.23

Return Information	Monthly Return	Annualized	Fiscal Year To Date Return	Annualized	Calendar YTD Return	Annualized
Book Value	0.34%	4.02%	0.67%	4.00%	2.60%	3.94%

Notes

Yield to maturity (YTM) is the estimated rate of return on a bond given its purchase price, assuming all coupon payments are made on a timely basis and reinvested at this same rate of return to the maturity date. Weighted Days to Maturity is average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio. Yields for the portfolio are aggregated based on the book value of each security.

All investments held during the month of August 2026 were in compliance with the Investment Policy dated January 1, 2026. The County Treasurer believes the Treasury Investment Pool contains sufficient cash flow from liquid and maturing securities, bank deposits, and incoming cash to meet the next six months of expected expenditures. Bank Deposit may include restricted funds held in trust at US Bank for school district debt service payments.

Sustainalytics, a Morningstar Company, provides high-quality, analytical environmental, social and governance (ESG) research, ratings and data to institutional investors and companies. Using Sustainalytics scoring, which is available on Bloomberg, the Pool had a weighted average MTN/CP/CD score of 17.06 as of 08/31/26, placing it in the "Low Risk" category. Sustainalytics' ratings categories are: negligible (0-9.99), low (10-19.99), medium (20-29.99), high (30-39.99) and severe (40+).

PARTICIPANT CASH BALANCES

San Diego Pooled Money Fund Market Value

as of August 31, 2026

Amounts expressed in thousands

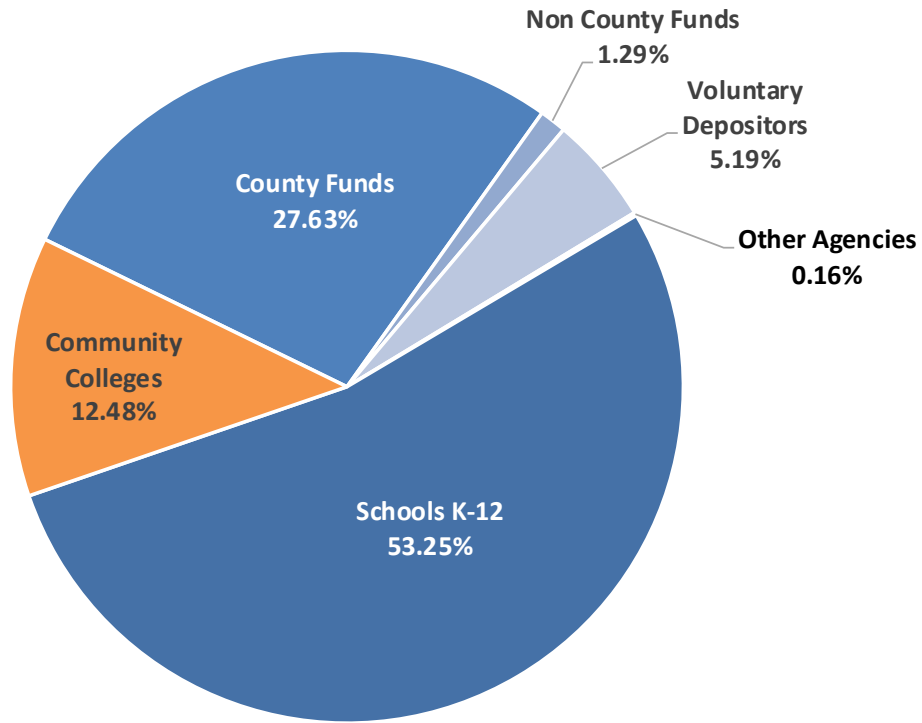
PARTICIPANT	FMV 06/30/26	FMV 07/31/26	FMV 08/31/26	% of Total	PARTICIPANT	FMV 06/30/26	FMV 07/31/26	FMV 08/31/26	% of Total
COUNTY	1,479,188	1,522,686	1,512,630	11.35%	Lakeside FPD	2,466	2,664	3,363	0.03%
COUNTY - SPECIAL TRUST FUNDS	3,424,460	2,189,581	2,170,324	16.28%	Leucadia Wastewater District ¹	0	0	0	0.00%
NON-COUNTY INVESTMENT FUNDS	112,588	131,183	172,312	1.29%	Lower Sweetwater FPD	768	769	781	0.01%
SCHOOLS - (K THRU 12)	8,371,415	7,670,510	7,097,753	53.25%	Metropolitan Transit System	292,399	294,392	265,429	1.99%
COMMUNITY COLLEGES					Mission Resource Conservation District	39	39	40	0.00%
Grossmont-Cuyamaca	268,739	243,208	238,133	1.79%	North County Transit District	40,826	41,056	41,190	0.31%
MiraCosta	190,111	164,550	155,671	1.17%	North County Cemetery District	11,782	12,054	12,104	0.09%
Palomar	245,247	202,827	186,070	1.40%	North County Dispatch	8,639	8,941	11,236	0.08%
San Diego	1,054,043	880,114	856,597	6.44%	North County FPD	2,648	1,745	5,859	0.04%
Southwestern	271,900	248,290	226,740	1.70%	Otay Water District	15,953	16,026	16,078	0.12%
Total Community Colleges	2,030,039	1,738,988	1,663,212	12.48%	Palomar Health ¹	0	0	0	0.00%
OTHER AGENCIES	28,848	22,239	21,796	0.16%	Pomerado Cemetery District	3,157	3,171	3,086	0.02%
CITIES					Public Agencies Self-Insurance System ¹	0	0	0	0.00%
Chula Vista	5,978	6,012	5,967	0.04%	Ramona Cemetery District	1,869	1,852	1,796	0.01%
Coronado	27,923	27,985	28,061	0.21%	Rancho Santa Fe FPD	14,237	10,494	9,100	0.07%
Del Mar	118	119	119	0.00%	Resource Conservation District of Greater SD ¹	0	0	0	0.00%
Encinitas	1,397	11	17	0.00%	Rincon del Diablo Municipal Water District	2,168	2,179	2,186	0.02%
National City	41,669	41,904	42,041	0.32%	SANDAG	11,187	11,258	11,297	0.08%
Oceanside ¹	0	0	0	0.00%	SD County Regional Airport Authority	72,087	61,001	63,065	0.47%
Solana Beach ¹	0	0	0	0.00%	San Diego Housing Commission	8,950	9,001	9,030	0.07%
Vista	1	2	2	0.00%	San Diego Law Library	10,091	9,999	10,145	0.08%
VOLUNTARY PARTICIPANTS					San Diego Local Area Formation Comm	1,370	2,304	2,902	0.02%
Air Pollution Control District	120,222	118,281	116,047	0.87%	San Marcos FPD	1	1	1	0.00%
Alpine FPD	577	417	497	0.00%	San Miguel Consolidated FPD	15,580	8,060	6,899	0.05%
Bonita-Sunnyside FPD	3,886	2,963	2,396	0.02%	Santa Fe Irrigation District	112	113	113	0.00%
Borrego Springs FPD	15	15	15	0.00%	Upper San Luis Rey Resource Conserv Dist	40	40	40	0.00%
Canebrake County Water District ¹	0	1	1	0.00%	Vallecitos Water District	1,058	1,064	1,067	0.01%
Deer Springs FPD	13,028	13,134	13,153	0.10%	Valley Center FPD	3,466	2,848	1,856	0.01%
Grossmont Healthcare District	2	2	2	0.00%	Valley Center Cemetery District	612	616	619	0.00%
Julian-Cuyamaca FPD ¹	0	0	0	0.00%	Valley Center Water District	2,819	2,835	2,844	0.02%
Lake Cuyamaca Rec & Park District	23	23	23	0.00%	Vista FPD	913	789	724	0.01%
					Whispering Palms Community Services District ¹	0	0	0	0.00%
					Total Voluntary Participants	740,075	716,178	691,190	5.19%
					Pooled Money Fund Total ²	\$ 16,186,613	\$ 13,991,366	\$ 13,329,217	100.00%

1. For these Pool participants, ending balances are less than \$500. Due to rounding, the FMV may display as zero, even though abalance exists.

2. Excludes any (1) restricted funds held in trust at U.S. Bank for school district debt service payments and (2) receivables/payables.

INVESTMENT FUND PARTICIPANTS

County of San Diego Pooled Money Fund
As of August 31, 2026

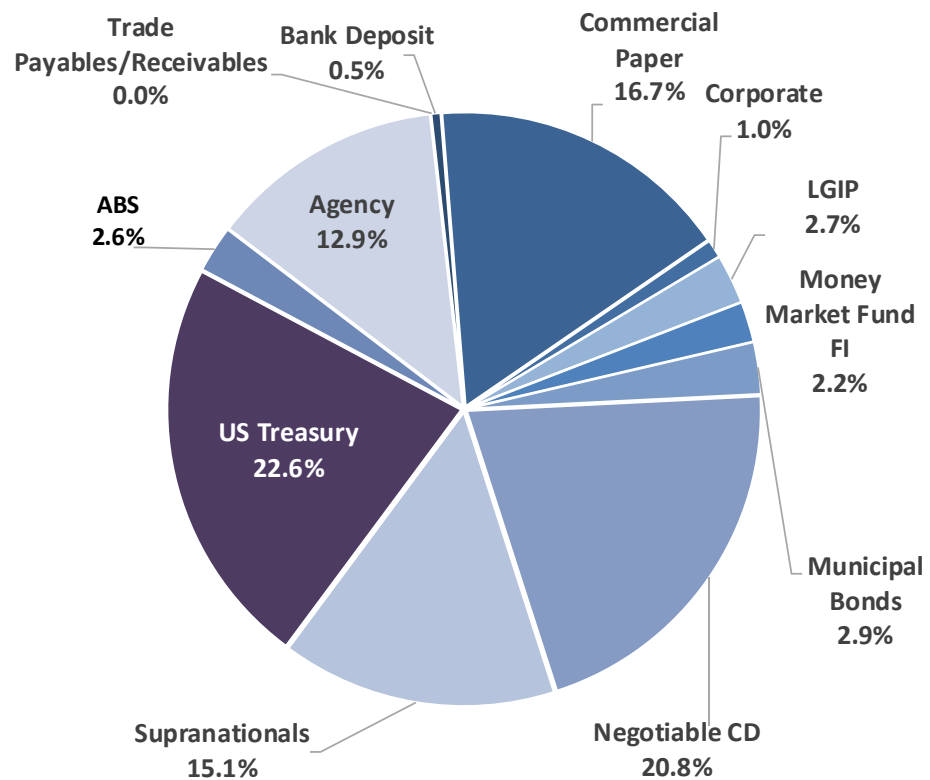


*Totals may not add to 100% due to rounding

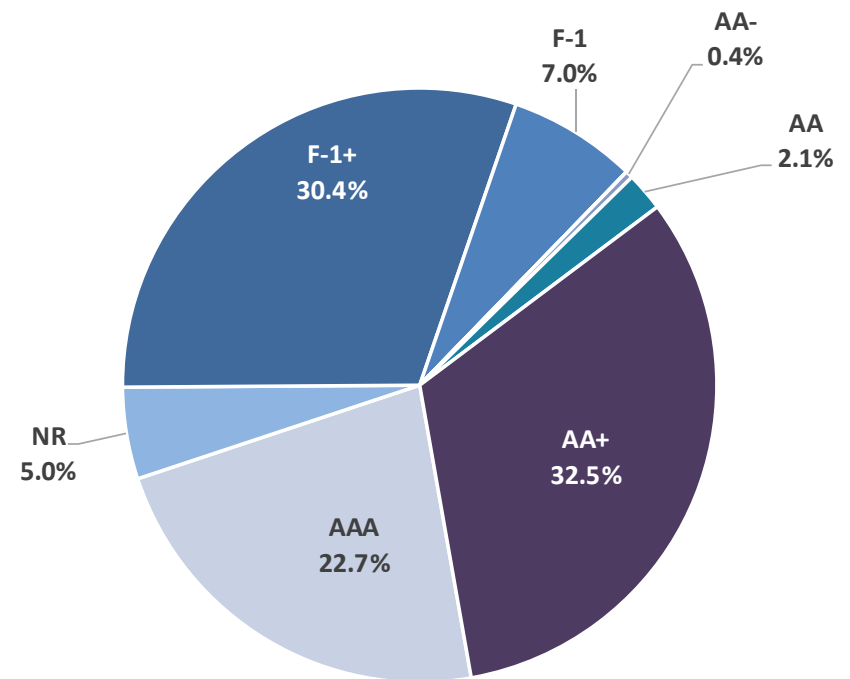
INVESTMENT FUND OVERVIEW

County of San Diego Pooled Money Fund As of August 31, 2026

ASSET ALLOCATION



CREDIT QUALITY**



Note: Totals in both charts may not add to 100% due to rounding.

** If a security is not rated by Fitch, the report uses the lowest rating provided by either Moody's or Standard and Poor's using the Fitch scale.



APPENDIX



INVESTMENT POLICY COMPLIANCE REPORT

County of San Diego Pooled Money Fund

As of August 31, 2026

Category	Standard	Comment
U.S. Treasury Issues	No limitations; Issued at the Federal level; Obligations are bills, notes, and bonds issued by the Treasury and are direct obligations of the Federal Government	Complies
Federal Agencies	35% max per Agency issuer; Issued at the Federal level; Agency obligations are notes and bonds of the federal agencies and government sponsored enterprise, including: FNMA, FHLB, FFCB, FHLMC, GNMA, TVA	Complies
Supranational Obligations	30% max; 10% max per issuer; "AA" rated or higher by at least one NRSRO; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by IBRD, IFC, or IADB	Complies
Municipal Securities (Local Agency & State Obligations)	30% max; 10% max per issuer; Minimum Credit Requirements: a) For securities with maturities 13 months or less, the rating must be in the highest short-term rating category by at least one NRSRO; b) For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO	Complies
Corporate Medium Term Notes	30% max; 10% max per issuer (inclusive of any other non-MTN investments with said issuer); Minimum Credit Requirements: a) For securities with maturities 13 months or less, the rating must be in the highest short-term rating category by at least one NRSRO; b) For securities with maturities greater than 13 months, the ratings must be "A" or higher by at least one NRSRO	Complies
Pass-Through Securities	20% max; 10% max per issuer; "AA" rated or higher by at least one NRSRO; Limited to equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds	Complies
Negotiable Certificates of Deposit (NCD)	30% max; 10% max per issuer (inclusive of any other non-NCD investments with said issuer); Minimum Credit Requirements: a) For securities with maturities 13 months or less, the rating must be in the highest short-term rating category by at least one NRSRO; b) For securities with maturities greater than 13 months, the ratings must be "A" or higher by at least one NRSRO; 5 years max maturity of an NCD Security; 13 months max maturity of any FDIC insured CDs	Complies
FDIC & NCUA Insured Deposits	5% max; 5 max per issuer; 13 months max maturity; There is no minimum credit requirement of FDIC or NCUA insured deposit accounts whether directly placed or placed through a private sector entity; The full amount of deposit and the interest that may accrue on each deposit shall at all times be insured by the FDIC or NCUA	Complies
Collateralized Certificates of Deposit	5% max; 5 max per issuer; 13 months max maturity; Deposit may not exceed the total of the paid-in capital and surplus of a depository; The depository must maintain securities with a market value of at least 10% in excess of the total amount of the Fund's deposits; The County Treasurer may waive the first \$250,000 of collateral for each depository, so long as the amount is insured by an agency of the Federal Government; Institutions at or above the highest short-term rating category by at least one NRSRO may pledge mortgage-based collateral for County deposits	Complies
Banker's Acceptances	40% max; 5% max per issuer; 180 days max maturity; Highest short-term rating category by at least one NRSRO	Complies
Commercial Paper	40% max; 10% max per issuer (inclusive of any other non-CP investments with said issuer); 270 days max maturity; Highest short-term rating category by at least one NRSRO	Complies
Money Market Mutual Funds	20% max; 10% max per fund; Highest rating category by at least two NRSROs; or Retained an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM >\$500 million; The purchase price of the mutual fund shall not include any commission	Complies
Local Government Investment Pool (LGIP)	5% max; Highest rating category by at least one NRSRO; Investments consist of (i) shares of beneficial interest issued by a joint powers authority (JPA) or (ii) the Local Agency investment Fund (LAIF); Invest in LGIPs that comply with California Government Code and all relevant sections of the Investment Policy and are managed to maintain a stable NAV.	Complies
Repurchase Agreements	40% max; 10% max exposure per broker-dealer when the dollar-weighted average maturity is >5 days or 15% of the fund when the dollar-weighted average maturity is 5 days or less; 1 year max maturity; Collateral eligible for repurchase agreements maturing from 7 days to 1 year shall be Treasury and Agency Obligations	Complies
Reverse Repurchase Agreements	20% max; 10% max per broker/dealer; 92 days max maturity if a securities lending loan, unless the agreement includes a written guarantee of a minimum earning or spread for the entire period of the RRA	Complies
Securities Lending	20% max exposed to securities lending and/or Reverse Repurchase Agreements; 10% max per loan with a single counterparty at any one time; 92 days max maturity; Loans must be secured by cash collateral or securities and maintained at a value of at least equal to 102% of the market value of the securities loan	Complies
Covered Call Option/Put Option	10% max; 90 days max maturity	Complies
Prohibited	Inverse floaters; Ranges notes, Interest-only strips from pool of mortgages; Any security that could result in zero interest accrual	Complies
Credit Rating Policy	For securities with maturities 13 months or less, the rating must be in the highest short-term rating category by at least one NRSRO; For securities with maturities greater than 13 months, the ratings must be "A" or higher by at least one NRSRO	Complies
Duration	2 years maximum effective duration	Complies
Maturity	5 years maximum maturity with shorter limitations specified for certain types of securities; At least 35% of the Fund maturing within 1 year; At least 15% of the Fund maturing within 90 days	Complies

