10-0512

New Issue –Book Entry Only

Rating: Standard & Poor's: "SP-1+"
(See "RATING" herein.)

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing law, interest on the Notes (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Notes is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."

$10,000,000
ANTIOCH UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
2009-10 Tax and Revenue Anticipation Notes

Dated: Date of Delivery **Due: November 1, 2010**

Authority for Issuance. The Tax and Revenue Anticipation Notes captioned above (the "Notes") are being issued by the Board of Supervisors of Contra Costa County (the "County") in the name and on behalf of the Antioch Unified School District (the "District"), under Article 7.6 (commencing with Section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code, a resolution of the Board of Trustees of the District adopted on March 24, 2010 (the "District Resolution"), and a resolution of the Board of Supervisors of the County adopted on April 13, 2010 (the "County Resolution").

Purpose. The Notes are being issued by the District for the purpose of paying operating expenses of the District for fiscal year 2009-10.

Source of Payment. The Notes are general obligations of the District, but are payable only from taxes, income, revenue, cash receipts and other moneys remaining to be received by the District which are allocable to fiscal year 2009-10 and which are legally available for the payment of expenses and other obligations of the District attributable to the 2009-10 fiscal year. As security for the payment of principal of and interest on the Notes, the District has pledged to cause to be deposited in the Repayment Fund (defined herein) to be held by the Paying Agent, in specified intervals, on or before October 31, 2010, certain unrestricted revenues (as described herein) attributable to the 2009-10 fiscal year to pay principal of and interest on the Notes at maturity. Although the maturity date and scheduled deposits of unrestricted revenues will occur in fiscal year 2010-11, the Notes are payable only from revenues attributable to fiscal year 2009-10. See "SOURCE OF PAYMENT FOR THE NOTES."

Note Terms. The Notes bear interest at the rate set forth on the inside cover, payable at maturity on November 1, 2010. See "THE NOTES." Payments of principal and interest on the Notes will be made by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Notes. The Notes are not subject to redemption prior to maturity.

Book-Entry System. Purchasers of beneficial interests in the Notes will not receive certificates representing their interest. So long as Cede & Co. is the registered Note owner, as nominee of DTC, references in this Official Statement to the Note owners or Owners means Cede & Co., and not the beneficial owners of the Notes. Payments of principal of and interest on the Notes will be made directly to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described in this Official Statement. See "THE NOTES – Book-Entry Only System" and "APPENDIX D – Book-Entry Only System".

Cover Page. *This cover page contains information for quick reference only, and is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed decision with respect to an investment in the Notes.*

The following firm, serving as financial advisor to the District, has structured this financing:

KNN public finance
A Division of Zions First National Bank

The Notes are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC, on or about June 23, 2010, in New York, New York.

DE LA ROSA & CO.
INVESTMENT BANKERS

The date of this Official Statement is: June 9, 2010

MATURITY SCHEDULE

Maturity Date	Principal Amount	Interest Rate	Yield	CUSIP(†)
November 1, 2010	$10,000,000	1.00%	0.550%	037105 JB0

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the District, the County or the Underwriter to give any information or to make any representations with respect to the Notes other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the District, the County or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Notes will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Notes referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Notes.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the District Resolution, the County Resolution or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Notes to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Notes are Exempt from Securities Laws Registration. The issuance and sale of the Notes have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute projections, expectations, plans or forward-looking statements. 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 ANY EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT

$10,000,000
ANTIOCH UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
2009-10 Tax and Revenue Anticipation Notes

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices (this **"Official Statement")**, is to provide certain information concerning the issuance and sale of the 2009 Tax and Revenue Anticipation Notes (the "**Notes"**) of the Antioch Unified School District (the **"District"**). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the County Resolution (as defined below).

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, which includes the cover page 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 Notes to potential investors is made only by means of this entire Official Statement.

Authority for Issuance. The Notes are being issued by the Board of Supervisors of Contra Costa County (the "**County**"), in the name and on behalf of the District, under Article 7.6 (commencing with Section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the **"Law"**), a resolution adopted by the Board of Trustees of the District on March 24, 2010 (the **"District Resolution"**), and a resolution adopted by the Board of Supervisors of the County on April 13, 2010 (the "**County Resolution**"). See "THE NOTES – Authority for Issuance."

Financing Purpose. The Notes are being issued for the purpose of paying a portion of the District's operating expenses for fiscal year 2009-10 and the costs of issuing the Notes.

Description of the Notes. The Notes will be dated their date of delivery (the **"Closing Date"**) and will be issued as fully registered Notes, without coupons, in the denominations of $1,000 or any integral multiple thereof. The Notes will mature on the date shown on the inside cover of this Official Statement.

The Notes will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (**"DTC"**), and will be available to actual purchasers of the Notes (the **"Beneficial Owners"**) in the denominations set forth on the cover page, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the Notes. See

"THE NOTES - Book-Entry-Only System." If the book-entry-only system described below is no longer used with respect to the Notes, the Notes will be registered in accordance with the County Resolution described in this Official Statement. See "THE NOTES -- Description of the Notes."

No Redemption of Notes. The Notes are not subject to redemption prior to maturity.

Source of Payment. The principal amount of the Notes, together with interest that accrues to the date of maturity, will be payable from taxes, income, revenue and other moneys intended as receipts for the general fund of the District allocable to fiscal year 2009-10 which are generally available for the payment of expenses and other obligations of the District attributable to such fiscal year (the "**unrestricted moneys**"). The source of such unrestricted moneys pledged for payment of the Notes include the remaining State apportionments to made to the District which are allocable to fiscal year 2009-10 but are currently unpaid and scheduled to be paid during fiscal year 2010-11. *Although the maturity date and scheduled deposits of unrestricted revenues will occur in fiscal year 2010-11, the Notes are payable only from revenues attributable to fiscal year 2009-10.*

The District projects that the unrestricted moneys will become available in July through October 2010 and will primarily include State revenue limit apportionments made to the District for fiscal year 2009-10, the payment of which have been deferred for payment by the State to July through October 2010 (the **"Deferred Revenues"**). See "SOURCE OF PAYMENT FOR THE NOTES - Mid-Year" Issuance of Notes Due to Deferral of State Funding" and "DISTRICT FINANCIAL INFORMATION – State Funding of Education and Recent State Budgets." Although the State may treat some or all of the Deferred Revenues as expenditures for the fiscal year in which they are made, the District is authorized under State law to elect to treat such Deferred Revenues for budgetary and financial reporting purposes as a receivable in the current fiscal year. The District has historically treated deferrals of State apportionment payments in this manner and intends to treat the Deferred Revenues as a receivable for the fiscal year to which they are attributable. Consequently, the District expects the Deferred Revenues to be the primary component of unrestricted moneys which are pledged for repayment of the Notes.

The District has received and spent some unrestricted moneys prior to the issuance of the Notes. Security for the Notes is expected to be only the unrestricted moneys remaining to be received by the District for fiscal year 2009-10, which remaining portion is an amount less than the total amount of receipts for the general fund allocable to fiscal year 2009-10.