*Complied at time of purchase

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
ABS									
89239HAD0	TAOT 2022-D A3 5.3 09/15/2027	1,919,752.56	11/01/2022 5.36%	1,919,563.08 1,919,712.80	100.06 4.33%	1,920,873.69 4,522.08	0.01% 1,160.89	Aaa/NA AAA	1.04 0.06
437927AC0	HAROT 2023-2 A3 4.93 11/15/2027	1,700,347.58	05/23/2023 3.45%	1,700,072.12 1,700,273.22	100.11 4.30%	1,702,185.66 3,725.65	0.01% 1,912.43	Aaa/AAA NA	1.21 0.14
362583AD8	GMCAR 2023-2 A3 4.47 02/16/2028	1,119,939.40	04/04/2023 4.51%	1,119,908.60 1,119,930.13	100.03 4.23%	1,120,236.19 2,085.89	0.01% 306.05	Aaa/AAA NA	1.46 0.09
43815QAC1	HAROT 2023-3 A3 5.41 02/18/2028	3,333,549.35	08/15/2023 5.48%	3,332,861.97 3,333,325.25	100.25 4.39%	3,341,936.56 6,512.46	0.03% 8,611.31	NA/AAA AAA	1.47 0.22
477920AC6	JDOT 2023-B A3 5.18 03/15/2028	2,202,599.05	06/21/2023 5.51%	2,202,231.66 2,202,479.36	100.25 4.13%	2,208,154.01 5,070.87	0.02% 5,674.65	Aaa/NA AAA	1.54 0.22
44933XAD9	HART 2023-B A3 5.48 04/17/2028	1,142,198.71	07/11/2023 5.77%	1,142,149.14 1,142,181.73	100.24 4.17%	1,144,970.83 2,781.89	0.01% 2,789.10	NA/AAA AAA	1.63 0.18
90291VAC4	USAOT 2023-A A3 5.58 05/15/2028	2,315,580.06	09/07/2023 5.58%	2,315,174.83 2,315,432.14	100.18 4.13%	2,319,796.73 5,742.64	0.02% 4,364.59	Aaa/AAA NA	1.71 0.12
438123AC5	HAROT 2023-4 A3 5.67 06/21/2028	1,816,321.43	11/01/2023 5.74%	1,816,001.57 1,816,196.48	100.52 4.38%	1,825,784.46 2,860.71	0.01% 9,587.98	Aaa/NA AAA	1.81 0.35
437918AC9	HAROT 2024-1 A3 5.21 08/15/2028	13,083,922.75	02/13/2024 5.27%	13,083,353.60 13,083,674.51	100.40 4.28%	13,135,643.50 30,296.55	0.10% 51,968.99	Aaa/AAA NA	1.96 0.40
379930AD2	GMCAR 2023-4 A3 5.78 08/16/2028	3,913,412.13	10/03/2023 5.86%	3,912,608.31 3,913,087.61	100.52 4.25%	3,933,781.44 9,424.80	0.03% 20,693.83	Aaa/AAA NA	1.96 0.33
44918CAD4	HART 2023-C A3 5.54 10/16/2028	2,511,140.00	11/03/2023 5.61%	2,510,809.78 2,510,997.56	100.44 4.30%	2,522,284.44 6,182.98	0.02% 11,286.87	NA/AAA AAA	2.13 0.34
89238DAD0	TAOT 2024-A A3 4.83 10/16/2028	10,504,562.08	01/23/2024 4.89%	10,502,460.12 10,503,614.31	100.27 4.24%	10,532,556.74 22,549.79	0.08% 28,942.43	Aaa/AAA NA	2.13 0.42
47800RAD5	JDOT 2024 A3 4.96 11/15/2028	4,150,939.61	03/11/2024 5.12%	4,150,707.16 4,150,829.53	100.34 4.25%	4,165,139.97 9,150.52	0.03% 14,310.45	Aaa/NA AAA	2.21 0.45
437930AC4	HAROT 2024-2 A3 5.27 11/20/2028	20,773,814.07	05/14/2024 5.27%	20,771,290.05 20,772,568.95	100.47 4.37%	20,872,323.50 39,533.72	0.16% 99,754.55	NA/AAA AAA	2.22 0.49
47787DAB7	JDOT 2026 A2A 3.85 12/15/2028	5,000,000.00	03/10/2026 3.88%	4,999,837.00 4,999,864.14	99.65 4.51%	4,982,385.00 8,555.56	0.04% (17,479.14)	Aaa/NA AAA	2.29 0.56
36268GAD7	GMCAR 2024-1 A3 4.85 12/18/2028	2,400,325.71	01/09/2024 4.91%	2,399,843.01 2,400,100.34	100.23 4.31%	2,405,779.25 4,850.66	0.02% 5,678.91	Aaa/NA AAA	2.30 0.38

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
161571HV9	CHAIT 241 A 4.6 01/16/2029	43,000,000.00	01/24/2024 4.61%	42,993,451.10 42,996,862.89	100.16 4.20%	43,069,574.00 87,911.11	0.32% 72,711.11	NA/AAA AAA	2.38 0.36
89237NAD9	TAOT 2024-B A3 5.33 01/16/2029	19,346,926.80	04/23/2024 5.33%	19,344,167.93 19,345,536.15	100.53 4.35%	19,450,374.82 45,830.72	0.15% 104,838.67	Aaa/AAA NA	2.38 0.51
448973AD9	HART 2024-A A3 4.99 02/15/2029	5,599,321.49	03/11/2024 5.05%	5,598,086.84 5,598,703.13	100.35 4.27%	5,618,891.12 12,418.05	0.04% 20,187.99	NA/AAA AAA	2.46 0.45
096919AD7	BMWOT 2024-A A3 5.18 02/26/2029	9,196,545.37	06/04/2024 5.18%	9,195,148.41 9,195,807.52	100.43 4.37%	9,236,136.50 7,939.68	0.07% 40,328.98	Aaa/AAA NA	2.49 0.50
47786WAD2	JDOT 2024-B A3 5.2 03/15/2029	17,889,413.23	06/11/2024 5.81%	17,885,915.85 17,887,542.31	100.55 4.30%	17,987,858.67 41,344.42	0.13% 100,316.37	Aaa/NA AAA	2.54 0.57
44934QAD3	HART 2024-B A3 4.84 03/15/2029	13,361,294.81	07/16/2024 5.45%	13,359,278.59 13,360,193.33	100.28 4.39%	13,398,185.35 28,741.63	0.10% 37,992.02	NA/AAA AAA	2.54 0.55
379931AD0	GMCAR 2024-2 A3 5.1 03/16/2029	7,289,513.22	04/04/2024 5.10%	7,288,102.70 7,288,787.20	100.40 4.29%	7,318,314.08 15,490.22	0.05% 29,526.88	Aaa/AAA AAA	2.54 0.45
43813YAC6	HAROT 2024-3 A3 4.57 03/21/2029	15,915,956.65	08/09/2024 4.66%	15,913,456.43 15,914,563.82	100.16 4.34%	15,941,406.27 20,204.42	0.12% 26,842.45	Aaa/NA AAA	2.55 0.57
47800VAB0	JDOT 26B A2A 4.64 04/16/2029	6,250,000.00	07/14/2026 4.35%	6,249,439.38 6,249,462.39	99.88 4.46%	6,242,425.00 12,888.89	0.05% (7,037.39)	Aaa/NA AAA	2.62 1.00
02582JKH2	AMXCA 2024-1 A 5.23 04/16/2029	45,000,000.00	04/16/2024 5.30%	44,990,775.00 44,995,141.53	100.60 4.29%	45,270,360.00 104,600.00	0.34% 275,218.47	NA/AAA AAA	2.62 0.60
38013KAD2	GMCAR 2024-3 A3 5.13 04/16/2029	11,643,671.08	07/02/2024 5.13%	11,641,879.12 11,642,685.03	100.38 4.44%	11,688,010.18 24,888.35	0.09% 45,325.14	Aaa/AAA NA	2.62 0.51
89231DAB1	TAOT 2026-C A2A 4.29 06/15/2029	9,000,000.00	07/14/2026 4.34%	8,999,132.40 8,999,166.78	99.89 4.44%	8,990,487.00 17,160.00	0.07% (8,679.78)	NA/AAA AAA	2.79 0.97
448976AD2	HART 2024-C A3 4.41 05/15/2029	14,273,921.97	10/08/2024 4.46%	14,272,877.12 14,273,305.19	100.04 4.38%	14,279,802.83 27,976.89	0.11% 6,497.64	NA/AAA AAA	2.70 0.61
477911AD3	JDOT 2024-C A3 4.06 06/15/2029	27,153,692.92	09/10/2024 4.10%	27,147,376.98 27,149,980.66	99.73 4.48%	27,079,481.88 48,997.33	0.20% (70,498.78)	Aaa/NA AAA	2.79 0.71
02589BAE0	AMXCA 2024-3 A 4.65 07/15/2027	18,500,000.00	07/16/2024 4.70%	18,499,160.10 18,499,755.06	100.31 4.33%	18,556,702.50 38,233.33	0.14% 56,947.44	NA/AAA AAA	0.87 0.84
Total ABS		341,308,662.05	4.96%	341,257,119.96 341,281,761.07	100.28 4.33%	342,261,842.16 698,471.81	2.57% 980,081.09		2.34 0.54

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
AGENCY									
3130ANV64	FEDERAL HOME LOAN BANKS 0.96 09/16/2026	25,000,000.00	09/16/2021 0.96%	25,000,000.00 25,000,000.00	99.88 3.83%	24,969,950.00 110,000.00	0.19% (30,050.00)	Aa1/AA+ AA+	0.04 0.04
3133EM6E7	FEDERAL FARM CREDIT BANKS FUNDING CORP 0.94 09/28/2026	50,000,000.00	09/28/2021 0.94%	50,000,000.00 50,000,000.00	99.78 3.86%	49,890,200.00 199,750.00	0.37% (109,800.00)	Aa1/AA+ AA+	0.08 0.07
3130APM28	FEDERAL HOME LOAN BANKS 1.32 10/28/2026	25,000,000.00	10/28/2021 1.32%	25,000,000.00 25,000,000.00	99.60 3.87%	24,898,825.00 112,750.00	0.19% (101,175.00)	Aa1/AA+ AA+	0.16 0.16
3133ENCQ1	FEDERAL FARM CREDIT BANKS FUNDING CORP 1.27 11/02/2026	25,000,000.00	11/02/2021 1.27%	25,000,000.00 25,000,000.00	99.54 3.98%	24,885,100.00 104,951.39	0.19% (114,900.00)	Aa1/AA+ AA+	0.17 0.17
3130APN92	FEDERAL HOME LOAN BANKS 1.34 11/09/2026	25,000,000.00	11/09/2021 1.34%	25,000,000.00 25,000,000.00	99.51 3.93%	24,877,650.00 104,222.22	0.19% (122,350.00)	Aa1/AA+ AA+	0.19 0.19
3133ENEM8	FEDERAL FARM CREDIT BANKS FUNDING CORP 1.43 11/23/2026	25,000,000.00	11/23/2021 1.43%	25,000,000.00 25,000,000.00	99.43 3.95%	24,856,800.00 97,319.44	0.19% (143,200.00)	Aa1/AA+ AA+	0.23 0.23
3133ENHA1	FEDERAL FARM CREDIT BANKS FUNDING CORP 1.5 12/14/2026	25,000,000.00	12/14/2021 1.50%	25,000,000.00 25,000,000.00	99.33 3.86%	24,831,825.00 80,208.33	0.19% (168,175.00)	Aa1/AA+ AA+	0.29 0.28
3130AQU78	FEDERAL HOME LOAN BANKS 2.01 02/17/2027	39,580,000.00	12/28/2023 4.23%	37,023,923.60 39,203,056.80	98.99 4.23%	39,181,587.72 30,938.37	0.29% (21,469.08)	Aa1/AA+ AA+	0.47 0.45
3130AL5A8	FEDERAL HOME LOAN BANKS 0.9 02/26/2027	25,000,000.00	06/24/2022 3.38%	22,312,675.00 24,719,939.20	98.52 4.00%	24,630,600.00 3,125.00	0.18% (89,339.20)	Aa1/AA+ AA+	0.49 0.48
3133ENQD5	FEDERAL FARM CREDIT BANKS FUNDING CORP 2.17 03/01/2027	25,000,000.00	03/01/2022 2.17%	25,000,000.00 25,000,000.00	99.11 3.99%	24,776,525.00 271,250.00	0.19% (223,475.00)	Aa1/AA+ AA+	0.50 0.49
3130ARGC9	FEDERAL HOME LOAN BANKS 2.55 03/25/2027	25,000,000.00	03/25/2022 2.55%	25,000,000.00 25,000,000.00	99.13 4.11%	24,783,100.00 276,250.00	0.19% (216,900.00)	Aa1/AA+ AA+	0.56 0.55
3130ARJZ5	FEDERAL HOME LOAN BANKS 2.95 04/19/2027	25,000,000.00	04/19/2022 2.95%	25,000,000.00 25,000,000.00	99.26 4.14%	24,814,650.00 270,416.67	0.19% (185,350.00)	Aa1/AA+ AA+	0.63 0.61
3130ARQV6	FEDERAL HOME LOAN BANKS 3.15 04/26/2027	25,000,000.00	04/26/2022 3.15%	25,000,000.00 25,000,000.00	99.36 4.15%	24,839,425.00 273,437.50	0.19% (160,575.00)	Aa1/AA+ AA+	0.65 0.63
3133ENXL9	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.53 05/24/2027	25,000,000.00	05/24/2022 3.53%	25,000,000.00 25,000,000.00	99.65 4.02%	24,911,350.00 237,784.72	0.19% (88,650.00)	Aa1/AA+ AA+	0.73 0.71
3130ASER6	FEDERAL HOME LOAN BANKS 3.64 06/16/2027	40,000,000.00	06/16/2022 3.64%	40,000,000.00 40,000,000.00	99.45 4.35%	39,780,840.00 303,333.33	0.30% (219,160.00)	Aa1/AA+ AA+	0.79 0.77
3130ASES4	FEDERAL HOME LOAN BANKS 3.39 06/28/2027	45,000,000.00	06/28/2022 3.39%	45,000,000.00 45,000,000.00	99.36 4.18%	44,711,775.00 266,962.50	0.34% (288,225.00)	Aa1/AA+ AA+	0.82 0.80

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
3133EPES0	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.65 06/30/2027	50,000,000.00	03/24/2023 3.68%	49,943,500.00 49,989,012.88	99.57 4.18%	49,785,100.00 309,236.11	0.37% (203,912.88)	Aa1/AA+ AA+	0.83 0.80
31422XV90	FEDERAL AGRICULTURAL MORTGAGE CORP 3.77 07/30/2027	100,000,000.00	01/25/2023 3.77%	100,000,000.00 100,000,000.00	99.61 4.20%	99,613,500.00 303,694.44	0.75% (386,500.00)	NA/NA NA	0.91 0.89
31422X2T8	FEDERAL AGRICULTURAL MORTGAGE CORP 3.865 07/30/2027	25,000,000.00	04/21/2023 3.87%	25,000,000.00 25,000,000.00	99.70 4.20%	24,925,325.00 322,083.33	0.19% (74,675.00)	NA/NA NA	0.91 0.88
3133ERN31	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.34 12/23/2027	25,000,000.00	12/20/2024 4.42%	24,943,750.00 24,975,445.21	99.87 4.44%	24,968,250.00 204,944.44	0.19% (7,195.21)	Aa1/AA+ AA+	1.31 1.25
31424WTB8	FEDERAL AGRICULTURAL MORTGAGE CORPORATION 4.28 01/07/2028	13,681,000.00	01/31/2025 4.28%	13,681,000.00 13,681,000.00	99.94 4.32%	13,672,463.06 87,832.02	0.10% (8,536.94)	NA/NA NA	1.35 1.29
3133ETCQ8	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.75 01/10/2028	48,500,000.00	04/07/2025 3.81%	48,426,765.00 48,463,856.16	99.16 4.39%	48,093,861.00 257,656.25	0.36% (369,995.16)	Aa1/AA+ AA+	1.36 1.30
3133EPGF6	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.64 01/28/2028	50,000,000.00	04/13/2023 3.64%	50,000,000.00 50,000,000.00	99.05 4.34%	49,524,850.00 166,833.33	0.37% (475,150.00)	Aa1/AA+ AA+	1.41 1.35
31422XZ88	FEDERAL AGRICULTURAL MORTGAGE CORP 3.87 01/28/2028	50,000,000.00	03/28/2023 3.87%	50,000,000.00 50,000,000.00	99.36 4.34%	49,680,350.00 177,375.00	0.37% (319,650.00)	NA/NA NA	1.41 1.35
880591EZ1	TENNESSEE VALLEY AUTHORITY 3.875 03/15/2028	25,000,000.00	03/27/2023 4.06%	24,796,750.00 24,937,073.26	99.23 4.40%	24,806,250.00 446,701.39	0.19% (130,823.26)	Aa1/AA+ AA+	1.54 1.45
31424WXE7	FEDERAL AGRICULTURAL MORTGAGE CORPORATION 3.96 03/27/2028	25,000,000.00	03/20/2025 3.96%	25,000,000.00 25,000,000.00	99.39 4.36%	24,848,425.00 423,500.00	0.19% (151,575.00)	NA/NA NA	1.57 1.48
31422X3J9	FEDERAL AGRICULTURAL MORTGAGE CORP 4.04 05/26/2028	25,000,000.00	05/25/2023 4.04%	25,000,000.00 25,000,000.00	99.42 4.39%	24,853,775.00 266,527.78	0.19% (146,225.00)	NA/NA NA	1.74 1.64
3133EPLD5	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.875 05/30/2028	25,000,000.00	05/23/2023 3.94%	24,932,500.00 24,976,465.52	99.27 4.31%	24,818,625.00 244,878.47	0.19% (157,840.52)	Aa1/AA+ AA+	1.75 1.66
31422X4T6	FEDERAL AGRICULTURAL MORTGAGE CORPORATION 4.34 06/30/2028	25,000,000.00	07/05/2023 4.34%	25,000,000.00 25,000,000.00	99.87 4.41%	24,968,425.00 183,847.22	0.19% (31,575.00)	NA/NA NA	1.83 1.73

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
31422X6E7	FEDERAL AGRICULTURAL MORTGAGE CORPORATION 4.475 07/28/2028	50,000,000.00	08/15/2023 4.48%	50,000,000.00 50,000,000.00	100.10 4.42%	50,047,900.00 205,104.17	0.38% 47,900.00	NA/NA NA	1.91 1.80
31422X5V0	FEDERAL AGRICULTURAL MORTGAGE CORPORATION 4.43 08/07/2028	25,000,000.00	08/03/2023 4.43%	25,000,000.00 25,000,000.00	100.00 4.43%	24,999,125.00 73,833.33	0.19% (875.00)	NA/NA NA	1.94 1.83
3130B0LA5	FEDERAL HOME LOAN BANKS 4.0 09/22/2028	25,000,000.00	03/19/2024 4.57%	24,430,000.00 24,739,428.57	98.99 4.52%	24,746,375.00 441,666.67	0.19% 6,946.43	Aa1/AA+ AA+	2.06 1.92
31424W3N0	FEDERAL AGRICULTURAL MORTGAGE CORPORATION 3.88 11/24/2028	18,950,000.00	12/03/2025 3.91%	18,935,787.50 18,939,334.08	98.64 4.53%	18,691,806.25 198,111.72	0.14% (247,527.83)	NA/NA NA	2.23 2.09
3130AYHF6	FEDERAL HOME LOAN BANKS 4.3 01/12/2029	25,000,000.00	01/11/2024 4.30%	25,000,000.00 25,000,000.00	99.32 4.60%	24,830,200.00 146,319.44	0.19% (169,800.00)	Aa1/AA+ AA+	2.37 2.21
3130ARBZ3	FEDERAL HOME LOAN BANKS 2.7 03/28/2029	22,500,000.00	06/24/2024 4.42%	20,856,082.50 21,611,319.21	95.70 4.49%	21,531,802.50 258,187.50	0.16% (79,516.71)	Aa1/AA+ AA+	2.57 2.42
3130B0YH6	FEDERAL HOME LOAN BANKS 5.01 04/19/2029	25,000,000.00	04/16/2024 5.01%	25,000,000.00 25,000,000.00	100.06 4.98%	25,015,100.00 459,250.00	0.19% 15,100.00	Aa1/AA+ AA+	2.63 0.61
31424WLQ3	FEDERAL AGRICULTURAL MORTGAGE CORPORATION 4.16 07/09/2029	15,000,000.00	07/17/2024 4.16%	15,000,000.00 15,000,000.00	99.15 4.48%	14,872,065.00 90,133.33	0.11% (127,935.00)	NA/NA NA	2.85 2.65
31424WMH2	FEDERAL AGRICULTURAL MORTGAGE CORPORATION 3.84 07/27/2029	50,000,000.00	08/07/2024 3.84%	50,000,000.00 50,000,000.00	98.23 4.49%	49,116,100.00 181,333.33	0.37% (883,900.00)	NA/NA NA	2.90 2.71
31424WUJ9	FEDERAL AGRICULTURAL MORTGAGE CORPORATION 4.58 01/28/2030	50,000,000.00	01/24/2025 4.58%	50,000,000.00 50,000,000.00	99.35 4.79%	49,673,650.00 209,916.67	0.37% (326,350.00)	NA/NA NA	3.41 3.11
3136GAC98	FEDERAL NATIONAL MORTGAGE ASSOCIATION 4.625 02/26/2030	50,000,000.00	02/21/2025 4.62%	50,000,000.00 50,000,000.00	99.48 4.79%	49,739,100.00 32,118.06	0.37% (260,900.00)	Aa1/AA+ AA+	3.49 3.18
3130B5FY9	FEDERAL HOME LOAN BANKS 4.225 02/28/2030	25,000,000.00	03/03/2025 4.21%	25,000,000.00 25,000,000.00	98.61 4.66%	24,651,450.00 8,802.08	0.18% (348,550.00)	Aa1/AA+ AA+	3.50 3.21
3133ETEY9	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.36 04/29/2030	50,000,000.00	04/29/2025 4.36%	50,000,000.00 50,000,000.00	98.84 4.71%	49,419,050.00 738,777.78	0.37% (580,950.00)	Aa1/AA+ AA+	3.66 3.30
880591DM1	TENNESSEE VALLEY AUTHORITY 7.125 05/01/2030	38,329,000.00	05/02/2025 4.01%	43,675,895.50 42,255,534.68	108.69 4.52%	41,660,326.71 910,313.75	0.31% (595,207.97)	Aa1/AA+ AA+	3.67 3.17

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
3133ETKB2	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.4 06/03/2030	15,770,000.00	06/04/2025 4.40%	15,770,000.00 15,770,000.00	98.40 4.87%	15,517,017.66 169,615.11	0.12% (252,982.34)	Aa1/AA+ AA+	3.76 3.38
880591FE7	TENNESSEE VALLEY AUTHORITY 3.875 08/01/2030	12,000,000.00	08/05/2025 3.97%	11,951,160.00 11,961,604.62	97.84 4.48%	11,741,004.00 38,750.00	0.09% (220,600.62)	Aa1/AA+ AA+	3.92 3.58
3136GARJ0	FEDERAL NATIONAL MORTGAGE ASSOCIATION 3.88 09/09/2030	25,000,000.00	09/04/2025 3.88%	25,000,000.00 25,000,000.00	97.66 4.52%	24,414,075.00 463,444.44	0.18% (585,925.00)	Aa1/AA+ AA+	4.02 3.61
31428JHH3	FEDERAL AGRICULTURAL MORTGAGE CORP 4.25 05/08/2031	50,000,000.00	05/01/2026 4.25%	50,000,000.00 50,000,000.00	98.16 4.69%	49,082,150.00 667,013.89	0.37% (917,850.00)	NA/NA NA	4.68 4.14
3136GDCW1	FEDERAL NATIONAL MORTGAGE ASSOCIATION 4.46 05/19/2031	25,000,000.00	05/15/2026 4.46%	25,000,000.00 25,000,000.00	98.98 4.70%	24,745,075.00 315,916.67	0.19% (254,925.00)	Aa1/AA+ AA+	4.71 4.15
3134HCY37	FHLMC 4 1/2 05/22/31	25,000,000.00	05/20/2026 4.50%	25,000,000.00 25,000,000.00	99.50 4.62%	24,874,350.00 309,375.00	0.19% (125,650.00)	Aa1/AA+ AA+	4.72 4.16
3136GDMC4	FEDERAL NATIONAL MORTGAGE ASSOCIATION 4.71 07/28/2031	25,000,000.00	07/23/2026 4.71%	25,000,000.00 25,000,000.00	99.56 4.81%	24,890,375.00 107,937.50	0.19% (109,625.00)	Aa1/AA+ AA+	4.91 4.32
Total Agency		1,609,310,000.00	3.64%	1,606,679,789.10 1,611,223,070.17	99.48 4.36%	1,600,457,498.89 12,163,729.72	12.01% (10,765,571.28)		1.86 1.68
AGENCY CMBS									
3137H14B9	FHMS K-743 A2 1.77 05/25/2028	50,355,000.00	06/26/2026 4.31%	48,065,421.09 48,280,389.01	95.51 4.52%	48,091,945.59 74,273.63	0.36% (188,443.42)	Aa1/AA+ AAA	1.73 1.62
3137FGR31	FHMS K-078 A2 3.854 06/25/2028	10,175,000.00	06/09/2026 4.33%	10,068,083.01 10,080,111.17	98.73 4.52%	10,045,930.13 32,678.71	0.08% (34,181.05)	Aa1/AA+ AAA	1.82 1.59
3137GBX34	FHMS K-565 AS 4.09975 07/25/2031	29,000,000.00	08/11/2026 4.68%	28,114,050.00 28,119,956.33	96.60 4.77%	28,013,014.00 39,630.92	0.21% (106,942.33)	Aa1/AA+ AA+	4.90 4.36
3137GBGA7	FHMS K-564 A2 4.25 06/25/2031	28,000,000.00	07/13/2026 4.65%	27,480,012.00 27,491,702.05	97.67 4.78%	27,346,760.00 99,166.67	0.21% (144,942.05)	Aa1/AA+ AA+	4.82 4.25
Total Agency CMBS		117,530,000.00	4.48%	113,727,566.10 113,972,158.56	96.58 4.64%	113,497,649.72 245,749.92	0.85% (474,508.85)		3.26 2.93
CASH									
90USB\$000	US Bank	58,794.30	08/19/2026 3.29%	58,794.30 58,794.30	1.00 3.29%	58,794.30 0.00	0.00% 0.00	NA/NA NA	0.00 0.00

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
90JPMC\$03	JP Morgan Chase Bank Deposit	68,361,118.79	-- 2.65%	68,361,118.79 68,361,118.79	1.00 2.65%	68,361,118.79 0.00	0.51% 0.00	NA/NA NA	0.00 0.00
CCYUSD	Receivable	519,156.16	--	519,156.16 519,156.16	1.00	519,156.16 0.00	0.00% 0.00	Aaa/AAA AAA	0.00 0.00
Total Cash		68,939,069.25	2.65%	68,939,069.25	1.00 2.65%	68,939,069.25 0.00	0.52% 0.00		0.00 0.00
COMMERCIAL PAPER									
89233HJ13	Toyota Motor Credit Corporation 09/01/2026	74,000,000.00	02/25/2026 3.80%	72,558,562.22 74,000,000.00	99.99 3.67%	73,992,452.00 0.00	0.56% (7,548.00)	P-1/A-1+ F1	0.00 0.00
09659CJ25	BNP Paribas New York Branch 09/02/2026	50,000,000.00	03/27/2026 3.98%	49,136,541.67 49,994,569.44	99.98 3.64%	49,989,900.00 0.00	0.38% (4,669.44)	P-1/A-1 F1+	0.01 0.00
89116FJ35	Toronto Dominion Holdings (U.S.A.), Inc. 09/03/2026	25,000,000.00	04/09/2026 3.89%	24,609,020.83 24,994,680.56	99.97 3.70%	24,992,300.00 0.00	0.19% (2,380.56)	P-1/A-1 NA	0.01 0.01
89116FJ43	Toronto Dominion Holdings (U.S.A.), Inc. 09/04/2026	25,000,000.00	04/09/2026 3.89%	24,606,361.11 24,992,020.83	99.96 3.70%	24,989,725.00 0.00	0.19% (2,295.83)	P-1/A-1 NA	0.01 0.01
89233HJW5	Toyota Motor Credit Corporation 09/30/2026	100,000,000.00	-- 3.96%	97,890,763.89 99,687,847.22	99.69 3.74%	99,689,200.00 0.00	0.75% 1,352.78	P-1/A-1+ F1	0.08 0.08
89233HK52	Toyota Motor Credit Corporation 10/05/2026	50,000,000.00	04/21/2026 3.90%	49,111,652.78 49,819,138.89	99.64 3.75%	49,818,350.00 0.00	0.37% (788.89)	P-1/A-1+ F1	0.10 0.08
06366HK63	Bank of Montreal - Chicago Branch 10/06/2026	40,000,000.00	03/30/2026 4.00%	39,172,444.44 39,847,555.55	99.63 3.75%	39,850,640.00 0.00	0.30% 3,084.45	P-1/A-1 F1+	0.10 0.10
06366HK71	Bank of Montreal - Chicago Branch 10/07/2026	70,000,000.00	03/30/2026 4.00%	68,544,155.56 69,725,600.00	99.62 3.75%	69,731,200.00 0.00	0.52% 5,600.00	P-1/A-1 F1+	0.10 0.10
06054PKD7	BofA Securities, LLC 10/13/2026	70,000,000.00	04/06/2026 4.02%	68,544,388.89 69,678,233.33	99.54 3.83%	69,681,290.00 0.00	0.52% 3,056.67	P-1/A-1 F1+	0.12 0.11
06366HKG1	Bank of Montreal - Chicago Branch 10/16/2026	50,000,000.00	04/02/2026 4.00%	48,930,180.56 49,755,625.00	99.52 3.78%	49,759,950.00 0.00	0.37% 4,325.00	P-1/A-1 F1+	0.13 0.12
06054PKW5	BofA Securities, LLC 10/30/2026	100,000,000.00	04/06/2026 4.03%	97,734,500.00 99,354,277.78	99.36 3.86%	99,360,000.00 0.00	0.75% 5,722.22	P-1/A-1 F1+	0.16 0.16
06366HKW6	Bank of Montreal - Chicago Branch 10/30/2026	50,000,000.00	04/06/2026 4.00%	48,875,875.00 49,679,597.22	99.37 3.81%	49,684,150.00 0.00	0.37% 4,552.78	P-1/A-1 F1+	0.16 0.16

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
06054PL20	BofA Securities, Inc. 11/02/2026	100,000,000.00	04/01/2026 3.99%	97,670,833.34 99,328,333.34	99.33 3.94%	99,326,600.00 0.00	0.75% (1,733.34)	P-1/A-1 F1+	0.17 0.17
21687BL66	Coöperatieve Rabobank U.A., New York Branch 11/06/2026	70,000,000.00	04/07/2026 3.98%	68,388,891.67 69,500,783.33	99.28 3.94%	69,498,170.00 0.00	0.52% (2,613.33)	P-1/A-1 F1+	0.18 0.18
09659CLA4	BNP Paribas New York Branch 11/10/2026	50,000,000.00	04/15/2026 3.97%	48,873,722.22 49,622,777.78	99.25 3.88%	49,625,400.00 0.00	0.37% 2,622.22	P-1/A-1 F1+	0.19 0.15
06054PLA2	BofA Securities, Inc. 11/10/2026	50,000,000.00	04/09/2026 4.05%	48,820,486.11 49,615,972.22	99.24 3.95%	49,618,450.00 0.00	0.37% 2,477.78	P-1/A-1 F1+	0.19 0.15
13607FMJ2	Canadian Imperial Holdings, Inc. 12/18/2026	200,000,000.00	04/10/2026 4.00%	194,554,000.00 197,666,000.00	98.82 3.97%	197,644,800.00 0.00	1.48% (21,200.00)	P-1/A-1 F1+	0.30 0.29
21687BMJ7	Coöperatieve Rabobank U.A., New York Branch 12/18/2026	100,000,000.00	04/09/2026 4.01%	97,259,166.67 98,830,000.00	98.82 3.97%	98,822,100.00 0.00	0.74% (7,900.00)	P-1/A-1 F1+	0.30 0.29
06054PMX1	BofA Securities, LLC 12/31/2026	100,000,000.00	04/10/2026 4.05%	97,107,083.34 98,679,083.34	98.64 4.11%	98,636,300.00 0.00	0.74% (42,783.34)	P-1/A-1 F1+	0.33 0.33
06054PN44	BofA Securities, Inc. 01/04/2027	125,000,000.00	-- 4.03%	121,418,083.35 123,302,083.34	98.59 4.16%	123,236,000.00 0.00	0.92% (66,083.34)	P-1/A-1 F1+	0.34 0.23
89116FN48	Toronto Dominion Holdings (U.S.A.), Inc. 01/04/2027	50,000,000.00	07/06/2026 4.08%	48,988,888.89 49,305,555.56	98.60 4.08%	49,302,250.00 0.00	0.37% (3,305.56)	P-1/A-1 NA	0.34 0.34
78015DNM8	Royal Bank of Canada New York Branch 01/21/2027	50,000,000.00	06/26/2026 4.08%	48,841,791.67 49,213,083.34	98.41 4.09%	49,205,400.00 0.00	0.37% (7,683.34)	P-1/A-1+ F1+	0.39 0.38
06366HNM5	Bank of Montreal - Chicago Branch 01/21/2027	50,000,000.00	06/16/2026 4.04%	48,801,583.33 49,222,944.44	98.41 4.09%	49,206,050.00 0.00	0.37% (16,894.44)	P-1/A-1 F1+	0.39 0.38
06366HNV5	Bank of Montreal - Chicago Branch 01/29/2027	50,000,000.00	06/02/2026 4.00%	48,694,583.33 49,187,500.00	98.31 4.11%	49,157,450.00 0.00	0.37% (30,050.00)	P-1/A-1 F1+	0.41 0.40
46590ENV6	J.P. Morgan Securities LLC 01/29/2027	125,000,000.00	-- 4.17%	121,877,687.51 122,884,375.01	98.32 4.12%	122,901,875.00 0.00	0.92% 17,499.99	P-1/NA F1+	0.41 0.24
06054PNV4	BofA Securities, LLC 01/29/2027	75,000,000.00	06/01/2026 4.04%	73,018,625.00 73,771,875.00	98.29 4.18%	73,715,775.00 0.00	0.55% (56,100.00)	P-1/A-1 F1+	0.41 0.40
78015DNV8	Royal Bank of Canada New York Branch 01/29/2027	50,000,000.00	07/06/2026 4.09%	48,850,000.00 49,166,666.67	98.32 4.11%	49,158,600.00 0.00	0.37% (8,066.67)	P-1/A-1+ F1+	0.41 0.40
78015DP20	Royal Bank of Canada New York Branch 02/02/2027	50,000,000.00	06/26/2026 4.10%	48,772,222.22 49,144,444.44	98.27 4.12%	49,134,600.00 0.00	0.37% (9,844.44)	P-1/A-1+ F1+	0.42 0.41
78015DP46	Royal Bank of Canada New York Branch 02/04/2027	30,000,000.00	06/26/2026 4.10%	29,256,666.67 29,480,000.00	98.25 4.12%	29,473,530.00 0.00	0.22% (6,470.00)	P-1/A-1+ F1+	0.43 0.42

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
78015DP95	Royal Bank of Canada New York Branch 02/09/2027	20,000,000.00	06/26/2026 4.10%	19,493,333.33 19,642,222.22	98.18 4.13%	19,636,940.00 0.00	0.15% (5,282.22)	P-1/A-1+ F1+	0.44 0.43
89233HPC2	Toyota Motor Credit Corporation 02/12/2027	50,000,000.00	08/05/2026 4.17%	48,917,666.67 49,070,666.67	98.15 4.15%	49,073,000.00 0.00	0.37% 2,333.33	P-1/A-1+ F1	0.45 0.44
78015DQW3	Royal Bank of Canada New York Branch 03/30/2027	150,000,000.00	07/08/2026 4.23%	145,472,916.67 146,412,500.00	97.58 4.25%	146,371,800.00 0.00	1.10% (40,700.00)	P-1/A-1+ F1+	0.58 0.31
Total Commercial Paper		2,249,000,000.00	4.03%	2,194,792,678.94 2,224,576,012.53	98.91 3.97%	2,224,284,247.00 0.00	16.69% (291,765.53)		0.27 0.23
CORPORATE									
037833DN7	APPLE INC. 2.05 09/11/2026	25,000,000.00	04/18/2024 5.08%	23,315,000.00 24,980,676.61	99.95 3.94%	24,986,650.00 242,013.89	0.19% 5,973.39	Aaa/AA+ NA	0.03 0.03
023135DB9	AMAZON.COM INC 3.85 03/13/2028	25,000,000.00	-- 3.89%	24,979,750.00 24,984,514.71	99.04 4.51%	24,759,325.00 449,166.67	0.19% (225,189.71)	A1/AA AA-	1.53 1.44
037833EY2	APPLE INC 4.0 05/12/2028	40,000,000.00	05/05/2025 4.07%	39,921,600.00 39,955,721.17	99.33 4.41%	39,732,520.00 484,444.44	0.30% (223,201.17)	Aaa/AA+ NA	1.70 1.60
02079KCL9	ALPHABET INC. 4.5 08/10/2028	10,000,000.00	08/06/2026 4.58%	9,985,800.00 9,986,227.36	99.99 4.51%	9,998,830.00 26,250.00	0.08% 12,602.64	Aa2/AA+ NA	1.94 1.84
023135DC7	AMAZON.COM INC 4.0 03/13/2029	35,000,000.00	-- 4.21%	34,806,250.00 34,828,543.21	98.29 4.72%	34,401,115.00 653,333.33	0.26% (427,428.21)	A1/AA AA-	2.53 2.33
Total Corporate		135,000,000.00	4.30%	133,008,400.00 134,735,683.05	99.17 4.43%	133,878,440.00 1,855,208.33	1.00% (857,243.05)		1.59 1.48
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	75,000,000.00	-- 3.87%	75,000,000.00 75,000,000.00	1.00 3.87%	75,000,000.00 0.00	0.56% 0.00	NA/NA NA	0.00 0.00
Total LAIF		75,000,000.00	3.87%	75,000,000.00 75,000,000.00	1.00 3.87%	75,000,000.00 0.00	0.56% 0.00		0.00 0.00
LOCAL GOV INVESTMENT POOL									
90CAMP\$00	CAMP	185,667,794.98	-- 3.80%	185,667,794.98 185,667,794.98	1.00 3.80%	185,667,794.98 0.00	1.39% 0.00	NA/AAAm NA	0.00 0.00

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
90CALFT\$0	CalFIT	102,785,937.84	-- 3.80%	102,785,937.84 102,785,937.84	1.00 3.80%	102,785,937.84 0.00	0.77% 0.00	NA/AAAm NA	0.00 0.00
Total Local Gov Investment Pool		288,453,732.82	3.80%	288,453,732.82 288,453,732.82	1.00 3.80%	288,453,732.82 0.00	2.16% 0.00		0.00 0.00
MONEY MARKET FUND									
09248U700	BLKRK LQ:FEDFUND INSTL	35,500,000.00	-- 3.58%	35,500,000.00 35,500,000.00	1.00 3.58%	35,500,000.00 0.00	0.27% 0.00	Aaa/AAAm AAA	0.00 0.00
61747C707	MORG STAN I LQ:GV I	71,500,000.00	-- 3.60%	71,500,000.00 71,500,000.00	1.00 3.60%	71,500,000.00 0.00	0.54% 0.00	Aaa/AAAm AAA	0.00 0.00
31607A703	FIDELITY IMM:GOVT INSTL	188,400,000.00	-- 3.61%	188,400,000.00 188,400,000.00	1.00 3.61%	188,400,000.00 0.00	1.41% 0.00	Aaa/AAAm AAA	0.00 0.00
Total Money Market Fund		295,400,000.00	3.60%	295,400,000.00 295,400,000.00	1.00 3.60%	295,400,000.00 0.00	2.22% 0.00		0.00 0.00
MUNICIPAL BONDS									
798135E96	SAN JOSE CALIF 2.5 09/01/2026	10,000,000.00	04/28/2022 3.16%	9,730,500.00 10,000,000.00	100.00 2.50%	10,000,000.00 125,000.00	0.08% 0.00	Aa1/AA+ AAA	0.00 0.00
13063EBN5	CALIFORNIA STATE 5.5 09/01/2026	45,955,000.00	04/12/2024 5.10%	46,367,216.35 45,955,000.00	100.00 5.50%	45,955,000.00 1,263,762.50	0.34% 0.00	Aa2/AA- AA	0.00 0.00
798189TL0	SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST 4.796 09/01/2026	2,500,000.00	03/01/2023 4.80%	2,500,000.00 2,500,000.00	100.00 4.80%	2,500,000.00 59,950.00	0.02% 0.00	Aaa/AA+ NA	0.00 0.00
419792J56	HAWAII ST 4.818 10/01/2026	8,450,000.00	10/20/2022 4.82%	8,450,000.00 8,450,000.00	100.04 4.27%	8,453,261.70 169,633.75	0.06% 3,261.70	Aa2/AA+ NA	0.08 0.08
57582RK96	MASSACHUSETTS COMMONWEALTH 0.986 11/01/2026	6,710,000.00	10/27/2022 4.62%	5,823,541.90 6,673,013.72	99.46 4.26%	6,673,517.73 22,053.53	0.05% 504.01	Aa1/AA+ AA+	0.17 0.17
880558QT1	TENNESSEE ST SCH BD AUTH 4.73 11/01/2026	3,650,000.00	10/26/2022 4.71%	3,652,774.00 3,650,116.94	100.06 4.33%	3,652,018.45 57,548.33	0.03% 1,901.51	Aa1/AA+ AA+	0.17 0.17
13063D3N6	CALIFORNIA STATE 4.846 03/01/2027	18,500,000.00	03/09/2023 4.85%	18,500,000.00 18,500,000.00	100.25 4.33%	18,546,953.00 448,255.00	0.14% 46,953.00	Aa2/AA- AA	0.50 0.49