As security for the payment of principal of and interest on the Notes, the District has pledged from unrestricted moneys certain "**Pledged Revenues**", as defined in "SOURCE OF PAYMENT FOR THE NOTES" below, to be deposited at certain times on or before October 31, 2010 in a special fund to be held on behalf of the District by The Bank of New York Mellon Trust Company, N.A., as Paying Agent for Contra Costa County Treasurer-Tax Collector, (the "Paying Agent"), separate and distinct from any other County and District funds and accounts, designated as the "Antioch Unified School District (Contra Costa County, California) 2009-10 Tax and Revenue Anticipation Notes Repayment Fund" (the **"Repayment Fund"**). Any moneys placed in the Repayment Fund will be for the benefit of the registered owners of the Notes, and until the principal of and interest on the Notes is paid or provided for, the Repayment Fund will be used solely for the payment of principal of and interest on the

Notes.

The District. Antioch Unified School District provides educational services to the residents of the City of Antioch (the "City"), in Contra Costa County (the "County"), in the State of California (the "State") approximately 35 miles northeast of Oakland. The District encompasses a total area of approximately 41 square miles and provides educational services to the residents of the City of Antioch, plus a portion of surrounding unincorporated areas in Contra Costa County. The District operates 14 elementary schools (one of which is a K-8 school), four middle schools, two comprehensive high schools, three specialized high schools, and two alternative high schools. See "THE DISTRICT".

Continuing Disclosure. The District, under a Continuing Disclosure Certificate, has covenanted for the benefit of owners of the Notes to provide notices of the occurrence of certain enumerated events, if material, in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" and "APPENDIX E - Form of Continuing Disclosure Certificate."

Tax Matters. In the opinion of Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS".

USE OF PROCEEDS AND INVESTMENT OF DISTRICT MONEYS

The proceeds of the Notes will be deposited in the Treasury of the County to the credit of the District, and will be withdrawn, used and expended by the District for any purpose for which it is authorized to expend funds from the General Fund of the District, including, but not limited to, current expenses, capital expenditures and the discharge of any obligation or indebtedness of the District. The District intends to apply the proceeds of the Notes for the purpose of paying operating expenses of the District for fiscal year 2009-10 and paying costs of issuing the Notes.

Under the California Education Code, the District is required to deposit all monies received from any source into the Treasury of the County to be held on behalf of the District. Accordingly, the proceeds of the Notes will be deposited in the Treasury of the County to the credit of the District, and may be withdrawn, used and expended by the District for any purpose for which it is authorized to expend funds from the General Fund of the District, including, but not limited to, current expenses, capital expenditures and the discharge of any obligation or indebtedness of the District.

Proceeds from the sale of the Notes and monies in the Repayment Fund will be invested by the County in any one or more investments generally permitted to school districts under the laws of the State of California, consistent with the investment policy of the County and the Resolution (the **"Permitted Investments")**. Permitted Investments specifically include: (a) the County Pooled Investment Fund maintained by the County Treasurer; and, (b) at the request of the District, (i) the Local Agency Investment Fund maintained by the County Treasurer of the State of California; (ii) other investments permitted under section 53601 of the California

Government Code; and (iii) investment agreements with financial institutions with senior unsecured credit ratings at least one of the two highest rating categories (without regard to any refinement or gradation of such rating category by a plus or minus or a numeral) from one or more nationally recognized statistical rating organizations then rating the Notes. In regard to any investments requested by the District specified in clauses (b)(i), (b)(ii) or (b)(iii) above, the County may decline the request of the District upon any reasonable basis, including specifically, any concerns of the County regarding the legality, structure or appropriateness of the investment vehicle generally or the process for the bidding or execution of the investment.

The County Investment Pool

State law establishes that the County Treasurer of each county is *ex officio* County Treasurer of all school districts in the county. Although separately accounted for, substantially all District funds are held and invested on a pooled basis with other funds held by the County Treasurer in the County Pooled Investment Fund (the "County Treasury Pool"). This pooled investment fund consists primarily of operating funds of the County and local agencies (including other school districts, community colleges and special districts) not otherwise invested at the direction of a County Pool participant.

The County maintains a written policy (the **"Investment Policy"**) with respect to the investment of public funds which provides a means to implement the basic objectives of its investment program pursuant to California Code Section 53630. The objective of the Investment policy is to maintain safety of principal and the level of liquidity necessary to meet the needs of the County and agencies participating in the Treasury. The County's Investment Policy is reviewed and adopted by resolution by the County Board of Supervisors on an annual basis. The most current Investment Policy was effective as of June 2009.

County Treasury Pool. The daily investment of Pool funds has been delegated to the Contra Costa County Treasurer's Office ("County Treasurer") pursuant to Government Code section 27000.1 and by ordinance of the Contra Costa County Board of Supervisors.

Authorized investments under the Investment Policy include the Local Agency Investment Fund of the State Treasury, obligations of the United States Treasury, certificates of deposit, bankers acceptances, commercial paper ranked "A1" (or its equivalent) or higher by a nationally recognized statistical-rating organization, passbook deposits, repurchase agreements with maximum maturities of one year and medium-term corporate notes.

The County's Investment Report for December 31, 2009 stated:

- The County Treasurer's investment portfolio is in compliance with Government Code 53600 et. seq.

- The County Treasurer's investment portfolio is in compliance with the County Treasurer's current investment policy.

- The County Treasurer's investment portfolio has no securities lending, reverse repurchase agreements or derivatives.

- The total cost of the investment portfolio was equal to $2,005,987,239 on December 31, 2009. The fair value was $2,008,159,215 which was 100.1% of cost.

- The weighted average maturity of the total investment pool was 116 days. More than 88 percent of the portfolio or over $1.77 billion will mature in less than a year. Historical activities combined with future cash flow projections indicate that the County is able to meet its cash flow needs for the next six months.

THE NOTES

Authority for Issuance

The Notes are being issued by the Board of Supervisors of the County in the name and on behalf of the District under the Law, the District Resolution and the County Resolution.

Description of the Notes

Form of the Notes. The Notes will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive certificates representing their interest in the Notes. The Notes will be issued as fully registered Notes, without coupons, in the denomination of $1,000 each or any integral multiple thereof, but in an amount not to exceed the aggregate principal amount of Notes maturing in the year of maturity of the Note for which the denomination is specified.

Maturity; Interest. Interest on the Notes accrues from the date of delivery and is payable at the maturity of the Notes. The Notes mature and become payable on November 1, 2010, and bear interest at the rate of 1.00% per annum. Interest on the Notes is calculated on the basis of a 360-day years comprised of twelve 30-day months.

No Redemption

The Notes are not subject to redemption prior to maturity.

Book-Entry Only System

When executed and delivered, the Notes will be registered in the name of Cede & Co. as nominee of DTC. Beneficial Owners of the Notes will not receive physical Notes representing their interests in the Notes, but will receive a credit balance on the books of the nominees for such Beneficial Owners. The principal of and interest on the Notes will be paid by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Notes as described in this Official Statement. As long as Cede & Co. is the registered owner of the Notes, principal of and interest on the Notes are payable by wire transfer on the payment date by the Paying Agent to Cede & Co., as nominee for DTC, which will in turn remit such amounts to DTC Participants (as defined in this Official Statement) for subsequent distribution to the Beneficial Owners. As long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references in this Official Statement to the registered owners means Cede & Co. and will not mean the Beneficial Owners of the Notes. See "APPENDIX D - Book-Entry Only System."

Transfer of Notes. Any Note may, in accordance with its terms, but only if the District determines to no longer maintain the book entry only status of the Notes, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the Paying Agent to deliver Note certificates to particular DTC Participants, be transferred, upon the books required to be kept by the Paying Agent, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

SOURCE OF PAYMENT FOR THE NOTES

"Mid-Year" Issuance of Notes Due to Deferral of State Funding

Historically, school districts in California have issued tax and revenue anticipation notes during the summer or fall months in order to meet the cash flow needs that occur due to the typical schedule of property tax receipts. Although cash disbursements for school districts were typically fairly consistent during the fiscal year, school districts do not receive property tax receipts until mid-December, often creating a cash deficit in November or early December.