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
68609UBF1	OREGON ST 4.112 05/01/2027	5,625,000.00	03/16/2023 4.11%	5,625,000.00 5,625,000.00	99.88 4.29%	5,618,311.88 77,100.00	0.04% (6,688.13)	Aa1/AA+ AA+	0.67 0.64
68609T7G7	OREGON ST 3.315 05/01/2027	1,000,000.00	05/17/2022 3.32%	1,000,000.00 1,000,000.00	99.36 4.29%	993,632.00 11,050.00	0.01% (6,368.00)	Aa1/AA+ AA+	0.67 0.64
20772KTJ8	CONNECTICUT ST 5.05 05/15/2027	8,670,000.00	06/01/2023 4.51%	8,836,464.00 8,699,947.14	100.53 4.28%	8,715,517.50 128,918.08	0.07% 15,570.36	Aa2/AA- AA	0.70 0.68
20772KQK8	CONNECTICUT ST 3.631 06/15/2027	5,000,000.00	06/22/2022 3.63%	5,000,000.00 5,000,000.00	99.50 4.28%	4,974,955.00 38,327.22	0.04% (25,045.00)	Aa2/AA- AA	0.79 0.76
373385KW2	GEORGIA ST 3.43 07/01/2027	8,210,000.00	07/07/2022 3.43%	8,210,000.00 8,210,000.00	99.41 4.16%	8,161,207.97 46,933.83	0.06% (48,792.03)	Aaa/AAA AAA	0.83 0.81
25477GUY9	DISTRICT COLUMBIA INCOME TAX REV 3.499 07/01/2027	5,000,000.00	07/27/2022 3.50%	5,000,000.00 5,000,000.00	99.32 4.34%	4,965,815.00 29,158.33	0.04% (34,185.00)	Aa1/AAA AA+	0.83 0.81
576004HD0	MASSACHUSETTS (COMMONWEALTH OF) 3.68 07/15/2027	5,000,000.00	08/30/2022 3.68%	5,000,000.00 5,000,000.00	99.46 4.32%	4,972,820.00 23,511.11	0.04% (27,180.00)	Aa1/NA AAA	0.87 0.84
46247SEC4	IOWA FIN AUTH REV 4.34 08/01/2027	2,000,000.00	06/02/2023 4.34%	2,000,000.00 2,000,000.00	100.11 4.21%	2,002,284.00 7,233.33	0.02% 2,284.00	Aaa/NA AAA	0.92 0.89
798189TM8	SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST 4.718 09/01/2027	2,000,000.00	03/01/2023 4.72%	2,000,000.00 2,000,000.00	100.48 4.22%	2,009,694.00 47,180.00	0.02% 9,694.00	Aaa/AA+ NA	1.00 0.97
419792J64	HAWAII ST 4.838 10/01/2027	6,750,000.00	10/20/2022 4.84%	6,750,000.00 6,750,000.00	100.58 4.28%	6,788,920.50 136,068.75	0.05% 38,920.50	Aa2/AA+ NA	1.08 1.03
882724T64	TEXAS ST PUB FIN AUTH 4.528 10/01/2027	5,000,000.00	08/10/2023 4.53%	5,000,000.00 5,000,000.00	100.42 4.13%	5,020,935.00 94,333.33	0.04% 20,935.00	NA/AAA AAA	1.08 1.03
57582R4H6	MASSACHUSETTS COMMONWEALTH 5.5 10/01/2027	20,000,000.00	10/17/2023 5.20%	20,210,000.00 20,057,724.43	101.31 4.24%	20,262,400.00 458,333.33	0.15% 204,675.57	Aa1/AA+ AA+	1.08 1.02
419792M29	HAWAII ST 5.0 10/01/2027	5,000,000.00	12/07/2023 4.51%	5,084,150.00 5,024,051.56	100.76 4.27%	5,037,840.00 104,166.67	0.04% 13,788.44	Aa2/AA+ AA	1.08 1.03
20772KTK5	CONNECTICUT ST 4.506 05/15/2028	5,000,000.00	06/01/2023 4.51%	5,000,000.00 5,000,000.00	100.14 4.42%	5,006,995.00 66,338.33	0.04% 6,995.00	Aa2/AA- AA	1.71 1.61
57582TDY5	MASSACHUSETTS COMMONWEALTH 4.15 06/01/2028	10,000,000.00	06/10/2025 4.13%	10,005,300.00 10,003,138.74	99.62 4.38%	9,961,970.00 103,750.00	0.07% (41,168.74)	Aa1/AA+ AA+	1.75 1.65

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
20772KD30	CONNECTICUT ST 4.25 08/15/2028	7,000,000.00	09/25/2025 3.75%	7,092,190.00 7,063,597.74	99.60 4.46%	6,971,972.00 13,222.22	0.05% (91,625.74)	Aa2/AA- AA	1.96 1.85
13063D7D4	CALIFORNIA ST 5.5 10/01/2028	25,000,000.00	10/04/2023 5.17%	25,357,000.00 25,149,519.54	101.90 4.53%	25,475,650.00 572,916.67	0.19% 326,130.46	Aa2/AA- AA	2.08 1.91
57582R4J2	MASSACHUSETTS COMMONWEALTH 5.5 10/01/2028	14,000,000.00	10/17/2023 5.25%	14,149,800.00 14,063,226.73	102.10 4.43%	14,294,280.00 320,833.33	0.11% 231,053.27	Aa1/AA+ AA+	2.08 1.91
57582TDZ2	MASSACHUSETTS COMMONWEALTH 4.25 06/01/2029	10,000,000.00	06/10/2025 4.22%	10,010,600.00 10,007,370.08	99.39 4.49%	9,938,580.00 106,250.00	0.07% (68,790.08)	Aa1/AA+ AA+	2.75 2.54
13063EGT7	CALIFORNIA STATE 4.5 08/01/2029	50,000,000.00	10/30/2024 4.37%	50,272,000.00 50,167,445.09	99.91 4.53%	49,955,150.00 187,500.00	0.37% (212,295.09)	Aa2/AA- AA	2.92 2.70
20772KD48	CONNECTICUT ST 3.865 08/15/2029	5,375,000.00	09/25/2025 3.86%	5,375,000.00 5,375,000.00	98.11 4.56%	5,273,380.25 9,233.06	0.04% (101,619.75)	Aa2/AA- AA	2.96 2.75
419792P75	HAWAII ST 4.287 10/01/2029	15,000,000.00	12/05/2024 4.29%	15,000,000.00 15,000,000.00	99.24 4.55%	14,885,385.00 267,937.50	0.11% (114,615.00)	Aa2/AA+ AA	3.08 2.81
57582TEA6	MASSACHUSETTS COMMONWEALTH 4.35 06/01/2030	5,000,000.00	06/10/2025 4.32%	5,006,500.00 5,004,919.02	99.29 4.56%	4,964,450.00 54,375.00	0.04% (40,469.02)	Aa1/AA+ AA+	3.75 3.39
20772KD55	CONNECTICUT ST 3.885 08/15/2030	7,250,000.00	09/25/2025 3.88%	7,250,000.00 7,250,000.00	97.37 4.62%	7,059,281.50 12,518.33	0.05% (190,718.50)	Aa2/AA- AA	3.96 3.61
US13063EHU38	CALIFORNIA ST 4.875 09/01/2030	50,000,000.00	09/24/2025 3.88%	52,210,500.00 51,792,197.84	100.99 4.60%	50,492,550.00 1,218,750.00	0.38% (1,299,647.84)	Aa2/AA- AA	4.00 3.60
Total Municipal Bonds		378,645,000.00	4.46%	381,468,536.25 380,971,268.55	100.26 4.52%	379,584,727.48 6,282,141.56	2.85% (1,386,541.08)		1.82 1.68
NEGOTIABLE CD									
65558WUR7	Nordea ABP - New York Branch 3.88 09/08/2026	70,000,000.00	04/08/2026 3.88%	70,000,000.00 70,000,000.00	100.00 3.58%	70,003,360.00 1,101,488.89	0.53% 3,360.00	P-1/A-1+ F1+	0.02 0.02
06418NPU0	Bank of Nova Scotia, Houston Branch 3.93 09/08/2026	50,000,000.00	03/27/2026 3.93%	50,000,000.00 50,000,000.00	100.00 3.64%	50,002,250.00 862,416.67	0.38% 2,250.00	P-1/A-1 F1+	0.02 0.02
22536XEA8	Credit Agricole Corporate And Investment Bank, New 3.9 09/09/2026	30,000,000.00	04/06/2026 3.90%	30,000,000.00 30,000,000.00	100.01 3.62%	30,001,500.00 481,000.00	0.23% 1,500.00	P-1/A-1 NA	0.02 0.02

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
22536XDZ4	Credit Agricole Corporate And Investment Bank, New 3.9 09/10/2026	30,000,000.00	04/06/2026 3.90%	30,000,000.00 30,000,000.00	100.01 3.62%	30,001,650.00 481,000.00	0.23% 1,650.00	P-1/A-1 NA	0.03 0.03
65558WUS5	Nordea ABP - New York Branch 3.88 09/11/2026	110,000,000.00	04/08/2026 3.88%	110,000,000.00 110,000,000.00	100.01 3.60%	110,006,710.00 1,730,911.11	0.83% 6,710.00	P-1/A-1+ F1+	0.03 0.03
89115M5P7	Toronto-Dominion Bank - New York Branch 3.93 09/14/2026	70,000,000.00	04/06/2026 3.93%	70,000,000.00 70,000,000.00	100.01 3.69%	70,004,480.00 1,130,966.67	0.53% 4,480.00	P-1/A-1 F1+	0.04 0.04
89115MAN6	Toronto-Dominion Bank - New York Branch 4.03 09/18/2026	50,000,000.00	03/25/2026 4.03%	50,000,000.00 50,000,000.00	100.01 3.69%	50,006,450.00 895,555.56	0.38% 6,450.00	P-1/A-1 F1+	0.05 0.05
89115MB70	Toronto-Dominion Bank - New York Branch 4.03 10/01/2026	90,000,000.00	03/26/2026 4.03%	90,000,000.00 90,000,000.00	100.02 3.70%	90,020,070.00 1,601,925.00	0.68% 20,070.00	P-1/A-1 F1+	0.08 0.08
86959TUR5	Svenska Handelsbanken AB (publ) 3.94 10/07/2026	50,000,000.00	03/18/2026 3.94%	50,000,000.00 50,000,000.00	100.01 3.73%	50,007,100.00 913,861.11	0.38% 7,100.00	P-1/A-1+ F1+	0.10 0.10
89115MB88	Toronto-Dominion Bank - New York Branch 4.03 10/09/2026	70,000,000.00	03/26/2026 4.03%	70,000,000.00 70,000,000.00	100.02 3.74%	70,016,730.00 1,245,941.67	0.53% 16,730.00	P-1/A-1 F1+	0.11 0.11
06418NPZ9	Bank of Nova Scotia, Houston Branch 3.98 11/06/2026	100,000,000.00	04/08/2026 3.98%	100,000,000.00 100,000,000.00	100.00 3.90%	100,003,500.00 1,614,111.11	0.75% 3,500.00	P-1/A-1 F1+	0.18 0.18
06418NQA3	Bank of Nova Scotia, Houston Branch 3.92 11/10/2026	50,000,000.00	04/09/2026 3.92%	50,000,000.00 50,000,000.00	99.99 3.91%	49,995,050.00 789,444.44	0.38% (4,950.00)	P-1/A-1 F1+	0.19 0.19
13606DUX8	Canadian Imperial Bank Of Commerce, New York Branc 3.985 11/25/2026	100,000,000.00	04/10/2026 3.99%	100,000,000.00 100,000,000.00	100.02 3.85%	100,017,400.00 1,594,000.00	0.75% 17,400.00	P-1/A-1 F1+	0.24 0.23
65558WVJ4	Nordea ABP - New York Branch 3.91 11/25/2026	100,000,000.00	04/20/2026 3.91%	100,000,000.00 100,000,000.00	100.01 3.82%	100,007,900.00 1,455,388.89	0.75% 7,900.00	P-1/A-1+ F1+	0.24 0.23
22536XEN0	Credit Agricole Corporate And Investment Bank, New 3.99 12/18/2026	100,000,000.00	04/14/2026 3.99%	100,000,000.00 100,000,000.00	100.01 3.88%	100,014,300.00 1,551,666.67	0.75% 14,300.00	P-1/A-1 NA	0.30 0.30
87019W4M4	Swedbank AB (publ) 3.99 12/18/2026	100,000,000.00	04/13/2026 3.99%	100,000,000.00 100,000,000.00	100.00 3.92%	100,002,000.00 1,562,750.00	0.75% 2,000.00	P-1/A-1+ F1+	0.30 0.30
13606DVK5	Canadian Imperial Bank Of Commerce, New York Branc 3.92 01/08/2027	100,000,000.00	05/01/2026 3.92%	100,000,000.00 100,000,000.00	99.95 4.00%	99,951,400.00 1,339,333.33	0.75% (48,600.00)	P-1/A-1 F1+	0.36 0.35
13606DVM1	Canadian Imperial Bank Of Commerce, New York Branc 3.94 01/13/2027	25,000,000.00	05/05/2026 3.94%	25,000,000.00 25,000,000.00	99.95 4.02%	24,988,275.00 325,597.22	0.19% (11,725.00)	P-1/A-1 F1+	0.37 0.37

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
21684MAZ3	Coöperatieve Rabobank U.A., New York Branch 4.17 01/21/2027	100,000,000.00	06/24/2026 4.17%	100,000,000.00 100,000,000.00	100.04 4.03%	100,041,800.00 799,250.00	0.75% 41,800.00	P-1/A-1 F1+	0.39 0.39
86959TWG7	Svenska Handelsbanken AB (publ) 4.005 01/21/2027	50,000,000.00	06/08/2026 4.01%	50,000,000.00 50,000,000.00	99.97 4.03%	49,987,350.00 472,812.50	0.38% (12,650.00)	P-1/NA F1+	0.39 0.39
06367DVF9	Bank of Montreal - Chicago Branch 3.98 01/21/2027	50,000,000.00	05/20/2026 3.98%	50,000,000.00 50,000,000.00	99.95 4.06%	49,975,550.00 574,888.89	0.37% (24,450.00)	P-1/A-1 F1+	0.39 0.39
13606DVJ8	Canadian Imperial Bank Of Commerce, New York Branc 3.93 01/21/2027	100,000,000.00	05/01/2026 3.93%	100,000,000.00 100,000,000.00	99.94 4.03%	99,938,500.00 1,342,750.00	0.75% (61,500.00)	P-1/A-1 F1+	0.39 0.39
06418NRA2	Bank of Nova Scotia, Houston Branch 3.97 01/29/2027	50,000,000.00	05/27/2026 3.97%	50,000,000.00 50,000,000.00	99.97 3.99%	49,986,100.00 534,847.22	0.37% (13,900.00)	P-1/NA F1+	0.41 0.41
86959TWM4	Svenska Handelsbanken AB (publ) 3.98 01/29/2027	50,000,000.00	06/15/2026 3.98%	50,000,000.00 50,000,000.00	99.95 4.06%	49,975,700.00 431,166.67	0.37% (24,300.00)	P-1/NA F1+	0.41 0.41
06418NQX3	Bank of Nova Scotia, Houston Branch 3.99 01/29/2027	100,000,000.00	05/26/2026 3.99%	100,000,000.00 100,000,000.00	99.98 3.99%	99,980,200.00 1,086,166.67	0.75% (19,800.00)	P-1/NA F1+	0.41 0.41
65558WYB8	Nordea ABP - New York Branch 4.15 02/01/2027	100,000,000.00	06/24/2026 4.15%	100,000,000.00 100,000,000.00	100.03 4.05%	100,029,000.00 795,416.67	0.75% 29,000.00	P-1/A-1+ F1+	0.42 0.42
05593DPC1	BNP Paribas New York Branch 3.98 02/01/2027	25,000,000.00	05/06/2026 3.98%	25,000,000.00 25,000,000.00	99.85 4.28%	24,962,897.50 326,138.89	0.19% (37,102.50)	P-1/A-1 F1+	0.42 0.42
22536XFW9	Credit Agricole Corporate And Investment Bank, New 4.0 02/05/2027	100,000,000.00	05/04/2026 4.00%	100,000,000.00 100,000,000.00	99.95 4.05%	99,954,200.00 1,333,333.33	0.75% (45,800.00)	P-1/A-1 NA	0.43 0.43
22536XGL2	Credit Agricole Corporate And Investment Bank, New 4.03 02/08/2027	40,000,000.00	05/12/2026 4.03%	40,000,000.00 40,000,000.00	99.96 0.09%	39,984,320.00 501,511.11	0.30% (15,680.00)	P-1/A-1 NA	0.44 0.44
65558WYF9	Nordea ABP - New York Branch 4.12 02/18/2027	100,000,000.00	06/25/2026 4.12%	100,000,000.00 100,000,000.00	100.00 4.05%	99,999,800.00 778,222.22	0.75% (200.00)	P-1/A-1+ F1+	0.47 0.46
21684MBK5	Coöperatieve Rabobank U.A., New York Branch 4.13 02/26/2027	50,000,000.00	07/15/2026 4.13%	50,000,000.00 50,000,000.00	99.96 4.19%	49,981,050.00 275,333.33	0.37% (18,950.00)	P-1/A-1 F1+	0.49 0.48
65558WYY8	Nordea ABP - New York Branch 4.1 03/03/2027	25,000,000.00	07/21/2026 4.10%	25,000,000.00 25,000,000.00	99.98 4.12%	24,995,225.00 119,583.33	0.19% (4,775.00)	P-1/A-1+ F1+	0.50 0.50
86959TXC5	Svenska Handelsbanken AB (publ) 4.16 03/12/2027	90,000,000.00	07/16/2026 4.16%	90,000,000.00 90,000,000.00	99.97 4.20%	89,976,510.00 488,800.00	0.68% (23,490.00)	P-1/A-1+ F1+	0.53 0.52

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
22536XPR9	Credit Agricole Corporate And Investment Bank, New 4.18 04/21/2027	75,000,000.00	08/24/2026 4.18%	75,000,000.00 75,000,000.00	99.94 4.28%	74,953,050.00 69,666.67	0.56% (46,950.00)	P-1/A-1 NA	0.64 0.63
21684MBF6	Coöperatieve Rabobank U.A., New York Branch 4.23 04/30/2027	50,000,000.00	06/29/2026 4.23%	50,000,000.00 50,000,000.00	99.92 4.31%	49,962,150.00 376,000.00	0.37% (37,850.00)	P-1/A-1 F1+	0.66 0.65
22536XMW1	Credit Agricole Corporate And Investment Bank, New 4.33 06/30/2027	50,000,000.00	08/03/2026 4.33%	50,000,000.00 50,000,000.00	99.93 4.40%	49,966,150.00 174,402.78	0.37% (33,850.00)	P-1/A-1 NA	0.83 0.81
78015JEZ6	Royal Bank of Canada New York Branch 4.37 07/01/2027	75,000,000.00	07/23/2026 4.37%	75,000,000.00 75,000,000.00	100.01 4.34%	75,004,200.00 364,166.67	0.56% 4,200.00	P-1/A-1+ F1+	0.83 0.81
21684MBT6	Coöperatieve Rabobank U.A., New York Branch 4.22 07/01/2027	67,000,000.00	08/17/2026 4.22%	67,000,000.00 67,000,000.00	99.85 4.40%	66,900,572.00 117,808.33	0.50% (99,428.00)	P-1/A-1 F1+	0.83 0.81
22536XLT9	Credit Agricole Corporate And Investment Bank, New 4.32 07/02/2027	35,000,000.00	07/20/2026 4.32%	35,000,000.00 35,000,000.00	99.92 4.40%	34,970,355.00 180,600.00	0.26% (29,645.00)	P-1/A-1 NA	0.84 0.81
22536XPY4	Credit Agricole Corporate And Investment Bank, New 4.28 07/30/2027	50,000,000.00	08/26/2026 4.28%	50,000,000.00 50,000,000.00	99.85 4.44%	49,926,500.00 35,666.67	0.37% (73,500.00)	P-1/A-1 NA	0.91 0.89
22536XQC1	Credit Agricole Corporate And Investment Bank, New 4.29 07/30/2027	50,000,000.00	08/28/2026 4.29%	50,000,000.00 50,000,000.00	99.96 4.34%	49,978,865.00 23,833.33	0.37% (21,135.00)	P-1/A-1 NA	0.91 0.91
Total Negotiable CD		2,777,000,000.00	4.04%	2,777,000,000.00	99.98 3.93%	2,776,480,169.50 31,879,723.61	20.83% (519,830.50)		0.37 0.36
SUPRANATIONAL									
4581X0EM6	INTER-AMERICAN DEVELOPMENT BANK 4.375 02/01/2027	50,000,000.00	04/16/2024 4.92%	49,289,000.00 49,893,245.34	100.09 4.13%	50,046,850.00 182,291.67	0.38% 153,604.66	Aaa/AAA NA	0.42 0.41
45818WEH5	INTER-AMERICAN DEVELOPMENT BANK 3.96 06/30/2027	50,000,000.00	02/07/2023 3.96%	50,000,000.00 50,000,000.00	99.39 4.71%	49,697,400.00 341,753.42	0.37% (302,600.00)	Aaa/AAA NA	0.83 0.80
45950VRW8	INTERNATIONAL FINANCE CORP 3.81 06/30/2027	25,000,000.00	02/07/2023 3.81%	25,000,000.00 25,000,000.00	99.13 4.89%	24,781,850.00 161,395.83	0.19% (218,150.00)	Aaa/AAA NA	0.83 0.80
45950KDM9	INTERNATIONAL FINANCE CORP 3.9206 07/30/2027	100,000,000.00	04/11/2025 4.63%	100,000,000.00 100,000,000.00	100.08 3.83%	100,083,300.00 359,022.58	0.75% 83,300.00	Aaa/AAA NA	0.91 0.00

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
45950VTR7	INTERNATIONAL FINANCE CORP 3.58 09/07/2027	50,000,000.00	09/11/2024 3.58%	50,000,000.00 50,000,000.00	98.93 4.67%	49,463,450.00 865,166.67	0.37% (536,550.00)	Aaa/AAA NA	1.02 0.97
459058LS0	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 3.90243 06/30/2028	50,000,000.00	03/27/2025 4.24%	50,000,000.00 50,000,000.00	100.10 3.85%	50,052,050.00 341,019.00	0.38% 52,050.00	Aaa/NA NA	1.83 0.00
45818WFB7	INTER-AMERICAN DEVELOPMENT BANK 4.16 06/30/2028	50,000,000.00	01/19/2024 4.16%	50,000,000.00 50,000,000.00	98.87 4.81%	49,436,400.00 352,444.44	0.37% (563,600.00)	Aaa/AAA NA	1.83 1.73
45950VUH7	INTERNATIONAL FINANCE CORP 4.3 06/30/2028	50,000,000.00	01/30/2025 4.32%	49,964,000.00 49,980,590.80	99.16 4.78%	49,581,400.00 364,305.56	0.37% (399,190.80)	Aaa/AAA NA	1.83 1.73
45818WFM3	INTER-AMERICAN DEVELOPMENT BANK 4.76 07/03/2028	50,000,000.00	04/11/2024 4.76%	50,000,000.00 50,000,000.00	99.99 4.76%	49,993,150.00 383,444.44	0.38% (6,850.00)	Aaa/AAA NA	1.84 1.73
45818WFP6	INTER-AMERICAN DEVELOPMENT BANK 4.82 07/05/2028	50,000,000.00	05/03/2024 4.82%	50,000,000.00 50,000,000.00	100.08 4.77%	50,039,150.00 374,888.89	0.38% 39,150.00	Aaa/AAA NA	1.85 1.73
459058KT9	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 3.5 07/12/2028	50,835,000.00	-- 4.10%	49,596,943.80 50,323,068.59	98.45 4.37%	50,049,497.58 242,172.29	0.38% (273,571.01)	Aaa/AAA NA	1.87 1.77
4581X0DX3	INTER-AMERICAN DEVELOPMENT BANK 1.125 07/20/2028	50,801,000.00	01/22/2024 4.17%	44,531,140.58 48,169,112.70	94.18 4.37%	47,842,959.37 65,088.78	0.36% (326,153.33)	Aaa/AAA AAA	1.89 1.83
45950VST4	INTERNATIONAL FINANCE CORP 4.07 07/31/2028	50,000,000.00	01/08/2024 4.07%	50,000,000.00 50,000,000.00	98.70 4.79%	49,347,850.00 175,236.11	0.37% (652,150.00)	Aaa/AAA NA	1.92 1.81
459058KW2	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 4.625 08/01/2028	75,000,000.00	-- 4.46%	75,490,750.00 75,219,460.31	100.46 4.37%	75,343,800.00 289,062.50	0.57% 124,339.69	Aaa/AAA NA	1.92 1.81
459058JZ7	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 1.125 09/13/2028	35,000,000.00	12/28/2023 3.95%	30,794,750.00 33,183,429.80	93.72 4.39%	32,802,875.00 183,750.00	0.25% (380,554.80)	Aaa/AAA NA	2.04 1.96
45818WEY8	INTER-AMERICAN DEVELOPMENT BANK 4.05 09/29/2028	50,000,000.00	01/10/2024 4.05%	50,000,000.00 50,000,000.00	98.62 4.76%	49,308,000.00 236,250.00	0.37% (692,000.00)	Aaa/AAA NA	2.08 1.96
45818WFQ4	INTER-AMERICAN DEVELOPMENT BANK 4.815 11/07/2028	50,000,000.00	04/30/2024 4.82%	50,000,000.00 50,000,000.00	99.99 4.81%	49,997,450.00 762,375.00	0.38% (2,550.00)	Aaa/AAA NA	2.19 2.02
459058KH5	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 3.94536 01/24/2029	50,000,000.00	04/08/2025 4.66%	49,965,000.00 49,977,878.79	100.17 3.87%	50,087,450.00 213,410.17	0.38% 109,571.21	Aaa/AAA NA	2.40 0.00
45818WEZ5	INTER-AMERICAN DEVELOPMENT BANK 4.125 01/29/2029	28,405,000.00	02/13/2024 4.39%	28,075,786.05 28,244,758.29	98.44 4.82%	27,960,916.23 104,151.67	0.21% (283,842.06)	Aaa/AAA NA	2.41 2.26

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
45818WFJ0	INTER-AMERICAN DEVELOPMENT BANK 4.46 01/31/2029	50,000,000.00	04/05/2024 4.47%	49,987,500.00 49,993,710.83	99.20 4.82%	49,597,900.00 192,027.78	0.37% (395,810.83)	Aaa/AAA NA	2.42 2.25
45818WFH4	INTER-AMERICAN DEVELOPMENT BANK 4.5 02/01/2029	50,000,000.00	04/03/2024 4.50%	50,000,000.00 50,000,000.00	99.29 4.81%	49,644,600.00 187,500.00	0.37% (355,400.00)	Aaa/AAA NA	2.42 2.25
45818WFC5	INTER-AMERICAN DEVELOPMENT BANK 4.22 02/07/2029	25,000,000.00	02/05/2024 4.22%	25,000,000.00 25,000,000.00	98.64 4.82%	24,660,225.00 70,333.33	0.19% (339,775.00)	Aaa/NA NA	2.44 2.28
4581X0EN4	INTER-AMERICAN DEVELOPMENT BANK 4.125 02/15/2029	50,000,000.00	-- 4.44%	49,307,250.00 49,653,137.93	99.31 4.42%	49,656,900.00 91,666.67	0.37% 3,762.07	Aaa/AAA NA	2.46 2.31
45818WFF8	INTER-AMERICAN DEVELOPMENT BANK 4.328 03/29/2029	25,000,000.00	03/22/2024 4.33%	25,000,000.00 25,000,000.00	98.80 4.83%	24,699,575.00 456,844.44	0.19% (300,425.00)	Aaa/AAA NA	2.57 2.37
45950VTF3	INTERNATIONAL FINANCE CORP 4.47 03/29/2029	25,000,000.00	04/05/2024 4.47%	25,000,000.00 25,000,000.00	99.13 4.83%	24,782,825.00 431,479.17	0.19% (217,175.00)	Aaa/AAA NA	2.57 2.36
45818WFS0	INTER-AMERICAN DEVELOPMENT BANK 4.33 05/30/2029	25,000,000.00	06/13/2024 4.34%	24,990,675.00 24,994,820.59	99.38 4.57%	24,845,425.00 273,631.94	0.19% (149,395.59)	Aaa/AAA NA	2.74 2.53
45818WFR2	INTER-AMERICAN DEVELOPMENT BANK 4.6 06/07/2029	25,000,000.00	06/04/2024 4.44%	25,174,250.00 25,096,381.43	99.38 4.84%	24,843,975.00 268,333.33	0.19% (252,406.43)	Aaa/AAA NA	2.77 2.54
4581X0DG0	INTER-AMERICAN DEVELOPMENT BANK 2.25 06/18/2029	56,440,000.00	-- 4.28%	51,382,442.48 53,588,172.93	94.32 4.43%	53,231,668.20 257,507.50	0.40% (356,504.73)	Aaa/AAA AAA	2.80 2.65
45950KDH0	INTERNATIONAL FINANCE CORP 4.25 07/02/2029	50,000,000.00	06/25/2024 4.36%	49,753,000.00 49,859,997.26	99.51 4.43%	49,755,500.00 348,263.89	0.37% (104,497.26)	Aaa/AAA NA	2.84 2.63
45818WFU5	INTER-AMERICAN DEVELOPMENT BANK 4.343 07/02/2029	50,000,000.00	07/09/2024 4.34%	50,000,000.00 50,000,000.00	98.65 4.85%	49,327,000.00 355,884.72	0.37% (673,000.00)	Aaa/AAA NA	2.84 2.62
4581X0EQ7	INTER-AMERICAN DEVELOPMENT BANK 4.01984 08/01/2029	105,599,000.00	-- 4.68%	105,594,632.78 105,596,046.93	100.35 3.90%	105,963,844.55 341,539.43	0.79% 367,797.62	Aaa/AAA NA	2.92 0.00
45950KDL1	INTERNATIONAL FINANCE CORP 4.01437 08/28/2029	50,000,000.00	03/04/2025 4.66%	50,061,622.50 50,041,106.76	100.35 3.89%	50,173,050.00 22,279.33	0.38% 131,943.24	Aaa/AAA NA	2.99 0.00
45905U2K9	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 2.778 09/13/2029	10,000,000.00	11/01/2024 4.27%	9,349,400.00 9,593,650.06	94.16 4.87%	9,416,480.00 129,640.00	0.07% (177,170.06)	Aaa/AAA NA	3.04 2.82
459058KL6	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 3.625 09/21/2029	10,000,000.00	10/04/2024 3.83%	9,907,000.00 9,942,658.56	97.70 4.44%	9,769,800.00 161,111.11	0.07% (172,858.56)	Aaa/AAA NA	3.06 2.81

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
459058LN1	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 3.875 10/16/2029	65,000,000.00	-- 4.14%	64,266,600.00 64,519,194.52	98.36 4.44%	63,932,245.00 944,450.00	0.48% (586,949.52)	Aaa/AAA NA	3.13 2.87
45950VUG9	INTERNATIONAL FINANCE CORP 4.665 01/23/2030	50,000,000.00	01/14/2025 4.66%	50,000,000.00 50,000,000.00	99.30 4.89%	49,651,600.00 246,208.33	0.37% (348,400.00)	Aaa/AAA NA	3.40 3.09
45950VUK0	INTERNATIONAL FINANCE CORP 4.55 01/28/2030	50,000,000.00	02/11/2025 4.55%	50,000,000.00 50,000,000.00	100.08 4.52%	50,039,000.00 208,541.67	0.38% 39,000.00	Aaa/AAA NA	3.41 1.35
45906M5Z0	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 4.42 01/31/2030	50,000,000.00	01/28/2025 4.42%	50,000,000.00 50,000,000.00	98.69 4.84%	49,346,200.00 190,305.56	0.37% (653,800.00)	Aaa/AAA NA	3.42 3.12
4581X0ES3	INTER-AMERICAN DEVELOPMENT BANK 4.5 02/15/2030	50,000,000.00	02/12/2025 4.58%	49,814,000.00 49,871,136.59	100.10 4.47%	50,050,650.00 100,000.00	0.38% 179,513.41	Aaa/AAA NA	3.46 3.16
4581X0ET1	INTER-AMERICAN DEVELOPMENT BANK 4.03479 03/13/2030	100,000,000.00	-- 4.77%	99,935,000.00 99,953,401.00	100.40 3.92%	100,398,600.00 873,238.17	0.75% 445,199.00	Aaa/AAA NA	3.53 0.00
459058LR2	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 4.125 03/20/2030	50,000,000.00	-- 4.22%	49,782,000.00 49,845,274.92	98.89 4.47%	49,445,350.00 922,395.83	0.37% (399,924.92)	Aaa/AAA NA	3.55 3.21
459058LY7	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 3.5 10/28/2030	50,000,000.00	10/21/2025 3.61%	49,757,000.00 49,797,987.95	96.25 4.50%	48,124,900.00 597,916.67	0.36% (1,673,087.95)	Aaa/AAA NA	4.16 3.77
Total Supranational		2,037,080,000.00	4.39%	2,016,769,743.19 2,027,338,222.89	99.05 4.46%	2,017,273,110.93 13,668,327.90	15.13% (10,065,111.96)		2.39 1.66
US TREASURY									
91282CHY0	UNITED STATES TREASURY 4.625 09/15/2026	25,000,000.00	04/10/2024 4.84%	24,877,929.69 24,998,073.30	100.03 3.70%	25,008,050.00 534,137.23	0.19% 9,976.70	Aa1/AA+ AA+	0.04 0.04
91282CCZ2	UNITED STATES TREASURY 0.875 09/30/2026	50,000,000.00	10/13/2021 1.05%	49,564,453.13 49,993,033.17	99.75 3.97%	49,877,050.00 184,084.70	0.37% (115,983.17)	Aa1/AA+ AA+	0.08 0.08
91282CJC6	UNITED STATES TREASURY 4.625 10/15/2026	25,000,000.00	04/10/2024 4.83%	24,880,859.38 24,994,283.33	100.09 3.78%	25,023,450.00 439,122.27	0.19% 29,166.67	Aa1/AA+ AA+	0.12 0.12
91282CJT9	UNITED STATES TREASURY 4.0 01/15/2027	50,000,000.00	04/09/2025 4.01%	49,988,281.25 49,997,529.07	100.04 3.87%	50,019,550.00 260,869.57	0.38% 22,020.93	Aa1/AA+ AA+	0.38 0.36
91282CEF4	UNITED STATES TREASURY 2.5 03/31/2027	50,000,000.00	01/23/2025 4.27%	48,169,921.88 49,514,891.35	99.13 4.03%	49,566,350.00 525,956.28	0.37% 51,458.65	Aa1/AA+ AA+	0.58 0.56

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
91282CEN7	UNITED STATES TREASURY 2.75 04/30/2027	25,000,000.00	01/24/2025 4.26%	24,190,429.69 24,763,793.65	99.12 4.11%	24,779,875.00 231,657.61	0.19% 16,081.35	Aa1/AA+ AA+	0.66 0.64
91282CEW7	UNITED STATES TREASURY 3.25 06/30/2027	220,000,000.00	-- 3.87%	216,042,968.73 218,894,061.45	99.25 4.17%	218,352,200.00 1,224,048.91	1.64% (541,861.45)	Aa1/AA+ AA+	0.83 0.80
91282CGH8	UNITED STATES TREASURY 3.5 01/31/2028	100,000,000.00	-- 3.82%	99,148,437.50 99,569,987.70	98.90 4.31%	98,902,300.00 304,347.83	0.74% (667,687.70)	Aa1/AA+ AA+	1.42 1.36
91282CGP0	UNITED STATES TREASURY 4.0 02/29/2028	25,000,000.00	03/03/2025 3.98%	25,012,695.31 25,006,347.66	99.55 4.32%	24,886,725.00 2,762.43	0.19% (119,622.66)	Aa1/AA+ AA+	1.50 1.44
91282CHK0	UNITED STATES TREASURY 4.0 06/30/2028	245,000,000.00	-- 4.04%	244,452,539.07 244,711,498.74	99.41 4.34%	243,554,990.00 1,677,717.39	1.83% (1,156,508.74)	Aa1/AA+ AA+	1.83 1.73
91282CHQ7	UNITED STATES TREASURY 4.125 07/31/2028	250,000,000.00	-- 4.01%	250,014,648.45 250,080,901.48	99.60 4.34%	249,004,000.00 896,739.13	1.87% (1,076,901.48)	Aa1/AA+ AA+	1.92 1.81
91282CJW2	UNITED STATES TREASURY 4.0 01/31/2029	150,000,000.00	-- 3.89%	150,603,515.63 150,381,859.22	99.12 4.39%	148,681,650.00 521,739.13	1.12% (1,700,209.22)	Aa1/AA+ AA+	2.42 2.27
91282CKD2	UNITED STATES TREASURY 4.25 02/28/2029	40,000,000.00	04/25/2025 3.85%	40,571,875.00 40,370,802.94	99.70 4.38%	39,881,240.00 4,696.13	0.30% (489,562.94)	Aa1/AA+ AA+	2.50 2.34
91282CKX8	UNITED STATES TREASURY 4.25 06/30/2029	130,000,000.00	-- 4.02%	131,296,875.01 130,873,635.37	99.59 4.41%	129,461,670.00 945,855.98	0.97% (1,411,965.37)	Aa1/AA+ AA+	2.83 2.62
91282CEV9	UNITED STATES TREASURY 3.25 06/30/2029	50,000,000.00	04/02/2025 3.89%	48,763,671.88 49,176,047.13	96.95 4.41%	48,476,550.00 278,192.93	0.36% (699,497.13)	Aa1/AA+ AA+	2.83 2.65
91282CLC3	UNITED STATES TREASURY 4.0 07/31/2029	297,000,000.00	-- 4.02%	296,067,265.64 296,432,761.73	98.88 4.41%	293,681,916.00 1,033,043.48	2.20% (2,750,845.73)	Aa1/AA+ AA+	2.91 2.71
91282CLK5	UNITED STATES TREASURY 3.625 08/31/2029	25,000,000.00	01/10/2025 4.51%	24,080,078.13 24,405,363.37	97.80 4.42%	24,449,225.00 2,503.45	0.18% 43,861.63	Aa1/AA+ AA+	3.00 2.80
91282CFL0	UNITED STATES TREASURY 3.875 09/30/2029	50,000,000.00	02/12/2025 4.50%	48,710,937.50 49,141,896.26	98.45 4.42%	49,224,600.00 815,232.24	0.37% 82,703.74	Aa1/AA+ AA+	3.08 2.82
91282CFT3	UNITED STATES TREASURY 4.0 10/31/2029	25,000,000.00	11/12/2024 4.33%	24,631,835.94 24,765,252.26	98.75 4.43%	24,686,525.00 336,956.52	0.19% (78,727.26)	Aa1/AA+ AA+	3.17 2.90
91282CLR0	UNITED STATES TREASURY 4.125 10/31/2029	25,000,000.00	01/03/2025 4.38%	24,722,656.25 24,818,042.35	99.11 4.43%	24,776,375.00 347,486.41	0.19% (41,667.35)	Aa1/AA+ AA+	3.17 2.89
91282CMA6	UNITED STATES TREASURY 4.125 11/30/2029	25,000,000.00	05/21/2025 4.08%	25,041,015.63 25,029,410.24	99.08 4.43%	24,769,525.00 262,038.93	0.19% (259,885.24)	Aa1/AA+ AA+	3.25 2.97
91282CMG3	UNITED STATES TREASURY 4.25 01/31/2030	150,000,000.00	-- 4.11%	151,681,640.63 151,195,572.01	99.38 4.45%	149,074,200.00 554,347.83	1.12% (2,121,372.01)	Aa1/AA+ AA+	3.42 3.13