Recently there have been changes in the State apportionment monthly payment schedule that shifted the cash flow pattern of school districts. Senate Bill 16 of the 2009-10 Fourth Extraordinary Session (SBX4 16) (Chapter 23, Statutes of 2009) modified the State apportionment monthly payment schedule for most local educational agencies (LEAs). SBX4 16 also changed the payment calculation for the months of February through May to one fifth of the principal apportionment balance due for LEAs that are paid pursuant to EC sections 14041 (a)(2) and 14041 (a)(7).

SBX4 16 also added deferrals to various payments. The deferrals during the P-1 and P-2 periods are as follows:

- February- $2 billion (equal to 98.38694309 percent of the February payment) to be paid in July.
- April- $679 million (equal to 33.38323056 percent of the April payment) to be paid in August.
- May- $1 billion (equal to 49.19347251 percent of the May payment) to be paid in August.
- June- 100 percent of the P-2 payment continues to be paid in July.

The deferral of June state apportionment money to July had existed prior to SBX4 16. However, beginning in fiscal year 2009-10, the increase in the size of deferrals of State apportionment payments to the next fiscal year caused cash flow concerns for many school districts at the end of the fiscal year. The Notes are issued by the District to address the District's cash flow needs at the end of the fiscal year.

Based on the 2009-10 First Principal Apportionment monthly payment schedule summary available from the California Department of Education website, the District expects the following: (a) a portion of the February, 2010 apportionment equal to $5,951,765 will be deferred to July, 2010, (b) a portion of the April, 2010 apportionment equal to $2,019,466 will be deferred to August, 2010, and (c) a portion of the May, 2010 apportionment equal to $2,975,882 will be deferred to August, 2010. In addition, the full amount of the June 2010 apportionment will be deferred to July, 2010. Based on the current 2009-10 first principal apportionment schedules, the June, 2010 apportionment deferred to July, 2010 is approximately $6,049,343. Of the $63,659,636 in 2009-10 First Principal Apportionment for the District, $16,996,455 has not yet been paid, and is expected to be received by the District during the 2010-11 fiscal year.

On March 30, 2010, the State of California, Department of Finance announced planned deferrals for the 2010-11 fiscal year. Under Government Code sections 16325.5 and 16326, the plan is to defer the following payments to schools:

- July, 2010 - $2.5 billion to be deferred for 60 days.

- October, 2010 - $2.5 billion to be deferred for 90 days.

- March, 2011- $2.5 billion to be deferred and paid of April 29, 2011.

Since the regularly scheduled State apportionment payment in July does not total $2.5 billion, the District's current speculation is that a portion of the 2009-10 State apportionment currently scheduled to be received in July, 2010 will be further deferred an additional 60 days.

Unrestricted Moneys; Pledged Revenues

Unrestricted Moneys. The principal amount of the Notes, together with interest that accrues to the date of maturity, will be payable from taxes, income, revenue and other moneys intended as receipts for the general fund of the District allocable to fiscal year 2009-10 which are generally available for the payment of expenses and other obligations of the District attributable to such fiscal year (the "**unrestricted moneys**"). The largest source of such unrestricted moneys pledged for payment of the Notes will be the State revenue limit apportionments to made to the District which are allocable to fiscal year 2009-10 but are currently unpaid and scheduled to be paid during fiscal year 2010-11.

The District projects that the unrestricted moneys will become available in monthly increments from July to October 2010 and will principally be comprised of the remaining State apportionments made to the District for fiscal year 2009-10 (the **"Deferred Revenues"**), the payment of which has been deferred by the State as described above. See ""Mid-Year" Issuance of Notes Due to Deferral of State Funding" above and "DISTRICT FINANCIAL INFORMATION – State Funding of Education and Recent State Budgets" below. Although the State may treat some or all of the Deferred Revenues as expenditures for the fiscal year in which they are made, the District is authorized under State law to elect to treat such Deferred Revenues for budgetary and financial reporting purposes as a receivable in the current fiscal year. The District has historically treated deferrals of State apportionment payments in this manner and intends to treat the Deferred Revenues as a receivable for the Fiscal Year. Consequently, the Deferred Revenues constitute unrestricted moneys and are eligible to be subject to the pledge for the repayment of the Notes.

The District has received and spent some unrestricted moneys prior to the issuance of the Notes; accordingly, security for the Notes is expected to be only the unrestricted moneys remaining to be received by the District for fiscal year 2009-10, which remaining portion is an amount less than the total amount of receipts for the general fund allocable to fiscal year 2009-10.

The District may, under existing law, issue the Notes only if the principal of and interest on the Notes will not exceed 85% of the estimated moneys which will be lawfully available for the payment of the Notes.

Pledged Revenues. The Notes are obligations of the District and are secured by a pledge of and first lien and charge against the first unrestricted moneys which are attributable to fiscal year 2009-10 but are to be received in fiscal year 2010-11, in the amounts and in the months as shall be determined by the Superintendent and described in the following paragraph. The Notes of the District are, by statute, general obligations of the District. As security for the payment of principal of and interest on an issue of Notes, the District has pledged to cause to be deposited in the Repayment Fund (described below) to be held by the Paying Agent certain unrestricted moneys attributable to the 2009-10 fiscal year received after June 30, 2010, which deposits shall occur by the end of July, August, September and October of 2010, until there is sufficient money in the Repayment Fund to repay principal of an interest on the Notes on their maturity date. More specifically, the District pledges to cause to be deposited into the Repayment Fund the following moneys, which constitute the **"Pledged Revenues"**, at the following times: (i) all Deferred Revenues as they are received until the amount in the Repayment Fund equals the principal amount of the Notes and the interest due thereon at maturity; and (ii) to the extent the Repayment Fund does not contain at least the amounts specified below by the dates specified below, the District further pledges to cause to be deposited into the Repayment Fund from any unrestricted moneys attributable to the 2009-10 fiscal year received after June 30, 2010, the amount required to cause the Repayment Fund to be funded in at least the following amounts by the following dates:

(a) by July 31, 2010, an amount equal to 25% of the principal amount of the Notes,

(b) by August 31, 2010, an amount equal to 25% of the principal amount of the Notes,

(c) by September 30, 2010 an amount equal to 25% of the principal amount of the Notes.

(d) by October 31, 2010 an amount equal to 25% of the principal amount of the Notes, and the interest on the Notes at maturity.

The Pledged Revenues are expected to be in an amount sufficient to pay the principal of and interest on the Notes. The principal of and interest on the Notes constitute a first lien and charge against the Pledged Revenues. In dollars, the minimum amounts and times of transfer of the Pledged Revenues to the Repayment Account by the end of the months shown is as follows:

ANTIOCH UNIFIED SCHOOL DISTRICT
Cumulative Amount of Pledge

July 2010	August 2010	September 2010	October 2010
$2,500,000	$5,000,000	$7,500,000	$10,000,000 plus interest

The Deferred Revenues are projected to be approximately $17 million. See ""Mid-Year" Issuance of Notes Due to Deferral of State Funding' above and "DISTRICT FINANCIAL INFORMATION – State Funding of Education and Recent State Budgets" below.

Although the maturity date and scheduled deposits of Pledged Revenues will occur in fiscal year 2010-11, the Notes are payable only from revenues attributable to fiscal year 2009-10.

The District maintains certain segregated and special purpose funds outside of its general funds not pledged to the payment of the Notes, which could, if needed and to the extent moneys are available therein, be accessed on a temporary basis through school district legislative action. Such borrowed amounts must be repaid within the fiscal year borrowed, or in the following fiscal year under certain circumstances.

To the extent not paid from the Pledged Revenues, the Notes will be paid from any other moneys of the District lawfully available therefor. In the event that there are insufficient unrestricted moneys received by the District to permit the deposit in the Repayment Fund of the full amount of the Pledged Revenues to be deposited in any month on the last business day of such month, then the amount of any deficiency will be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and interest thereon.

As further security, the District has covenanted in the Resolution that it will not request the Paying Agent to make temporary transfers of funds during fiscal year 2009-10 until the full amount of Pledged Revenues has been deposited into the Repayment Fund. The Resolution, however, does not preclude the District from issuing subsequent series of tax and revenue anticipation notes during fiscal year 2009-10.

For information relating to the rights of Owners of the Notes to moneys in the Repayment Fund upon a bankruptcy of the County, see "RISK FACTORS – Bankruptcy Considerations."

Repayment Fund

General. Under the County Resolution, the there is established a fund to be known as the **"Repayment Fund"**, which the County will cause the Paying Agent to establish and hold for the benefit of the holders of the Notes. The District will cause the Paying Agent to, immediately upon receipt of moneys which are Pledged Revenues, forward to the Paying Agent for deposit in the Repayment Fund Pledged Revenues up to the monthly amount specified above to pay the principal of and interest on the Notes at maturity. Any money placed in the Repayment Fund shall be for the benefit of the registered owners of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes and the interest thereon through the maturity thereof, the moneys in the Repayment Fund shall be applied solely for the purposes for which the Repayment Fund is created; provided, however, that any interest earned on amounts deposited in the Repayment Fund shall periodically be available for release and transfer to the general fund of the District.

On the maturity date of the Notes, the Paying Agent shall transfer to DTC the moneys in the Repayment Fund necessary to pay the principal of and interest on the Notes then due and, to the extent said moneys are insufficient therefor, an amount of moneys from the District's general fund which will enable payment of the full principal of and interest on the Notes at maturity. DTC will thereupon make payments of principal and interest on the Notes to the DTC Participants who will thereupon make payments to the beneficial owners of the Notes. Any moneys remaining in the Repayment Fund after the Notes and the interest thereon have been paid, or provision for such payment has been made, will be transferred to the District.

For information on the investment of moneys by the Paying Agent, see the following section and "USE OF PROCEEDS AND INVESTMENT OF DISTRICT MONEYS – The County Investment Pool" above.

Investment of Note Proceeds and Repayment Fund

Pursuant to the County Resolution, proceeds from the sale of the Notes will be deposited by the County Treasurer of the County in a proceeds fund to the credit of the District. Moneys in such proceeds fund may be invested as permitted by the laws of the State and the County Resolution, including in the County Treasury Pool, the State County Treasurer's Local Agency Investment Fund and in investment agreements. The proceeds of the Notes will be invested to mature on or before the maturity date of the Notes.

The County Resolution provides that moneys held in the Repayment Fund shall be invested at the direction of the County in any one or more investments generally permitted to school districts under the laws of the State, consistent with the investment policy of the County and the Resolution (the "Repayment Fund Permitted Investments"). The Repayment Fund Permitted Investments shall specifically include: (a) the County Pooled Investment Fund maintained by the County; (b) at the request of the District, in investments permitted under section 53600 *et seq.* of the California Government Code; and (c) in the sole discretion of the District, (i) the Local Agency Investment Fund maintained by the County Treasurer of the State; and (ii) investment agreements with financial institutions with senior unsecured credit ratings in one of the two highest rating categories (without regard to any refinement or gradation of such rating category by a plus or minus or a numeral) from one or more nationally recognized statistical rating organization then rating the Notes. However, in regard to any investments requested by the District specified in clause (b)(iii) above, the County may decline the request of the District upon any reasonable basis, including specifically, any concerns of the County regarding the legality, structure or appropriateness of the investment vehicle generally or the process for the bidding or execution of the investment. See "USE OF PROCEEDS AND INVESTMENT OF DISTRICT MONEYS – The County Investment Pool" above.

Limitations on Remedies

The enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the District, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

The County will have the ability to direct the Paying Agent as to the possession of the taxes and other revenues to be set aside to pay the Notes and the District may request the Paying Agent to invest these funds in the County Treasury Pool. Should the County file bankruptcy while the Notes are outstanding, a court might hold that the owners of the Notes do not have a valid lien on the amounts set aside in the Repayment Fund. In that case, unless the owners could "trace" the funds, the owners would not be secured creditors of the County. There can be no assurance that the owners could successfully so "trace" the Pledged Revenues and other unrestricted revenues, if any, set aside in the Repayment Fund to the extent the moneys are actually held by the County.

Notes Not Secured by Property Tax Levy

Under Section 53857 of the Law, the Notes are general obligations of the District which are payable from any taxes, income, revenue, cash receipts or other moneys of the District which are lawfully available for that purpose. However, the obligation of the District to pay the principal of and interest on the Notes does not constitute a debt of the District, the County or the State of California or of any political subdivision thereof, within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the District, the County or the State of California is obligated to levy or pledge any form of taxation or for which the District, the County or the State of California has levied or pledged any form of taxation.

No Liability of the County

Neither the County, the Board or Supervisors of the County, nor any officer, official, employee of the County, has liability in connection with the Notes, other than to establish and administer the Repayment Fund as described above. No funds or property of the County are liable to pay the principal of and interest on the Notes.

Projected District Cash Flow for Fiscal Year 2009-10

The District has prepared for use in this Official Statement the following cash flow statements that show actual cash receipts and disbursements for fiscal year 2009-10, actual and projected cash receipts and disbursements for such fiscal year, and projected cash receipts and disbursements through maturity of the Notes.

The District's cash flows reflect the enactment of the 2009-10 State Budget as well as the 2010-11 State Budget. Under the 2009-10 State Budget, the monthly payment schedule for K-12 apportionment funding and categorical funding from the State was modified to distribute five percent of total payments in each of July and August and nine percent in each of the remaining months, with certain payment deferrals enacted. With the additional deferrals incorporated into the 2009-10 State Budget Revision, total deferrals of State K-12 revenue limit payments in fiscal year 2009-10 are approximately $8.6 billion. These deferrals include:

- $1.0 billion from July 2009 to December 2009.
- $1.5 billion from August 2009 to October 2009.
- $1.0 billion from November 2009 to January 2010.
- $2.0 billion from February 2010 to July 2010.

- $679 million from April 2010 to August 2010.
- $1.0 billion from May 2010 to August 2010.
- $1.4 billion from June 2010 to July 2010.

The 2009-10 State Budget provides increased flexibility with respect to funding allocated to certain categorical programs through fiscal year 2012-13. Pursuant to this provision, school districts will be able to shift funds to meet higher priority needs. See ""Mid-Year" Issuance of Notes Due to Deferral of State Funding" above and "DISTRICT FINANCIAL INFORMATION – State Funding of Education and Recent State Budgets" below. In addition, the District's cash flows reflect the actual and projected receipt of federal funds authorized pursuant to the American Reinvestment and Recovery Act of 2009. The District cannot predict when the remaining federal funds will be received.