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
91282CMU2	UNITED STATES TREASURY 4.0 03/31/2030	50,000,000.00	04/09/2025 4.00%	49,996,093.75 49,997,190.17	98.54 4.45%	49,267,600.00 841,530.05	0.37% (729,590.17)	Aa1/AA+ AA+	3.58 3.24
91282CGZ8	UNITED STATES TREASURY 3.5 04/30/2030	50,000,000.00	05/01/2025 3.81%	49,291,015.63 49,480,311.35	96.81 4.45%	48,406,250.00 589,673.91	0.36% (1,074,061.35)	Aa1/AA+ AA+	3.66 3.35
91282CMZ1	UNITED STATES TREASURY 3.875 04/30/2030	75,000,000.00	-- 3.85%	75,082,031.26 75,060,075.03	98.07 4.45%	73,555,650.00 979,279.89	0.55% (1,504,425.03)	Aa1/AA+ AA+	3.66 3.33
91282CNG2	UNITED STATES TREASURY 4.0 05/31/2030	85,000,000.00	-- 4.04%	84,830,468.76 84,872,394.40	98.44 4.45%	83,675,190.00 863,934.43	0.63% (1,197,204.40)	Aa1/AA+ AA+	3.75 3.40
91282CHJ3	UNITED STATES TREASURY 3.75 06/30/2030	100,000,000.00	12/05/2025 3.68%	100,273,437.50 100,229,726.94	97.50 4.47%	97,503,900.00 641,983.70	0.73% (2,725,826.94)	Aa1/AA+ AA+	3.83 3.50
91282CNK3	UNITED STATES TREASURY 3.875 06/30/2030	100,000,000.00	-- 3.98%	99,511,718.76 99,623,333.67	97.96 4.46%	97,957,000.00 663,383.15	0.73% (1,666,333.67)	Aa1/AA+ AA+	3.83 3.49
91282CNN7	UNITED STATES TREASURY 3.875 07/31/2030	200,000,000.00	-- 3.76%	200,983,398.45 200,831,560.57	97.91 4.46%	195,820,400.00 673,913.04	1.47% (5,011,160.57)	Aa1/AA+ AA+	3.91 3.57
91282CHR5	UNITED STATES TREASURY 4.0 07/31/2030	53,000,000.00	01/15/2026 3.73%	53,592,109.38 53,510,328.29	98.34 4.47%	52,122,214.00 184,347.83	0.39% (1,388,114.29)	Aa1/AA+ AA+	3.91 3.57
91282CHW4	UNITED STATES TREASURY 4.125 08/31/2030	50,000,000.00	09/26/2025 3.78%	50,763,671.88 50,619,422.75	98.75 4.47%	49,373,050.00 5,697.51	0.37% (1,246,372.75)	Aa1/AA+ AA+	4.00 3.64
91282CHZ7	UNITED STATES TREASURY 4.625 09/30/2030	50,000,000.00	10/29/2025 3.70%	52,058,593.75 51,707,853.39	100.57 4.47%	50,287,100.00 973,019.13	0.38% (1,420,753.39)	Aa1/AA+ AA+	4.08 3.61
91282CPA3	UNITED STATES TREASURY 3.625 09/30/2030	25,000,000.00	10/08/2025 3.71%	24,905,273.44 24,922,363.82	96.88 4.47%	24,218,750.00 381,318.31	0.18% (703,613.82)	Aa1/AA+ AA+	4.08 3.68
91282CPD7	UNITED STATES TREASURY 3.625 10/31/2030	30,000,000.00	11/05/2025 3.75%	29,830,078.13 29,858,071.85	96.79 4.48%	29,037,900.00 366,440.22	0.22% (820,171.85)	Aa1/AA+ AA+	4.17 3.76
91282CJM4	UNITED STATES TREASURY 4.375 11/30/2030	50,000,000.00	-- 3.69%	51,549,804.69 51,320,014.87	99.59 4.48%	49,796,900.00 555,840.16	0.37% (1,523,114.87)	Aa1/AA+ AA+	4.25 3.79
91282CJQ5	UNITED STATES TREASURY 3.75 12/31/2030	100,000,000.00	01/02/2026 3.72%	100,121,093.75 100,105,027.58	97.13 4.49%	97,125,000.00 641,983.70	0.73% (2,980,027.58)	Aa1/AA+ AA+	4.33 3.92
Total US Treasury		3,050,000,000.00	3.92%	3,045,303,320.45 3,051,252,718.46	98.84 4.36%	3,014,284,920.00 19,745,881.41	22.61% (36,967,798.46)		2.67 2.46
Total Portfolio		13,422,666,464.12	4.04%	13,337,799,956.06 13,390,143,697.34	93.92 4.19%	13,329,795,407.74 86,539,234.27	100.00% (60,348,289.61)		1.47 1.23

INVESTMENT INVENTORY – MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2026

CUSIP	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
Total Market Value + Accrued						13,416,334,642.00			

TRANSACTION ACTIVITY REPORT

County of San Diego Pooled Money Fund

As of August 31, 2026

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	08/03/2026	22536XMW1	50,000,000.00	Credit Agricole Corporate And Investment Bank, New 4.33 06/30/2027	100.000	4.33%	(50,000,000.00)	0.00	(50,000,000.00)	0.00
Purchase	08/05/2026	89233HPC2	50,000,000.00	Toyota Motor Credit Corporation 02/12/2027	97.835	4.17%	(48,917,666.67)	0.00	(48,917,666.67)	0.00
Purchase	08/10/2026	21687BHA2	20,000,000.00	Coöperatieve Rabobank U.A., New York Branch 08/10/2026	99.970	3.62%	(19,993,966.67)	0.00	(19,993,966.67)	0.00
Purchase	08/10/2026	02079KCL9	10,000,000.00	ALPHABET INC. 4.5 08/10/2028	99.858	4.58%	(9,985,800.00)	0.00	(9,985,800.00)	0.00
Purchase	08/11/2026	09659CHC5	50,000,000.00	BNP Paribas New York Branch 08/12/2026	99.990	3.62%	(49,994,972.22)	0.00	(49,994,972.22)	0.00
Purchase	08/12/2026	09659CHD3	97,000,000.00	BNP Paribas New York Branch 08/13/2026	99.990	3.62%	(96,990,246.11)	0.00	(96,990,246.11)	0.00
Purchase	08/14/2026	09659CHH4	61,000,000.00	BNP Paribas New York Branch 08/17/2026	99.970	3.62%	(60,981,598.33)	0.00	(60,981,598.33)	0.00
Purchase	08/17/2026	21684MBT6	67,000,000.00	Coöperatieve Rabobank U.A., New York Branch 4.22 07/01/2027	100.000	4.22%	(67,000,000.00)	0.00	(67,000,000.00)	0.00
Purchase	08/20/2026	3137GBX34	29,000,000.00	FHMS K-565 AS 4.09975 07/25/2031	96.945	4.68%	(28,114,050.00)	(61,222.22)	(28,175,272.22)	0.00
Purchase	08/21/2026	21687BHQ7	55,000,000.00	Coöperatieve Rabobank U.A., New York Branch 08/24/2026	99.970	3.62%	(54,983,408.33)	0.00	(54,983,408.33)	0.00
Purchase	08/24/2026	22536XPR9	25,000,000.00	Credit Agricole Corporate And Investment Bank, New 4.18 04/21/2027	100.000	4.18%	(25,000,000.00)	0.00	(25,000,000.00)	0.00

TRANSACTION ACTIVITY REPORT

County of San Diego Pooled Money Fund

As of August 31, 2026

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Purchase	08/24/2026	22536XPR9	50,000,000.00	Credit Agricole Corporate And Investment Bank, New 4.18 04/21/2027	100.000	4.18%	(50,000,000.00)	0.00	(50,000,000.00)	0.00
Purchase	08/25/2026	21687BHS3	14,000,000.00	Coöperatieve Rabobank U.A., New York Branch 08/26/2026	99.990	3.63%	(13,998,588.33)	0.00	(13,998,588.33)	0.00
Purchase	08/26/2026	22536XPY4	50,000,000.00	Credit Agricole Corporate And Investment Bank, New 4.28 07/30/2027	100.000	4.28%	(50,000,000.00)	0.00	(50,000,000.00)	0.00
Purchase	08/27/2026	09659CHU5	263,000,000.00	BNP Paribas New York Branch 08/28/2026	99.990	3.62%	(262,973,553.89)	0.00	(262,973,553.89)	0.00
Purchase	08/28/2026	21687BHX2	214,000,000.00	Coöperatieve Rabobank U.A., New York Branch 08/31/2026	99.970	3.63%	(213,935,265.00)	0.00	(213,935,265.00)	0.00
Purchase	08/28/2026	22536XQC1	50,000,000.00	Credit Agricole Corporate And Investment Bank, New 4.29 07/30/2027	100.000	4.29%	(50,000,000.00)	0.00	(50,000,000.00)	0.00
Purchase	08/31/2026	90CALFT\$0	330,473.20	CalFIT	1.000	3.80%	(330,473.20)	0.00	(330,473.20)	0.00
Purchase	08/31/2026	90CAMP\$00	643,129.98	CAMP	1.000	3.80%	(643,129.98)	0.00	(643,129.98)	0.00
Total Purchase								(61,222.22)	(1,153,903,940.95)	0.00
TOTAL ACQUISITIONS								(61,222.22)	(1,153,903,940.95)	0.00
DISPOSITIONS										
Maturity	08/01/2026	419792G26	(7,500,000.00)	HAWAII ST 1.283 08/01/2026	100.000	1.28%	7,500,000.00	0.00	7,500,000.00	0.00
Maturity	08/03/2026	78015DH37	(25,000,000.00)	Royal Bank of Canada New York Branch 08/03/2026	100.000	3.81%	25,000,000.00	0.00	25,000,000.00	0.00

TRANSACTION ACTIVITY REPORT

County of San Diego Pooled Money Fund

As of August 31, 2026

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Maturity	08/03/2026	22536XD6	(100,000,000.00)	Credit Agricole Corporate And Investment Bank, New York Branch 3.94 08/03/2026	100.000	3.94%	100,000,000.00	0.00	100,000,000.00	0.00
Maturity	08/04/2026	21684X7A8	(50,000,000.00)	Coöperatieve Rabobank U.A., New York Branch 3.9 08/04/2026	100.000	3.90%	50,000,000.00	0.00	50,000,000.00	0.00
Maturity	08/05/2026	21684X7B6	(50,000,000.00)	Coöperatieve Rabobank U.A., New York Branch 3.9 08/05/2026	100.000	3.90%	50,000,000.00	0.00	50,000,000.00	0.00
Maturity	08/07/2026	06054PH74	(100,000,000.00)	BofA Securities, LLC 08/07/2026	100.000	3.81%	100,000,000.00	0.00	100,000,000.00	0.00
Maturity	08/10/2026	21687BHA2	(20,000,000.00)	Coöperatieve Rabobank U.A., New York Branch 08/10/2026	100.000	3.62%	20,000,000.00	0.00	20,000,000.00	6,033.33
Maturity	08/10/2026	89115DY59	(50,000,000.00)	Toronto-Dominion Bank - New York Branch 3.86 08/10/2026	100.000	3.86%	50,000,000.00	0.00	50,000,000.00	0.00
Maturity	08/11/2026	21684X7C4	(50,000,000.00)	Coöperatieve Rabobank U.A., New York Branch 3.92 08/11/2026	100.000	3.92%	50,000,000.00	0.00	50,000,000.00	0.00
Maturity	08/12/2026	313385B62	(50,000,000.00)	FEDERAL HOME LOAN BANKS 08/12/2026	100.000	3.64%	50,000,000.00	0.00	50,000,000.00	0.00
Maturity	08/12/2026	06366HHC4	(50,000,000.00)	Bank of Montreal - Chicago Branch 08/12/2026	100.000	3.77%	50,000,000.00	0.00	50,000,000.00	0.00
Maturity	08/12/2026	09659CHC5	(50,000,000.00)	BNP Paribas New York Branch 08/12/2026	100.000	3.62%	50,000,000.00	0.00	50,000,000.00	0.00
Maturity	08/13/2026	09659CHD3	(97,000,000.00)	BNP Paribas New York Branch 08/13/2026	100.000	3.62%	97,000,000.00	0.00	97,000,000.00	0.00

TRANSACTION ACTIVITY REPORT

County of San Diego Pooled Money Fund

As of August 31, 2026

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Maturity	08/14/2026	89115DY91	(50,000,000.00)	Toronto-Dominion Bank - New York Branch 3.87 08/14/2026	100.000	3.87%	50,000,000.00	0.00	50,000,000.00	0.00
Maturity	08/15/2026	9128282A7	(25,000,000.00)	UNITED STATES TREASURY 1.5 08/15/2026	100.000	3.45%	25,000,000.00	0.00	25,000,000.00	0.00
Maturity	08/15/2026	91282CHU8	(25,000,000.00)	UNITED STATES TREASURY 4.375 08/15/2026	100.000	4.82%	25,000,000.00	0.00	25,000,000.00	0.00
Maturity	08/17/2026	09659CHH4	(61,000,000.00)	BNP Paribas New York Branch 08/17/2026	100.000	3.62%	61,000,000.00	0.00	61,000,000.00	0.00
Maturity	08/18/2026	89115DYD2	(50,000,000.00)	Toronto-Dominion Bank - New York Branch 3.88 08/18/2026	100.000	3.63%	50,000,000.00	0.00	50,000,000.00	0.00
Maturity	08/24/2026	21687BHQ7	(55,000,000.00)	Coöperatieve Rabobank U.A., New York Branch 08/24/2026	100.000	3.62%	55,000,000.00	0.00	55,000,000.00	0.00
Maturity	08/26/2026	3130ANLZ1	(25,000,000.00)	FEDERAL HOME LOAN BANKS 0.9 08/26/2026	100.000	0.90%	25,000,000.00	0.00	25,000,000.00	0.00
Maturity	08/26/2026	21687BHS3	(14,000,000.00)	Coöperatieve Rabobank U.A., New York Branch 08/26/2026	100.000	3.63%	14,000,000.00	0.00	14,000,000.00	0.00
Maturity	08/27/2026	459058LK7	(25,000,000.00)	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 4.0 08/27/2026	100.000	4.06%	25,000,000.00	0.00	25,000,000.00	0.00
Maturity	08/28/2026	09659CHU5	(263,000,000.00)	BNP Paribas New York Branch 08/28/2026	100.000	3.62%	263,000,000.00	0.00	263,000,000.00	0.00
Maturity	08/28/2026	21687BHU8	(70,000,000.00)	Coöperatieve Rabobank U.A., New York Branch 08/28/2026	100.000	3.95%	70,000,000.00	0.00	70,000,000.00	0.00

TRANSACTION ACTIVITY REPORT

County of San Diego Pooled Money Fund

As of August 31, 2026

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Maturity	08/31/2026	21687BHX2	(214,000,000.00)	Coöperatieve Rabobank U.A., New York Branch 08/31/2026	100.000	3.63%	214,000,000.00	0.00	214,000,000.00	0.00
Maturity	08/31/2026	06366HHX8	(100,000,000.00)	Bank of Montreal - Chicago Branch 08/31/2026	100.000	3.81%	100,000,000.00	0.00	100,000,000.00	0.00
Maturity	08/31/2026	22536XBR4	(50,000,000.00)	Credit Agricole Corporate And Investment Bank, New 3.8 08/31/2026	100.000	3.80%	50,000,000.00	0.00	50,000,000.00	0.00
Maturity	08/31/2026	91282CCW9	(25,000,000.00)	UNITED STATES TREASURY 0.75 08/31/2026	100.000	0.90%	25,000,000.00	0.00	25,000,000.00	0.00
Total Maturity							1,751,500,000.00	0.00	1,751,500,000.00	6,033.33
Sale	08/19/2026	90CAMP\$00	(25,000,000.00)	CAMP	1.000	3.80%	25,000,000.00	0.00	25,000,000.00	0.00
Total Sale							25,000,000.00	0.00	25,000,000.00	0.00
TOTAL DISPOSITIONS							1,776,500,000.00	0.00	1,776,500,000.00	6,033.33

CONTACT US



Larry Cohen

**San Diego County
Treasurer-Tax Collector**

San Diego County Administration Center

1600 Pacific Highway

San Diego, CA 92101

Telephone: 877-829-4732

Website: www.sdttc.com

[THIS PAGE INTENTIONALLY LEFT BLANK]



TREASURER-TAX COLLECTOR SAN DIEGO COUNTY

sdttc.com



SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND INVESTMENT POLICY

January 1, 2026

The Investment Policy and practices of the County Treasurer are based on prudent money management principles and California State Law, specifically Government Code Sections 27000.1 - 27000.5, 27130 - 27137, and 53600 - 53686. Section 53635 shall apply to a local agency that is a county or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. However, Section 53601 shall apply to all local agencies that pool money in deposits or investments exclusively with local agencies that have the same governing body.

The practices of this office will always comply with the legal authority and limitations placed on it by the governing legislative bodies. The implementation of these laws, allowing for the dynamics of the money markets, will be the focus of this policy statement. All matters contained in this policy are to be read and applied pursuant to and consistent with state law. Where this Investment Policy specifies a percentage limitation, compliance will be measured as of the date of purchase. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the Pooled Money Fund (the "Fund") the objectives of this office shall be as follows.

- 1. The primary objective shall be to safeguard the principal of the funds under the County Treasurer's control.**
- 2. The secondary objective shall be to meet the liquidity needs of the participants.**
- 3. The third objective shall be to achieve an investment return on the funds under control of the County Treasurer within the parameters of prudent risk management.**

The Fund is an actively managed portfolio. By this, it is meant that the County Treasurer and staff will observe, review, and adjust to changing conditions that affect the Fund. This shall be viewed as a full-time responsibility by the County Treasurer and staff. The authority to execute investment transactions that will affect the Fund will be limited to:

**County Treasurer-Tax Collector
Assistant Treasurer-Tax Collector
Chief Deputy Treasurer
Chief Investment Officer
Investment Officers**

The County Treasurer-Tax Collector (the "County Treasurer") and the above staff will meet on a regular basis to discuss current market conditions and future trends and how each of these affects the Fund.

Government Code Sections 27000.3 and Section 53600.3 provide that the "prudent investor" standard is to be used by the County Treasurer as a fiduciary of public funds. This standard provides that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the County Treasurer and their staff shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the County and the other depositors. Within the limitations of this policy and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law. The County Treasurer and their staff shall act in accordance with written procedures and the Investment Policy, exercise due diligence, report in a timely fashion, and implement appropriate controls to mitigate adverse developments.

TABLE OF CONTENTS

SAN DIEGO COUNTY TREASURER INVESTMENT POLICY

Pool Policy

Security of Principal Policy.....	3
Liquidity Policy.....	3
Return Policy.....	3
Maturity Policy.....	3-4
General Strategy.....	4
Environmental, Social, and Governance (ESG) Considerations.....	4
Prohibited Securities.....	4-5
Credit Rating Policy.....	5
Internal Controls.....	6-7
Annual Audit.....	7

Permissible Investments

Permissible Investments.....	7
Government Obligations.....	7-8
Local Agency and State Obligations.....	8
Banker's Acceptances.....	9
Commercial Paper.....	9
Medium-Term Notes.....	10
Negotiable Certificates of Deposit.....	10-11
Repurchase Agreements.....	11
Reverse Repurchase Agreements.....	12
Securities Lending.....	12-13
Collateralized Certificates of Deposit.....	13-14
FDIC & NCUA Insured Deposit Accounts.....	14
Covered Call/Put Options.....	14-15
Money Market Mutual Funds.....	15
Local Government Investment Pools (LGIPs).....	16
Local Agency Investment Fund (LAIF).....	16
Pass-Through Securities.....	16
When-Issued Securities.....	17
Supranationals.....	17

Other Policy Topics

Qualified Brokers & Dealers.....	17-18
Delegation of Investment Authority to the County Treasurer.....	18
Safekeeping Authority.....	18
External Oversight.....	19
County Treasury Oversight Committee.....	19
Rules Governing the Acceptance of Honoraria, Gifts, and Gratuities.....	19-20
Reporting.....	20
Cost and Earnings Apportionment.....	21
Terms and Conditions for Depositing Funds by Voluntary Participants.....	21-22
Criteria for Withdrawal of Monies from the Fund by Voluntary Participants.....	22
Grandfathered Agencies.....	22
Glossary of Terms.....	23-24
Appendices.....	25-27

**2026 SAN DIEGO COUNTY TREASURER'S
POOLED MONEY FUND INVESTMENT POLICY**

The purpose of the County Treasurer's Investment Policy is to implement the legislated parameters of the investment authority of the Fund. As an elected official of the County of San Diego, the County Treasurer must manage public monies in a way that is consistent with its objectives, investment oversight, and sound investment practices and not solely to maximize returns. The basic concept of investment return is based on a risk/reward relationship: the higher the risk, the higher the expected return. Risk management must be an integral part of any investment policy. Risk management must include adequate internal controls so that Fund depositors and the public have confidence that public monies are secure. The policy stated below will concern itself with risk management.