Antioch Unified School District

2009-2010 Tax and Revenue Anticipation Notes

2008/09 ACTUAL CASH FLOW
(Actuals from July 2008 through June 2009 with minor adjustments)
GENERAL FUND

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Beginning Cash	$ 21,993,401	$ 11,485,966	$ 15,613,595	$ 16,484,537	$ 12,991,862	$ 11,893,609	$ 25,662,962	$ 21,750,566	$ 18,450,716	$ 13,841,461	$ 24,497,052	$ 20,649,803	$ 21,993,401
Receipts													
Revenue Limit: Property Tax	42,367	47,803	346,437	50,165	1,080,454	15,484,266	222,266	200,260	44,506	13,047,646	1,768,375	91,058	**32,425,603**
Revenue Limit: State Aid	685,765	10,906,807	9,984,403	3,377,637	5,456,149	5,456,149	5,470,370	5,648,812	4,163,513	5,048,914	5,048,914	0	**61,247,433**
Other Receipts	413,884	996,167	843,694	3,129,591	4,151,242	4,178,008	2,247,185	2,374,973	2,559,538	3,340,494	1,384,046	5,312,114	**30,930,937**
Transfers In	0	0	0	0	0	0	0	0	0	0	0	367,863	**367,863**
Prior Year Receipts	1,000,000	5,500,000	1,050,000	2,084,272	15,728	50,000	50,000	439,099	439,099	439,099	439,099	439,099	**11,945,493**
Note Proceeds & Est Int Earnings	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total Receipts	**2,142,016**	**17,450,777**	**12,224,534**	**8,641,665**	**10,703,573**	**25,168,423**	**7,989,821**	**8,663,144**	**7,206,656**	**21,876,153**	**8,640,434**	**6,210,134**	**136,917,330**
Disbursements													
Salaries and Benefits	8,607,347	10,085,149	9,881,127	10,038,993	10,318,175	10,148,392	9,899,815	10,080,862	10,082,166	10,184,342	10,981,235	9,522,512	**119,830,115**
Other Disbursements	1,542,104	1,237,999	1,172,465	1,545,347	1,433,651	1,200,678	1,952,402	2,123,640	1,733,745	1,036,220	1,506,448	809,896	**17,294,595**
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	500,000	**500,000**
Prior Year Disbursements	2,500,000	2,000,000	300,000	550,000	50,000	50,000	50,000	(241,508)	0	0	0	0	**5,258,492**
Note Payment Pledge	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total Disbursements	**12,649,451**	**13,323,148**	**11,353,592**	**12,134,340**	**11,801,826**	**11,399,070**	**11,902,217**	**11,962,994**	**11,815,911**	**11,220,562**	**12,487,683**	**10,832,408**	**142,883,202**
Net Increase/Decrease	**(10,507,435)**	**4,127,629**	**870,942**	**(3,492,675)**	**(1,098,253)**	**13,769,353**	**(3,912,396)**	**(3,299,850)**	**(4,609,255)**	**10,655,591**	**(3,847,249)**	**(4,622,275)**	**(5,965,873)**
Ending Cash	**11,485,966**	**15,613,595**	**16,484,537**	**12,991,862**	**11,893,609**	**25,662,962**	**21,750,566**	**18,450,716**	**13,841,461**	**24,497,052**	**20,649,803**	**16,027,528**	**16,027,528**

2009/10 PROJECTED CASHFLOW
(Actuals through January 31, 2010, Projected February 2010 through June 2010)
GENERAL FUND

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Beginning Cash	**16,027,528**	**10,902,107**	**16,734,899**	**13,363,003**	**14,037,424**	**4,974,876**	**10,720,238**	**17,930,266**	**7,514,612**	**2,692,028**	**10,853,632**	**4,963,347**	**16,027,528**
Receipts													
Revenue Limit: Property Tax	41,125	23,384	68,157	948,563	11,549	12,517,615	21,304	215,019	47,786	14,009,237	1,898,702	97,769	**29,900,210**
Revenue Limit: State Aid	0	2,330,615	5,343,324	7,201,867	0	2,677,089	15,766,416	310,046	5,580,822	3,720,548	3,576,124	0	**46,506,851**
Other Receipts	6,040,818	2,389,243	2,529,427	4,329,334	2,618,406	1,848,992	2,837,582	562,513	606,227	791,197	327,812	1,258,175	**26,139,725**
Transfers In	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Prior Year Receipts	2,500,053	15,126,107	750,016	750,016	0	0	0	980,250	980,250	980,250	980,250	980,250	**24,027,439**
Note Proceeds & Interest Earnings	0	0	0	0	0	0	0	0	0	0	0	10,005,900	**10,005,900**
Total Receipts	**8,581,996**	**19,869,349**	**8,690,924**	**13,229,780**	**2,629,955**	**17,043,696**	**18,625,302**	**2,067,827**	**7,215,085**	**19,501,232**	**6,782,887**	**12,342,094**	**136,580,125**
Disbursements													
Salaries and Benefits	8,994,105	10,132,025	10,107,084	10,064,802	10,310,245	10,376,061	10,112,789	10,048,197	10,049,496	10,151,341	10,945,652	9,491,656	**120,783,454**
Other Disbursements	2,213,259	2,904,511	1,205,720	1,740,541	1,382,258	922,273	1,302,485	2,435,285	1,988,173	1,188,286	1,727,520	928,748	**19,939,058**
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Prior Year Disbursements	2,500,053	1,000,021	750,016	750,016	0	0	0	0	0	0	0	0	**5,000,105**
Note Payment Pledge	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total Disbursements	**13,707,417**	**14,036,557**	**12,062,820**	**12,555,359**	**11,692,503**	**11,298,334**	**11,415,274**	**12,483,481**	**12,037,669**	**11,339,627**	**12,673,172**	**10,420,405**	**145,722,617**
Net Increase/Decrease	**(5,125,421)**	**5,832,792**	**(3,371,896)**	**674,421**	**(9,062,548)**	**5,745,362**	**7,210,028**	**(10,415,655)**	**(4,822,584)**	**8,161,605**	**(5,890,285)**	**1,921,689**	**(9,142,492)**
Ending Cash	**10,902,107**	**16,734,899**	**13,363,003**	**14,037,424**	**4,974,876**	**10,720,238**	**17,930,266**	**7,514,612**	**2,692,028**	**10,853,632**	**4,963,347**	**6,885,036**	**6,885,036**

Antioch Unified School District

2009-2010 Tax and Revenue Anticipation Notes

2010/11 PROJECTED CASHFLOW
(Projected July 2010 through October 2010)
GENERAL FUND

	July	August	September	October
Beginning Cash	**6,885,036**	**19,765,680**	**15,525,725**	**17,509,809**
Receipts				
Revenue Limit: Property Tax [(a)]	13,000,000	0	0	0
Revenue Limit: State Aid	0	3,047,536	8,533,100	0
Other Receipts	5,084,328	2,010,936	2,128,923	3,643,837
2009/10 State Aid Receipts	7,131,051	4,650,685	3,720,548	0
Prior Year Receipts	2,000,000	800,000	600,000	600,000
Note Proceeds & Interest Earnings	0	c	0	29,656
Total Receipts	**27,215,379**	**10,509,156**	**14,982,571**	**4,273,492**
Disbursements				
Salaries and Benefits	7,842,848	8,835,113	8,813,364	8,776,494
Other Disbursements	1,991,887	2,613,999	1,085,123	1,566,450
Transfers Out	0	0	0	0
Prior Year Disbursements	2,000,000	800,000	600,000	600,000
Note Payment Pledge	2,500,000	2,500,000	2,500,000	2,535,556
Total Disbursements	**14,334,735**	**14,749,112**	**12,998,487**	**13,478,500**
Net Increase/Decrease	**12,880,644**	**(4,239,955)**	**1,984,084**	**(9,205,008)**
Ending Cash	**19,765,680**	**15,525,725**	**17,509,809**	**8,304,801**

[(a)] The County is willing to advance up to 50% of expected property tax receipts.

Note Coverage Ratio

Projected Unrestricted Moneys available for Note repayment on November 1, 2010, provides coverage of 1.83 times the principal and interest due on the Notes at maturity.

Projected Beginning Cash Balance, July 1, 2010	$6,885,036
Projected Cash Receipts through November 1, 2010 (Including Note Proceeds)	$56,980,599
Less Projected Disbursements through November 1, 2010 (Excluding Note Repayment)	($45,525,278)
Projected Cash Balance, November 1, 2010	$18,340,357
Note Repayment	$10,035,556
NOTE COVERAGE RATIO	1.83:1

THE DISTRICT

General Information

The District provides educational services to the residents of the City of Antioch (the "**City**"), in Contra Costa County, approximately 35 miles northeast of the City of Oakland. The District encompasses a total area of approximately 41 square miles and provides educational services to the residents of the City of Antioch, plus a portion of surrounding unincorporated areas in Contra Costa County. The District operates 13 elementary schools, four middle schools, two comprehensive high schools, three specialized high schools, two alternative high schools, and one K-8 school.

Administration

The District is governed by a five-member Board of Education, with each member elected to a four-year term in alternate slates of three and two. Current members of the Board of Education, together with their office and the date their term expires, are listed below:

Name	Office	Term Expires
Claire Smith	President	December 2012
Walter Ruehlig	Vice-President	December 2012
Diane Gibson-Gray	Member	December 2012
Wade Harper	Member	December 2010
Teri Lynn Shaw	Member	December 2010

The day-to-day operations are managed by a board-appointed Superintendent of Schools.

Recent Enrollment Trends

The following table shows enrollment history for the District for the last five fiscal years, with projected figures through fiscal year 2011-12.

Table 1
ANTIOCH UNIFIED SCHOOL DISTRICT
Annual Enrollment
Fiscal Years 2004-05 through 2011-12

School Year	Enrollment
2005-06	21,188
2006-07	20,476
2007-08	20,086
2008-09	19,422
2009-10	18,781
2010-11(1)	18,231
2011-12(1)	17,681

(1) Estimates.
Source: California Department of Education.

Employee Relations

The District currently has approximately 1,814 employees. The certificated employees have assigned the Antioch Education Association as their exclusive bargaining agent. Its contract with the District expires on June 30, 2011.

The classified employees have assigned the California Employees' Association as their exclusive bargaining agent. Its contract with the District expires on June 30, 2010.

District Retirement Systems

The District participates in the State of California Teacher's Retirement System ("STRS"). This plan covers basically all full-time certificated employees. Active plan members are required to contribute 8.0% of their salary and the District is to contribute an actuarially determined rate, which was 8.25% of payroll for the 2008-09 fiscal year. The District's contribution to STRS for fiscal year 2007-08 was $6,069,867, for fiscal year 2008-09 was $6,004,749 and for fiscal year 2009-10 is projected to be $6,159,547 (2nd Interim Budget).

The District also participates in the State of California Public Employees' Retirement System ("PERS"). This plan covers all classified personnel who are employed four or more hours per day. Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate, which was 9.428 percent of annual payroll for 2008-09. The District's contribution to PERS for fiscal year 2007-08 was $1,931,284, for fiscal year 2008-09 was $1,945,369 and for fiscal year 2009-10 is projected to be $1,786,185 (2nd Interim Budget).

Both the PERS and STRS systems are operated on a statewide basis. District contribution rates to these two retirement systems vary annually depending on changes in actuarial assumptions and other factors, such as liability. STRS has a substantial State unfunded liability. Since this liability has not been broken down by the state agency, information is not available showing the District's share.

Other Post Employment Benefits

Other Post-Employment Benefits. In addition to pension benefits described above, the District has entered into various agreements with certain eligible employees. The agreement provisions are dependent upon the employee classification at time of retirement, generally as follows:

Classified Employees – annual District maximum contribution is $9,000 for employees and dependents, retiring after age 50. The employee must have been employed by the District for 10 consecutive years. Benefit payments will continue until the employees reaches age 65 or is eligible for Medicare, whichever occurs first.

Management/Certificate/Supervisor Employees – District will provide the same fully paid health, prescription, dental and vision for employees and dependents after reaching age 50 as are available to active employees. Payments will continue until the employee is age 65 or is eligible for Medicare, whichever occurs first.

Actuarial Study. In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45 ("GASB 45"), which addresses how state and local governments should account for and report their costs and obligations related to post-employment health care and other non-pension benefits ("OPEB"). GASB 45 generally requires that local governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most local governments will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

The following table shows the components of the District's OPEB cost for 2008-09, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Table 2
ANTIOCH UNIFIED SCHOOL DISTRICT
Other Post Employment Benefit Cost – 2008-09

Annual required contribution	$ 2,725,238
Interest on net OPEB obligation	
Adjustment to annual required contribution	384,587
Annual OPEB cost (expense)	3,109,825
Contributions made	1,587,860
Increase in net OPEB obligation (asset)	1,521,966
Net OPEB obligation, beginning of year	$(1,041,906)
Net OPEB obligation, end of year	$ (480,059)

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2008	$2,725,238	138%	$(1,041,906)
2009	3,109,825	51	480,059

Source: Antioch Unified School District Audit Reports for fiscal year 2008-09.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2008 was as follows:

Fiscal Year Ended	Annual OPEB Cost	% Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2008	$2,725,238	138%	$(1,041,906)
June 30, 2009	3,109,825	51%	480,059

As of July 1, 2008, the most recent actuarial valuation date, the plan was 6% funded. The actuarially accrued liability for benefits was $23 million, and the actuarial value of assets was $2 million, resulting in an unfunded actuarial accrued liability of $21 million. The covered payroll was $86 million and the ratio of the unfunded actuarial accrued liability L to the covered payroll was 25%.

For a description of the actuarial methods and assumptions used, see "APPENDIX B - FISCAL YEAR 2008-09 AUDITED FINANCIAL STATEMENTS- Note 8 – Post Retirement Benefits".

Joint Ventures for Pooled Insurance

The District participates in four joint ventures under joint powers agreements ("**JPAs**") under which the District obtains insurance coverage for various risks:

- The Schools Excess Liability Fund provides for self-funded liability insurance.
- The Northern California Regional Excess Liability Fund.
- The Contra Costa County Schools Insurance Group for worker's compensation insurance.
- The East Bay School Insurance Group for property and liability insurance.

The relationship between the District and each JPA is such that none of the JPAs is a component unit of the District for financial reporting purposes. Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of the respective JPA, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation of the governing board. Each member district pays a premium commensurate with the level of coverage requested, and shares surpluses and deficits proportionately to their participation in the respective JPA.

The County Investment Pool

Under the California Education Code, the District is required to deposit all monies received from any source into the Treasury of the County to be held on behalf of the District. Accordingly, the proceeds of the Notes will be deposited in the Treasury of the County to the credit of the District, and will be withdrawn, used and expended by the District for any purpose for which it is authorized to expend funds from the General Fund of the District, including, but not limited to, current expenses, capital expenditures and the discharge of any obligation or indebtedness of the District.