1. **SECURITY OF PRINCIPAL POLICY** - The policy issues directed to protecting the principal entrusted to this office are:
 - A. Limiting the Fund's exposure to each type of security.
 - B. Limiting the Fund's exposure to each issuer of debt.
 - C. Determining the minimum credit requirement for each type of security.
2. **LIQUIDITY POLICY** - The policy issues directed to provide the necessary liquidity to the participants are:
 - A. Limiting the length of maturity for securities in the Fund.
 - B. Limiting the Fund's exposure to Moderately Liquid and Illiquid securities.
3. **RETURN POLICY** - The policy issues directed to achieving a return are:
 - A. Attaining a market rate of return, while considering the investment risk constraints and liquidity needs.
 - B. Limiting most of the investments to low-risk securities in anticipation of earning a fair return relative to the risk being taken.
4. **MATURITY POLICY**
 - A. The maximum maturity allowed by the California Government Code is 5 years, with shorter limitations specified for certain types of securities. The guidelines for maturities of investments and duration of the Fund, as established under this Policy, shall be:
 - At least 35% of the Fund maturing within 1 year
 - At least 15% of the Fund maturing within 90 days, and
 - A maximum effective duration of 2.0 years

- B. The Fund will be considered in compliance with the maturity policy if it meets the maturity targets above. If the Fund distribution does not comply with the table above, until such time as the Fund is within maturity targets, all securities purchased shall be of a maturity or duration that will lower the maturity and or duration of the Fund. In the event a compliance violation has occurred, a variance report shall be made to the County Treasury Oversight Committee as part of the normal public monthly reporting.

5. **GENERAL STRATEGY**

The County Treasurer will generally use a buy and hold investment strategy, where securities are purchased with the intent of holding them to maturity. The investment staff will update the County Treasury Oversight Committee on its asset allocation and investment strategy at its regularly scheduled public meetings. Securities may be sold prior to maturity when deemed prudent. Reasons for selling include, but are not limited to:

- Disposing of a security with declining credit quality
- A financially advantageous sale and replacement of a security that improves the quality, yield, or target duration of the portfolio
- Meeting the liquidity needs of the portfolio
- Portfolio rebalancing to bring the portfolio back into compliance

6. **ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) CONSIDERATIONS**

While Safety, Liquidity, and Yield remain the Fund's primary investment objectives, all else being equal and acting under statutory investment limitations, the County Treasurer affirms their commitment to the consideration of ESG criteria in evaluating securities. Investments in entities that promote environmental stewardship by considering climate change, carbon emissions, pollution, biodiversity, deforestation, and food and water waste are encouraged. The County Treasurer also advocates investments in entities that support labor fairness and equality while opposing discrimination related to sex, race, age, disability, sexual orientation, color, religion, veteran status, genetic information, and other protected classes. Additionally, the County shall not purchase any investments issued directly by a corporation, classified under the Standard Industrial Classification (SIC) codes listed in Appendix C, that engages in the exploration, production, drilling, or refining of coal, petroleum, or natural gas.

7. **PROHIBITED SECURITIES**

The California Government Code prohibits a local agency from investing in any of the following derivative notes:

- Inverse Floaters
- Range Notes
- Interest-only strips derived from a pool of mortgages
Any security that could result in zero interest accrual, except for securities issued by, or backed by, the United States government that could result in zero or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates.

8. CREDIT RATING POLICY

- A.** This Investment Policy sets forth minimum credit ratings for each type of security. These credit limits apply to the initial purchase of a security and do not automatically force the sale of a security if the credit ratings of the security fall below the policy limits.
- B.** Minimum credit ratings:
- a. For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "-") by at least one nationally recognized statistical rating organization (the "NRSRO").
 - b. For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.

The monitoring of credit ratings consists of the following procedures:

1. When a credit rating downgrade occurs which results in a rating below the minimum credit requirement, the County Treasurer and staff will analyze and evaluate the credit to determine whether to hold or sell the security.
2. In the event a security in the Fund receives a credit rating downgrade which results in a rating below the minimum credit requirement, the County Treasurer will report the rating change to the County Treasury Oversight Committee in the monthly public report. In the same manner, the County Treasury Oversight Committee will be informed on the decision to hold or sell a downgraded security.
3. The Investment Group shall meet at least quarterly to review and update the approved list of securities and establish credit criteria for each category of security.

To ensure that the Fund maintains the highest overall credit rating with the contracted NRSRO, the asset allocation and portfolio holdings will be provided to the contracted NRSRO on a monthly basis.

9. INTERNAL CONTROLS

- A.** The Chief Deputy Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that:
1. The cost of a control should not exceed the benefits likely to be derived; and
 2. The valuation of costs and benefits requires estimates and judgments by management.
- B.** Accordingly, the Chief Deputy Treasurer shall establish and maintain internal controls that shall address the following points:
1. Control of Collusion - Collusion is a situation where two or more employees are working in conjunction to defraud their employer. To achieve a segregation of duties, individuals who authorize investment transactions shall not also record or reconcile said transactions.
 2. Clear Delegation of Authority to Subordinate Staff Members - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
 3. Delivery-Versus-Payment (DVP) - All investment transactions shall be conducted on a delivery-versus-payment basis.
 4. Safekeeping and Custody - Securities purchased from any bank or dealer, including appropriate collateral (as defined by California Government Code), that are not insured by the FDIC, shall be placed with an independent third party for custodial safekeeping. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in the County's portfolio shall be held in safekeeping in the County's name by a third-party custodian, acting as agent for the County under the terms of a custody agreement executed by the bank and the County. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by the County from the custodian listing all securities held in safekeeping with current market data and other information. The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, (iii) Local Agency Investment Fund, and (iv) mutual funds and money market mutual funds, since these securities are not deliverable.

5. Avoidance of Physical Delivered Bearer Securities - Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Bearer securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with such securities.
 6. Written Confirmation of Telephone Wire Transfers - Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written or electronic communications and approved by the appropriate person.
 7. Development of a Wire Transfer Agreement with the Lead Bank or Third-Party Custodian - This agreement should outline the various controls, security provisions, and responsibilities of each party making and receiving wire transfers.
 8. A treasury operations manual, as overseen by the Chief Deputy Treasurer, will be reviewed and updated by the treasury staff every two years or on an as needed basis.
-
10. **ANNUAL AUDIT** - The County Treasury Oversight Committee shall cause an independent audit to be conducted annually on a fiscal year basis by an external auditor to determine if the County Treasury is in compliance with the Investment Policy, other internal policies and procedures, and the California Government Code.
 11. **PERMISSIBLE INVESTMENTS** - Government Codes 53601, 53601.1, 53601.2, 53601.8, 53635, 53635.8, 53637, 53638, 53651, 53652, and 53653 address permissible investments. These investment categories are addressed individually in sections 12-29 below.
 12. **GOVERNMENT OBLIGATIONS** - The Fund invests in two categories of Government Obligations: U.S. Treasury and Agency obligations. Both are issued at the Federal level. U.S. Treasury obligations are bills, notes, and bonds issued by the Treasury and are direct obligations of the Federal Government. Agency obligations are notes and bonds of federal agencies and government sponsored enterprises, including:
 - Federal Agricultural Mortgage Corporation (Farmer Mac)
 - Federal National Mortgage Association (FNMA, or Fannie Mae)
 - Federal Home Loan Bank (FHLB)
 - Federal Farm Credit Bank (FFCB)
 - Federal Home Loan Mortgage Corporation (FHLMC, or Freddie Mac)
 - Government National Mortgage Corporation (GNMA, or Ginnie Mae)
 - Tennessee Valley Authority (TVA)
-
- A. Maximum Maturity - The maximum maturity of a security shall be 5 years from the settlement date.
 - B. Maximum Exposure of Fund - The maximum exposure to the Fund for this category is unlimited.

- C. Maximum Exposure Per Issuer - The maximum exposure to the Fund for an individual issuer shall be:
 - 1. Treasury - Unlimited
 - 2. Agency - No more than 35% of the Fund value shall be invested in any single issuer.
 - D. Minimum Credit Requirement - None
 - E. Liquidity Category - Liquid
13. **LOCAL AGENCY AND STATE OBLIGATIONS** -These include registered state warrants or treasury notes or bonds of the state of California and registered bonds of any of the other 49 states, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state and bonds, notes, warrants, or other evidences of indebtedness of a local agency within the state of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.
- A. Maximum Maturity - The maximum maturity of a security shall be 5 years from the settlement date.
 - B. Maximum Exposure of Fund - The maximum exposure to the Fund for this category shall be 30%.
 - C. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 10% of the Fund value.
 - D. Minimum Credit Requirement - Issuers must be at or above the following ratings:
 - a. For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "- ") by at least one NRSRO.
 - b. For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.
 - E. Liquidity Category - Moderately Liquid

14. **BANKER'S ACCEPTANCES** - This is a draft or bill of exchange accepted by a bank or trust company and brokered to investors in a secondary market. The purpose of the Banker's Acceptance (BA) is to facilitate trade and provide liquidity to the import-export markets. Acceptances are collateralized by the pledge of documents such as invoices, trust receipts, and other documents evidencing ownership and insurance of the goods financed. Since their inception in 1914, there has been no known loss of principal to investors holding Banker's Acceptances.
- A. Maximum Maturity - The maximum maturity of a security shall be 180 days from the settlement date.
 - B. Maximum Exposure of Fund - The maximum exposure to the Fund for this category shall be 40%.
 - C. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 5% of the Fund value.
 - D. Minimum Credit Requirement – The rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as “+” or “-”) by at least one NRSRO.
 - E. Liquidity Category – Liquid
15. **COMMERCIAL PAPER** - These are short-term, unsecured or secured, promissory notes issued by firms in the open market. Commercial paper (CP) is generally backed by a bank credit facility, guarantee/bond of indemnity, some other support agreement, or collateralized by other financial assets.
- A. Maximum Maturity - The maximum maturity of a security shall be 397 days from the settlement date.
 - B. Maximum Exposure of Fund - The maximum exposure to the Fund for this category shall be 40%.
 - C. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 10% of the Fund value, inclusive of any other non-CP investments with said issuer.
 - D. Minimum Credit Requirements - The Rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as “+” or “-”) by at least one NRSRO.
 - E. Liquidity Category - Liquid

16. **MEDIUM-TERM NOTES ("MTN")** - These are corporate notes, deposit notes, and bank notes sold by an agent in the open market on a continually offered basis. Issuers include well-recognized banks and bank holding companies, thrifts, finance companies, insurance companies, and industrial corporations. These medium-term notes are generally unsecured debt obligations, although some issues come to market on a collateralized or secured basis.
- A. Maximum Maturity - The maximum maturity of a security shall be 5 years from the settlement date.
 - B. Maximum Exposure of Fund - The maximum exposure to the Fund for this category shall be 30%.
 - C. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 10% of the Fund value, inclusive of any other non-MTN investments with said issuer.
 - D. Minimum Credit Requirements - Issuers must be at or above the following ratings:
 - a. For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "- ") by at least one NRSRO.
 - b. For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.
 - E. Liquidity Category - Liquid
17. **NEGOTIABLE CERTIFICATES OF DEPOSIT** - These are issued by commercial banks and thrift institutions against funds deposited for specified periods of time, and they earn specified or variable rates of interest. Negotiable certificates of deposit ("NCD") differ from other certificates of deposit by their liquidity. NCD's are traded actively in secondary markets.
- A. Maximum Maturity
 - 1. The maximum maturity of an NCD security shall be 5 years from the settlement date.
 - 2. The maximum maturity of any FDIC insured CDs, whether directly placed or placed through a private sector entity, shall be 13 months.
 - B. Maximum Exposure of Fund - The maximum exposure to the Fund for this category shall be 30%.
 - C. Maximum Exposure per Issuer - The maximum exposure to a single issuer shall be 10% of the Fund value, inclusive of any other non-NCD investments with said issuer

- D. Minimum Credit Requirement – Issuers must be at or above the following ratings:
 - a. For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as “+” or “-”) by at least one NRSRO.
 - b. For securities with maturities greater than 13 months, the rating must be “A” or higher by at least one NRSRO.
 - E. Liquidity Category - Liquid
18. **REPURCHASE AGREEMENTS** - A repurchase agreement (RP) consists of two simultaneous transactions. One is the purchase of securities by an investor (the Fund); the other is the commitment by the seller (i.e., a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed-upon future date.
- A. Maximum Maturity - The maximum maturity of repurchase agreements shall be one year.
 - B. Maximum Exposure of Fund - The maximum exposure to the Fund for this category shall be 40%.
 - C. Maximum Exposure Per Broker/Dealer - The maximum exposure to a single broker/dealer shall be 10% of the Fund when the dollar-weighted average maturity is greater than 5 days or 15% of the Fund when the dollar-weighted average maturity is 5 days or less.
 - D. Eligible Broker/Dealers - Broker/Dealers shall sign a PSA Master Repurchase Agreement or a Tri-Party Repurchase Agreement. The Agreement must specify a minimum margin percentage of 102% and also provide for daily mark-to-market of the collateral by the custodian bank.
 - E. Eligible Collateral - The securities eligible for repurchase agreement transactions shall be securities authorized in Section 53601 of the California Government Code. Collateral eligible for repurchase agreements maturing from 7 days to 1 year shall be Treasury and Agency obligations.
 - F. Delivery of Collateral - Broker/Dealers shall deliver the underlying securities to the County's safekeeping bank, a mutually agreed-upon third party custodian bank, or a counterparty bank's customer book-entry account. When a third-party custodian is used, it will be the custodian's responsibility to transfer funds and securities between the broker/dealer and the Fund in accordance with the terms of the repurchase agreement.
 - G. Liquidity Category - Liquid

19. **REVERSE REPURCHASE AGREEMENTS** - Reverse repurchase agreements (RRPs) are essentially the mirror image of RPs. In this instance, the Fund is the seller of securities, and the broker or bank is the investor.

Due to the nature of RRP, the policy regarding this instrument is different from the above RP policy.

- A. **Maximum Maturity** - The maximum maturity of a securities lending loan shall be 92 days unless the agreement includes a written guarantee of a minimum earning or spread for the entire period of the RRP.
 - B. **Maximum Exposure of Fund** - No more than 20% of the Fund shall be exposed to RRP and/or securities lending at any one time.
 - C. **Maximum Exposure Per Broker/Dealer** – No more than 10% of the Fund shall be invested in RRP with any one broker/dealer at any one time.
 - D. **Purpose of RRP** - The uses of RRP shall be to invest the proceeds from the agreement into permissible securities that are in the highest short-term rating category; to supplement the yield on securities owned; or to provide funds for the immediate payment of an obligation. The maturity of the RRP and the maturity of the security purchased shall be the same.
 - E. **Eligible Securities** - A RRP may only be entered into with a security authorized in California Government Code 53601 which has been owned and paid for 30 days prior to the settlement of the RRP.
 - F. **Eligible Broker/Dealer** - Broker/Dealers shall be primary broker/dealers of the Federal Reserve Bank of New York.
 - G. **Liquidity Category** - Liquid
20. **SECURITIES LENDING** - This is a program conducted by an agent authorized to execute securities lending under the guidelines listed under RRP and as detailed in the "Services for Securities Lending Agreement." A securities lending transaction is when the Fund transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future. The loans must be secured continuously by cash collateral or securities and maintained at a value of at least equal to 102 % of the market value of the securities loaned. During the term of the loan, the Fund will continue to receive the equivalent of the interest paid by the issuer of the securities loaned. The Fund will have the right to call the loan and receive the securities loaned at any time with one day's notice.

- A. Maximum Maturity - The maximum maturity of a securities lending loan shall be 92 days.
 - B. Maximum Exposure of Fund - No more than 20% of the Fund shall be exposed to securities lending and/or RRP's at any one time.
 - C. Maximum Exposure Per Counterparty - No more than 10% of the Fund shall be on loan with any single counterparty at any one time.
 - D. Proceeds shall be invested in securities authorized by California Government Code and this Investment Policy.
21. **COLLATERALIZED CERTIFICATES OF DEPOSIT** - This is the deposit of funds in state or national banks, state or federal savings and loan associations, federal credit unions, or FDIC-insured industrial loan companies in California per California Government Code Section 53652. The deposit of the funds will be made under the following conditions:
- A. The deposit may not exceed the total of the paid-in capital and surplus of a depository.
 - B. The depository must maintain securities with a market value of at least 10% in excess of the total amount of the Fund's deposits. These securities will be placed in the institution's pooled collateral account and monitored by the State Treasurer of California or a mutually agreed-upon third party custodian bank.
 - C. The County Treasurer may waive the first \$250,000 of collateral for each depository, so long as that amount is insured by an agency of the Federal Government. The documents listed below in D will not be required for deposits of \$250,000 or less.
 - D. Each institution that receives Fund deposits must provide the County Treasurer with an up-to-date Contract, Annual Report, Affirmative Action Policy, Community Reinvestment Act Statement, and EEO-1 Form.
 - E. Maximum Maturity – The maximum maturity of a collateralized CD shall be 13 months.
 - F. Maximum Exposure of Fund – The maximum exposure to the Fund for this category shall be 5%.
 - G. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 5% of the Fund value.
 - H. Institutions at or above the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "-") by at least one NRSRO may pledge mortgage-based collateral for County deposits.

I. Liquidity Category - Illiquid

22. FDIC & NCUA INSURED DEPOSIT ACCOUNTS – This is the deposit of funds in a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in this state per California Government Code Section 53635.8. The deposit of funds will be made under the following conditions:

- A.** The deposit of funds may be placed directly with a selected depository institution, not to exceed the issuance limit from the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).
- B.** A selected depository may use a private sector entity to help place deposits with one or more commercial bank, savings bank, savings and loan association, or credit union located in the United States.
- C.** The full amount of each deposit and the interest that may accrue on each such deposit shall at all times be insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).
- D.** Maximum Maturity - The maximum maturity of an FDIC or NCUA Insured Deposit Account shall be 13 months.
- E.** Maximum Exposure of Fund - The maximum exposure to the Fund for this category shall be 5%.
- F.** Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 5% of the Fund value.
- G.** Minimum Credit Requirement - There is no minimum credit requirement for FDIC or NCUA insured deposit accounts whether directly placed or placed through a private sector entity.

H. Liquidity Category - Illiquid

23. COVERED CALL OPTION/PUT OPTION - An option is the right to buy or sell a specific security within a specific time period at a specific price.

- A.** A covered call is when the County Treasurer sells the option to another party giving them the right to buy an existing security in the Fund at a specific price within a specific time period.
- B.** A put option is when the County Treasurer sells the option to another party giving them the right to sell to the County Treasurer a security at a specific price within a specific time period.