The County maintains a written policy (the **"Investment Policy"**) with respect to the investment of public funds which provides a means to implement the basic objectives of its investment program pursuant to California Code Section 53630. The objective of the Investment policy is to maintain safety of principal and the level of liquidity necessary to meet the needs of the County and agencies participating in the Treasury. The County's Investment Policy is reviewed and adopted by resolution by the County Board of Supervisors on an annual basis. The most current Investment Policy was effective as of June 2009.

County Treasury Pool. The daily investment of Pool funds has been delegated to the Contra Costa County Treasurer's Office ("County Treasurer") pursuant to Government Code section 27000.1 and by ordinance of the Contra Costa County Board of Supervisors.

Authorized investments under the Investment Policy include the Local Agency Investment Fund of the State Treasury, obligations of the United States Treasury, certificates of deposit, bankers acceptances, commercial paper ranked "A1" (or its equivalent) or higher by a nationally recognized statistical-rating organization, passbook deposits, repurchase agreements with maximum maturities of one year and medium-term corporate notes.

The County's Investment Report for December 31, 2009 stated:

• The County Treasurer's investment portfolio is in compliance with Government Code 53600 et. seq.

• The County Treasurer's investment portfolio is in compliance with the County Treasurer's current investment policy.

• The County Treasurer's investment portfolio has no securities lending, reverse repurchase agreements or derivatives.

• The total cost of the investment portfolio was equal to $2,005,987,239 on December 31, 2009. The fair value was $2,008,159,215 which was 100.1% of cost.

• The weighted average maturity of the total investment pool was 116 days. More than 88 percent of the portfolio or over $1.77 billion will mature in less than a year. Historical activities combined with future cash flow projections indicate that the County is able to meet its cash flow needs for the next six months.

DISTRICT FINANCIAL INFORMATION

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30.

All governmental funds and fiduciary funds are maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, that is, both measurable and available to finance expenditures for the current period. For more information on the District's accounting method, see Note 1 of "APPENDIX B – FISCAL YEAR 2008-09 AUDITED FINANCIAL STATEMENTS" attached hereto.

The Governmental Accounting Standards Board ("GASB") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting and (ii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iii) required supplementary information.

Financial Statements

The District's Audited Financial Statements for the fiscal year ending fiscal year 2008-09 were prepared by Perry-Smith LLP, Sacramento, California. Audited financial statements for the District for the fiscal year ended June 30, 2009 and prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office. See Appendix B hereto for excerpts from the 2008-09 Audited Financial Statements. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District has not requested nor did the District obtain permission from Perry-Smith LLP to include the audited financial statements as an appendix to this Official Statement. Accordingly, Perry-Smith LLP has not performed any post-audit review of the financial condition or operations of the District.

The following table shows the audited income and expense statements for the District for the 2006-07 through 2008-09 fiscal years.

Table 3
ANTIOCH UNIFIED SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2006-07 through 2008-09 (audited)

	Audited 2006-07	Audited 2007-08	Audited 2008-09
Revenues			
Revenue limit sources:			
State apportionment	$74,317,539	$ 74,652,682	$73,914,665
Local sources	36,219,101	36,096,682	32,425,603
Total revenue limit	110,536,640	110,749,364	106,340,268
Federal revenues	7,035,702	6,611,295	14,700,859
Other state revenues	24,400,380	24,233,743	19,860,618
Other local revenues	11,504,365	9,891,778	7,729,667
Total Revenues	153,477,087	151,486,180	148,631,412
Expenditures			
Certified salaries	74,825,525	73,724,296	73,753,693
Classified salaries	20,133,973	21,239,428	20,731,762
Employee benefits	26,877,369	26,733,744	26,344,660
Supplies and materials	5,913,891	6,915,972	4,843,325
Services, other operating expenses	14,839,734	15,394,202	14,727,240
Capital outlay	690,830	1,283,519	185,063
Other outgo	578,641	22,954	47,488
Debt service: principal	1,046,233	114,247	824,342
Debt service: interest	991,798	337,954	667,242
Total Expenditures	145,897,994	145,766,316	142,124,815
Excess of Revenues Over/(Under) Expenditures	7,579,093	5,719,864	6,506,597
Other Financing Sources (Uses)			
Operating transfers in	24,465,000	319,730	367,863
Operating transfers out	(11,678,079)	(3,218,781)	(500,000)
Proceeds from capitalized lease	--	610,721	
Total Other Fin. Source(Uses)	12,786,921	(2,288,330)	(132,137)
Net change in fund balance	20,366,014	3,431,534	6,374,460
Fund Balance, July 1	22,058,458	42,424,472	28,680,402
Restatement of fund balance (1)		(17,175,604)	
Fund Balance, June 30	$42,424,472	$28,680,402	$35,054,862

(1) The Auditor determined that proceeds from certificates of participation, which should have been included in the Debt Service Fund, were improperly included in the General Fund in fiscal year 2006-07, resulting in overstatement and understatement of Cash with Fiscal Agent of $15,534,712 and investments of $1,641,432 in the General Fund and the Debt Service Fund, respectively. Accordingly, fund balances of these funds as of July 1, 2007 have been adjusted.

Source: Antioch Unified School District Audit Reports for fiscal years 2006-07 through 2008-09.

The following table shows the District's Budget, as adopted by the Board of Education, for fiscal year 2009-10, compared to projected year totals for the General Fund taken from the District's Second Interim Budget Report.

Table 4
ANTIOCH UNIFIED SCHOOL DISTRICT
Adopted Budgets
For Fiscal Year Ended June 30, 2009 and June 30, 2010

	Adopted Budget 2009-10	2nd interim Report 2009-10 (1)
Beginning Balance	$ 29,594,818	$36,814,915
Revenues		
Revenue Limit Sources	$ 96,935,437	91,909,345
Federal revenues	10,150,809	10,587,426
Other state revenues	19,689,545	19,934,718
Other local revenues	6,999,081	7,617,581
Total Revenues	133,774,872	130,049,070
Expenditures		
Certificated Salaries	74,178,451	74,587,890
Classified Salaries	20,622,101	20,709,463
Employee Benefits	26,349,772	26,486,101
Books and Supplies	7,347,609	8,382,968
Services and Other Operating Expenditures	13,915,044	14,065,913
Capital Outlay	175,792	272,500
Other Outgo	1,217,677	1,217,677
Total Expenditures	143,806,446	145,722,512
Surplus/Deficit	(10,031,574)	(15,673,442)
Ending Balance	$19,563,244	$21,141,473

(1) Projected year totals.
Source: Antioch Unified School District.

District Reserves. The District Board has adopted a policy of keeping its reserve funded at 4.0% of its expenditures. For 2007-08, the reserve was 4.0%, for 2008-09 was 4.0% and is projected to be 4.0% for 2009-10. However, in 2010-11, the reserve is projected to go below the generally required State mandate of 3.0%, and therefore, the District's 2009-10 Second Interim Report received a qualified certification. See "-Budget Process" below.

District Actions to Address Reduced State Funding of Education. In order to address reductions in State funding of education (see "STATE FUNDING OF EDUCATION AND RECENT STATE BUDGETS"), the District took the following actions in 2008-09: The District captured the savings from salaries and benefits plus had a budget committee that reviewed all the expenditures starting in January 2008. This netted a savings of $5 million. In 2008-09, positions were reduced by a combination of reduced enrollment, reduced work year, and position eliminations. A budget freeze committee was operating in 2008-09 as well and all expenditures over $200 were reviewed. Whenever possible, if expenditures could be delayed, they were. Based on the language in the emergency sessions legislation, the District captured all the restricted revenue possible moving it into the unrestricted side of the budget.