- C. The seller of a covered call option/put option is paid at the time of the sale of the option. At the end of the option period, if the option is not exercised, the right to buy or sell the security is canceled.
 - D. The County Treasurer will act only as a seller of covered call and put options with the following exception: County Treasurer may buy an option to offset an existing open option position.
 - E. Securities subject to covered calls shall not be used for Reverse Repurchase Agreements.
 - F. Cash sufficient to pay for outstanding puts shall be invested in securities maturing on or before the expiration date of the options.
 - G. Maximum Maturity - The maximum maturity of a covered call option/put option shall be 90 days.
 - H. Maximum Exposure of Fund - No more than 10% of the Fund may have options written against it at any given time.
 - I. Counterparty Risk - Options shall only be written with primary broker/dealers of the Federal Reserve Bank of New York.
 - J. Liquidity Category - Liquid
24. **MONEY MARKET MUTUAL FUND** – These investments consist of shares of beneficial interest issued by management companies. Such shares represent ownership of a diversified portfolio of securities, which are redeemable at their net asset value. The Government Code allows for purchases of many types of mutual funds, but the Fund will limit use to money market mutual funds managed to maintain a stable NAV.
- A. Maximum Exposure - The maximum exposure to the Fund for this category shall be 20%.
 - B. Maximum Exposure Per Fund - The maximum exposure to a single mutual fund shall be 10% of the Fund value.
 - C. Purchase Price - The purchase price of the mutual fund shall not include any commission.
 - D. Minimum Credit Requirement - Mutual fund ratings must be in the highest rating category by at least two NRSROs or retain an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience in managing money market mutual funds and with assets under management in excess of five hundred million dollars.
 - E. Liquidity Category - Liquid

25. **LOCAL GOVERNMENT INVESTMENT POOLS (LGIPs)** – These investments consist of shares of beneficial interest issued by a joint powers authority (JPA) organized pursuant to Government Code Section 6509.7 and authorized by Government Code Section 53601(p). The Fund shall only invest in LGIPs that comply with the California Government Code and all relevant sections of this Investment Policy and are managed to maintain a stable NAV.
- A. Maximum Exposure - The maximum exposure to the Fund for this category shall be 5%.
 - B. Minimum Credit Requirement – LGIP ratings must be in the highest rating category by at least one NRSRO.
 - C. Liquidity Category – Liquid
26. **LOCAL AGENCY INVESTMENT FUND (LAIF)** – This fund was established by Government Code Section 16429.1 for use by local agencies in California and operates similarly to a LGIP. It is managed by the Treasurer of the State of California, who may invest money in the fund in securities prescribed in Government Code Section 16430 or elect to have the money of the fund invested through the State's Surplus Money Investment Fund.
- A. Maximum Exposure - The maximum exposure to the Fund for this category shall be 5%.
 - B. Minimum Credit Requirement – LAIF is an unrated fund.
 - C. Liquidity Category – Liquid
27. **PASS-THROUGH SECURITIES** - These will be limited to equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds.
- A. Maximum Maturity - The maximum maturity of a security shall be 5 years from the settlement date.
 - B. Maximum Exposure - The maximum exposure to the Fund for this category shall be 20%.
 - C. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 10% of the Fund value.
 - D. Minimum Credit Requirement - The security must be rated "AA" or higher by at least one NRSRO.
 - E. Liquidity Category - Liquid

28. **WHEN-ISSUED SECURITIES** - The Fund may invest in new issues of Government Obligations offered on a when-issued basis; that is, delivery and payment take place after the date of the commitment to purchase, normally within 15 days. Both price and interest rate are fixed at the time of commitment. This allows the Fund to lock in an interest rate that may not be available on the issue date. The Fund does not earn interest on the securities until settlement, and the market value of the securities may fluctuate between purchase and settlement. Such securities can be sold before settlement.
29. **SUPRANATIONALS** – The fund may invest in United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by multi-national organizations, including:
- Inter-American Development Bank (IADB)
 - International Bank for Reconstruction and Development (IBRD)
 - International Finance Corporation (IFC)
- A. **Maximum Maturity** - The maximum maturity of a security shall be 5 years from the settlement date.
- B. **Maximum Exposure of Fund** - The maximum exposure to the Fund for this category shall be 30%.
- C. **Maximum Exposure Per Issuer** - The maximum exposure to a single issuer shall be 10% of the Fund value.
- D. **Minimum Credit Requirement** - The issuer must be rated “AA” or higher by at least one NRSRO.
- E. **Liquidity Category** - Liquid
30. **QUALIFIED BROKERS AND DEALERS** - In order to minimize risk in executing security transactions under this Investment Policy, all transactions will be made only through qualified dealers.
- A. A qualified dealer must be a bank, savings and loan association, or an investment securities dealer. Commercial Paper and Certificate of Deposit issuers may be considered qualified dealers for direct issuance of their paper.
- B. Any dealer entering into a new business relationship to conduct security transactions with the County Treasurer is required to make application to the County Treasurer.
- C. The dealer must ensure that its staff is aware of the County Treasurer's Investment Policy and the California Government Code Sections 53601 and 53635.
- D. Investment securities dealers for Reverse Repurchase Agreements must be primary dealers regularly reporting to the Federal Reserve Bank.

- E. The dealer is required to have net capital in excess of \$10 million with liquidity lines of \$50 million or more.
 - F. The dealer is required to maintain an active secondary market for securities sold to the County and must be competitive in price for bids and offers.
 - G. The dealer will be monitored by the Chief Investment Officer and staff to ensure the services the County requires are delivered in a timely and efficient manner.
 - H. The primary account representative must be in the institutional or middle market fixed income division with 5 years or more experience covering large municipalities.
 - I. A qualified dealer must not have made any political contributions to the County Treasurer, any member of the Board of Supervisors, or any candidate for these offices within any consecutive 48-month period following January 1996. The exception is if the broker/dealer is entitled to vote for any of these offices, in which case the contributions shall not be in excess of \$250 to each official per election.
 - J. Each dealer, at minimum every three years, or more frequently if requested, will be required to respond to the County's Request for Information (RFI) providing the County with up-to-date financial and investment experience information in order to continue in its role.
31. **DELEGATION OF INVESTMENT AUTHORITY TO THE COUNTY TREASURER** - The State of California gives the Board of Supervisors the ability to delegate investment authority to the County Treasurer for a one-year period in accordance with Section 53607 of the California Government Code. The delegation will require renewal each year.
32. **SAFEKEEPING AUTHORITY**
- A. The State of California gives the Board of Supervisors the ability to delegate the deposit for safekeeping authority to the County Treasurer in accordance with Section 53608 of the California Government Code. Board Resolution 109 adopted September 29, 1959 delegated this authority to the County Treasurer.
 - B. In exercising this safekeeping function, the County Treasurer will require depositories to provide evidence that they are taking reasonable measures to prevent unauthorized access to the depository's electronic data files.
 - C. The County Treasurer's Continuity of Operations Plan (COOP) addresses contingency plans in the event that a disaster, natural or otherwise, disrupts normal operations. Contingency plans vary depending upon the severity and expected longevity of the disruption.

33. **EXTERNAL OVERSIGHT** - The County Treasurer shall retain an independent third-party investment advisor to provide oversight and compliance monitoring.

The County Treasurer will also retain an NRSRO to provide a rating for the Fund and will have in place an internal system to provide credit and compliance monitoring.

34. **COUNTY TREASURY OVERSIGHT COMMITTEE** - The Board of Supervisors has established a County Treasury Oversight Committee pursuant to Sections 27130-27137 of the California Government Code. The County Treasurer shall annually prepare an investment policy that will be reviewed and monitored by the County Treasury Oversight Committee and shall be reviewed and approved at a public hearing by the Board of Supervisors.

35. **RULES GOVERNING THE ACCEPTANCE OF HONORARIA, GIFTS, AND GRATUITIES:**

A. The County Treasury Oversight Committee:

1. Gifts and Gratuity Limits: - Members may not accept a gift or gifts aggregating more than the Fair Political Practices Commission (FPPC) guidelines in a calendar year from an advisor, broker, dealer, banker, or other persons with whom the County Treasurer conducts business.
2. Honorarium Limits - Members may not accept any honorarium from advisors, brokers, dealers, bankers, or other persons with whom the County Treasurer conducts business.
3. Employment - A member may not be employed by an entity that has contributed to the campaign of a candidate for the office of the County Treasurer or a candidate for a legislative body of a local agency that has deposited funds in the County Treasury in the previous three years or during the period the employee is a member of the County Treasury Oversight Committee. A member may not secure employment with bond underwriters, bond counsel, security brokers or dealers, or financial services firms during the period that the person is a member of the Committee or for one year after leaving the County Treasury Oversight Committee.
4. Contributions - A member may not directly or indirectly raise money for a candidate for County Treasurer or a member of the governing board of any local agency that has deposited funds in the County Treasury while a member of the County Treasury Oversight Committee.

B. The County Treasurer and Designated Employees:

1. Gifts and Gratuity Limits - The County Treasurer and designated employees may not accept a gift or gifts aggregating more than the Fair Political Practices Commission (FPPC) guidelines in a calendar year from a single source that does business with the County Treasurer's Office.

2. Honorarium Limits - The County Treasurer and designated employees may not accept any honorarium.
 3. Form 700 "Statement of Economic Interests" - The County Treasurer and designated employees are required to file a Form 700 annually.
36. **REPORTING** - The County Treasurer shall prepare an investment report monthly to be posted on the County Treasurer Tax-Collector's public website.
- A.** The report will be available to the following officials:
1. Board of Supervisors
 2. County Treasury Oversight Committee
 3. Chief Administrative Officer
 4. Auditor & Controller
 5. Pool Participants
- B.** The report will include the following:
1. A summary of Fund statistics
 2. The type of investment, issuer, maturity date, par value, and dollar amount invested for all securities, investments, and monies held by the Fund
 3. A description of any of the Fund's investments or programs that are under management of contracted parties, including the securities lending program
 4. Current market value and the source of the valuation as of the date of the report for all securities held by the Fund
 5. Securities lending portfolio, if applicable
 6. Pool purchases, sales, and maturities
 7. Statement denoting the Fund's ability to meet expenditure requirements for the next six months
 8. Statement of compliance with the Investment Policy

37. COSTS AND EARNINGS APPORTIONMENT

- A.** Prior to quarterly interest apportionment, investment costs incurred by the County Treasurer will be deducted from the interest earnings of the pool and Dedicated Portfolios based on an equitable distribution formula. The costs, which are authorized by Government Code Section 27013, are made up of direct costs (salaries, banking services, computer services, and supplies) and indirect costs (department overhead and external overhead).
- B.** The Pool earnings distributed to each participant are proportionate to the average daily balance of the amounts on deposit by the participant. The County Auditor & Controller conducts the apportionment process based on the net earnings of the Fund each quarter.
- C.** In the event there is a negative balance in a participant's fund at any time, it shall reduce the average daily balance for the fund. If at month-end there is a negative average daily balance in a participant's fund, that fund will be charged the higher of the pool's earning rate for the month or a proxy TRANS cost.
- D.** The apportionment rate is set approximately ten business days after each calendar quarter end. Apportionments are not paid out by warrants; all earnings are credited to the participant's fund balance.

38. TERMS AND CONDITIONS FOR DEPOSITING FUNDS BY VOLUNTARY PARTICIPANTS -
California Government Code Section 53684 allows local agencies, upon adoption of a resolution by the governing body of the agency, the option of depositing excess funds in the County Treasury for the purpose of investment by the County Treasurer.

- A.** The County, in its regional role to assist and aid other local agencies, adopted Board Resolution 11 on March 24, 1987, to allow agencies to deposit excess funds with the County Treasurer for investment. The limitation on acceptance of voluntary deposits and this Investment Policy are structured to help to ensure that, pursuant to Section 27133 of the California Government Code, the County Treasurer shall be able to find that all proposed deposits/withdrawals will not adversely affect the interests of the other depositors in the Fund.
- B.** The policy for the acceptance of local agency deposits is:
 - 1. The local agency must sign an Investment Management Agreement.
 - 2. The local agency may be asked to provide cash flows on a quarterly basis indicating projected withdrawals from the Fund.
- C.** Before any deposits for new accounts from Voluntary Participants can be accepted by the County Treasurer, the local agency must perform the following:

1. Provide a resolution adopted by the Board or governing body that authorizes the local agency to deposit excess funds in the County Treasury for the purpose of investment by the County Treasurer. The resolution must:
 - a. be signed by an authorized official,
 - b. indicate the resolution number and date passed by the Board or governing body,
 - c. indicate the persons authorized to initiate deposits to and instruct withdrawals from the Fund and,
 - d. bear the seal of the local agency, if the local agency has a seal.
2. Provide wire/ACH transfer instructions for withdrawals from the Fund. All withdrawals will be paid by electronic funds transfer.
3. Establish a trust account through the County Auditor & Controller's General Accounting Division.

39. **CRITERIA FOR WITHDRAWAL OF MONIES FROM THE FUND BY VOLUNTARY PARTICIPANTS**

- A. Before a local agency withdraws monies from the Fund, it must submit a withdrawal request a minimum of 2 working days prior to the desired withdrawal date. Although not encouraged, shorter notice may be honored at the discretion of the County Treasurer's Office if the withdrawal does not cause the Fund to fall out of compliance with its maturity policy or jeopardize its ability to meet cash flow requirements.
- B. When monies are requested for withdrawal, the County Treasurer's Office must find that the withdrawal will not adversely affect the interests of all other depositors in the Fund.

40. **GRANDFATHERED AGENCIES**

- A. Grandfathered agencies that use the services of the County to keep their records and/or issue warrants/wires for the agency can continue to function in this manner and will be treated as a mandatory participant (assuming the agency continues to make deposits into the Fund).
- B. These agencies can also opt to be treated as Voluntary Participants and elect to withdraw funds in the same fashion as the other Voluntary Participants. However, any agency so opting shall be subject to all restrictions placed upon the other Voluntary Participants.

GLOSSARY OF TERMS

BID - The price offered by a buyer of securities.

CREDIT RATING - The alphanumeric score which provides an assessment of the credit opinion of one of the Nationally Recognized Statistical Rating Organizations for a particular investment or issuing entity.

DEDICATED PORTFOLIO - Any assets, besides those held in the Fund, invested by the County Treasurer on behalf of any San Diego County agency.

DOLLAR-WEIGHTED AVERAGE MATURITY - The sum of the amount of each security investment multiplied by the number of days to maturity, divided by the total amount of security investments.

DURATION - A measure of the price volatility of a portfolio that reflects an estimate of the projected increase or decrease in the value of a portfolio based upon a decrease or increase in the interest rates. A duration of 1.0 means that for every 1.0 percent increase in interest rates, the market value of a portfolio would decrease by 1.0 percent.

EARNINGS APPORTIONMENT - The quarterly interest distribution to the Pool Participants after the actual investment costs incurred by the County Treasurer are deducted from the interest earnings of the Fund.

EFFECTIVE DURATION OR OPTION-ADJUSTED DURATION - The approximate percentage price change of a bond for a 100 basis point parallel shift in the yield curve, allowing for the cash flow to change as a result of the change in yield.

GRANDFATHERED AGENCIES- Some fire districts and other agencies that use the County's banking and accounting services.

ILLIQUID – Investments for which 1) the secondary market is non-existent or thinly traded, 2) it is not possible to access funds prior to maturity, or 3) One cannot liquidate at the cost of principal.

ISSUER - The entity identified as the counterparty or obligator related to a security trade.

INVESTMENT GROUP - Group consisting of the County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Chief Deputy Treasurer, Chief Investment Officer, and Investment Officers.

INVESTMENT MANAGEMENT AGREEMENT - An agreement between a voluntary participant and the San Diego County Treasurer-Tax Collector. The agreement addresses the terms and conditions of local agencies' deposits of funds for investment into the Fund.

LIQUID – Term for securities that can be converted to cash quickly.

MODERATELY LIQUID - Securities that can be converted to cash quickly with the potential for minimum loss of principal.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO) - A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.

OFFER - The price at which a holder of a security would be willing to sell the security.

PORTFOLIO VALUE - The total book value of all the securities held in the Fund.

PRUDENT RISK - An investment system in which the investor will invest conservatively to receive a stable income with little risk.

SAFEKEEPING - A custodian bank's action to store and protect an investor's securities by segregating and identifying the securities.

SELECTED DEPOSITORY INSTITUTION - A nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in the state of California.

SHORT-TERM - The term used to describe a security when the maturity is one year or less.

VOLUNTARY PARTICIPANTS - Local agencies that are not required to deposit their funds with the County Treasurer.

WHEN-ISSUED SECURITIES - A security traded before it receives final trading authorization, with the investor receiving the certificate/security only after the final approval is granted.

APPENDIX B - POLICY GUIDELINES

Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum % With One Issuer	Minimum Rating
US Treasury Obligations	5 years	No Limit	No Limit	No Limit
Agency Obligations	5 years	No Limit	35%	No Limit
Local Agency Obligations	5 years	30%	10%	A
Banker's Acceptances	180 days	40%	5%	A-1
Commercial Paper (1)	397 days	40%	10% (2)	A-1
Medium Term Notes	5 years	30%	10% (2)	A
Negotiable Certificate of Deposits	5 years	30%	10% (2)	A-1/A
Repurchase Agreements	1 year	40%	Note (3)	No Limit
Reverse Repurchase Agreements	92 days	20%	10%	No Limit
Collateralized Certificates of Deposit	13 months	5%	5%	No Limit
FDIC & NCUA Insured Deposit Accounts	13 months	5%	5%	No Limit
Money Market Funds	N/A	20%	10%	AAAm
Local Government Investment Pools (LGIPs)	N/A	5%	5%	AAAm
Local Agency Investment Fund (LAIF)	N/A	5%	N/A	N/A
Pass-Through Securities	5 years	20%	10%	AA
Supranationals	5 years	30%	10%	AA

(1) Government Code Section 53635(a) (1-2) specifies percentage limitations for this security type for county investment pools.

(2) 10% issuer limit includes CP, MTN, and NCD exposure combined, if applicable.

(3) Maximum exposure per issue – The maximum exposure to a single Repurchase Agreement (RP) issue shall be 10% of the portfolio value for RPs with maturities greater than 5 days and 15% of the portfolio for RPs maturing in 5 days or less. The maximum exposure to a single broker/dealer of RPs shall be 10% of the portfolio value for maturities greater than 5 days and 15% of the portfolio value for maturities of 5 days or less.

APPENDIX C – STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES

CATEGORIES	
GENERAL SPECIFIC	
3-DIGITS	4-DIGITS
131 - Crude Petroleum and Natural Gas >	1311 - Crude Petroleum and Natural Gas >
132 - Natural Gas Liquids >	1321 - Natural Gas Liquids >
138 - Oil and Gas Field Services >	1381 - Drilling Oil and Gas Wells >
	1382 - Oil and Gas Field Exploration Services >
	1389 - Oil and Gas Field Services, Not Elsewhere Classified >
122 - Bituminous Coal and Lignite Mining >	1221 - Bituminous Coal and Lignite Surface Mining >
	1222 - Bituminous Coal Underground Mining >
123 - Anthracite Mining >	1231 - Anthracite Mining >
124 - Coal Mining Services >	1241 - Coal Mining Services >
291 - Petroleum Refining >	2911 - Petroleum Refining >
295 - Asphalt Paving and Roofing Materials >	2951 - Asphalt Paving Mixtures and Blocks >
	2952 - Asphalt Felts and Coatings >
299 - Miscellaneous Products of Petroleum and Coal >	2992 - Lubricating Oils and Greases >
	2999 - Products of Petroleum and Coal, Not Elsewhere Classified >
492 - Gas Production and Distribution >	4922 - Natural Gas Transmission >
	4923 - Natural Gas Transmission and Distribution >
	4924 - Natural Gas Distribution >
	4925 - Mixed, Manufactured, or Liquefied Petroleum Gas Production and/or Distribution >

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Paying Agent, the District, the County and the Underwriters of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, or interest in the Bonds.

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

about DTC can be found at www.dtcc.com. *The foregoing internet address is included for reference only, and the information on this internet site is not incorporated by reference herein.*

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, printed certificates for the Bonds 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 District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially U.S. Bank Trust Company, National Association. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least \$1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination of the same tenor, maturity and principal amount upon presentation and surrender at the principal corporate trust office of the Paying Agent, initially U.S. Bank Trust Company, National Association, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

[THIS PAGE INTENTIONALLY LEFT BLANK]



Printed by: ImageMaster, LLC
www.imagemaster.com