In 2009-10, the District continues to review all expenditures as in the prior two years. Further staffing reductions are being reviewed. The federal stimulus dollars are being utilized for mostly one-time expenditures. The District plans to continue to review all programs to reduce unnecessary spending.

Budget Process

The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

For both dual and single budgets submitted on July 1, the county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than August 20, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget has been disapproved.

For all dual budget options and for single and dual budget option districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that 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 will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or subsequent two fiscal years.

District's Certification History. The following is a summary of actions that the county superintendent has take with respect to certification of past interim reports

1997/98 1st interim: qualified;
1997/98 2nd interim: negative;
1998/99 2nd interim: qualified;
2002/03 2nd interim: qualified.
2003/04: 1st interim: qualified; 2nd interim: negative; 3rd interim required. The District was not able to meet the reserve requirement of 3% for the 2003-04 fiscal year. The third interim provided a 5-year recovery plan which was implemented.
2004/05 1st interim: qualified.
2008-09 1st and 2nd interims: qualified.

The District's 1st and 2nd Interim Reports for fiscal year 2009-10 received a "Qualified Certification". Although the District projects a positive ending balance as of June 30, 2010, the District does not expect to be able to maintain the required 3% reserve for one of the two subsequent fiscal years, and expects to have a negative cash balance for 2009-10 as a result of the deferments that the State has imposed.

Long-Term Debt

The District has never defaulted on the payment of principal of or interest on any of its indebtedness.

General Obligation Bonds. The District has previously issued its

- $9,340,000 General Obligation Bonds (School Facilities Improvement District No. 1) Election of 2008, Series A (the "Series A Bonds"), and

- $10,660,000 General Obligation Bonds (School Facilities Improvement District No. 1) Election of 2008, Series B (the "Series B Bonds").

The Series A Bonds are currently outstanding in the aggregate principal amount of $9,340,000 and the Series B Bonds are currently outstanding in the aggregate principal amount of $10,660,000.

Certificates of Participation. In June 2007, the Alameda-Contra Costa School Financing Authority executed and delivered $24,465,000 of the 2007 Certificates with interest rates from 4.0% to 4.5% to provide funds for the advance refunding of certificates of participation issued in 1997 and in 2000, and to provide funds for various capital projects. The 2007 Certificates are currently outstanding in the principal amount of $21,910,000. The 2007 Certificates are payable from general fund revenues.

Capital Leases. The District leases office equipment, portables and vehicles under lease agreements, which provide for title to pass upon expiration of the lease period. The present value of minimum lease payments was $485,119 at June 30, 2009. The capital leases are payable from the General Fund.

State Allocation of Funds and Revenue Limitations

Annual State apportionments of basic and equalization aid to school districts for general purposes are computed up to a revenue limit per unit of average daily attendance (**"A.D.A."**). Such apportionments will, generally speaking, amount to the difference between the District's revenue limit and the District's local property tax allocation. Revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among California school districts.

For more information on State budgeting and methodology for allocation of moneys to schools, see "State Funding of Education and Recent State Budgets" below.

In the event that a school district's property tax revenue exceeds its calculated revenue limit entitlement, that school district retains all of its property tax revenue, and State apportionments to that district are limited to the minimum "basic aid" amount of $120 per A.D.A. set forth in the Constitution. Currently the State allocates basic aid funding to categorical entitlements that would have been received in any event. Such districts are commonly known as "Basic Aid Districts." The District is not a Basic Aid district.

A schedule of the District's A.D.A. and base revenue limit during the past five years, as well as projections for two years, is shown below.

Table 5
ANTIOCH UNIFIED SCHOOL DISTRICT
Average Daily Attendance
Fiscal Years 2004-05 through 2009-10 (projected)

Fiscal Year	P-2 ADA	Base Revenue Limit Per ADA	Funded Base Revenue Limit
2004-05	19,948	$4,954.70	$4,938.70
2005-06	19,433	5,165.70	5,119.62
2006-07	18,955	5,532.16	5,532.16
2007-08	18,586	5,784.38	5,784.38
2008-09	18,250	6,113.38	5,633.84
2009-10(1)	18,088	6,374.38	4,951.50

(1) Projected.
Source: Antioch Unified School District.

California school districts receive a significant portion of their funding from State appropriations. As a result, decreases in State revenues may affect appropriations made by the Legislature to school districts. See "Effect of State Budgets on Revenues" below.

Revenue Sources

The District categorizes its general fund revenues into four sources:

Table 6
ANTIOCH UNIFIED SCHOOL DISTRICT
District Revenue Sources

	Percentage of Total District General Fund Revenues		
Revenue Source	2006-07	2007-08	2008-09
Revenue limit sources (1)	72.0%	73.1%	71.5%
Federal revenues	4.6	4.4	9.9
Other State revenues	15.9	16.0	13.4
Other local revenues	7.5	6.5	5.2

(1) Consists of a mix of State apportionments of basic and equalization aid and local property tax revenues.
Source: Antioch Unified School District.

Each of these revenue sources is described below.

Revenue Limit Sources. Since fiscal year 1973-74, California school districts have operated under general purpose revenue limits established by the State Legislature. In general, revenue limits are calculated for each school district by multiplying (1) the average daily attendance for such district by (2) a base revenue limit per unit of A.D.A. The revenue limit calculations are adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type.

Funding of the District's revenue limit is provided by a mix of (1) local property taxes and (2) State apportionments of basic and equalization aid. Generally, the State apportionments will amount to the difference between the District's revenue limit and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under No Child Left Behind, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues.

These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, Class Size Reduction Program, home-to-school transportation, Economic Impact Aid, School Improvement Program, Educational Technology Assistance Grants, mandated cost reimbursements, instructional materials and mentor teachers.

The District receives State aid from the California State Lottery (the **"Lottery"**), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Lottery revenues generally comprise approximately 2% of general fund revenues.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings and other local sources.

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55 percent of their operating revenues from various State sources. The primary source of funding for school districts is the revenue limit, which is a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION - State Allocation of Funds and Revenue Limitations" above). State funds typically make up the majority of a district's revenue limit. School districts also receive substantial funding from the State for various categorical programs. Revenues received by the District from all State sources generally accounted for about half of total general fund revenues.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND

APPROPRIATIONS"), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process.

State Funding of Education and Recent State Budgets

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS"), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the County, nor the Underwriter is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets. Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated in this Official Statement by reference.

- The California State Treasurer Internet home page at www.CountyTreasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.CountyTreasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.

- The State Legislative Analyst's Office (the "LAO") prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

Tax Shifts and Triple Flip. Assembly Bill No. 1755 ("**AB 1755**"), introduced March 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies and schools. On July 29, 2003, the Assembly amended Senate Bill No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required ERAF shift to $135 million. Legislation commonly referred to as the "Triple Flip," was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of $15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip", one-quarter of local governments' one percent share of the sales tax imposed on taxable transactions within their jurisdiction are redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for schools, the legislation provides for schools to receive other state general fund revenues. It is expected that the swap of sales taxes for property taxes would terminate once the deficit financing bonds were repaid, which is currently expected to occur in approximately 9 to 13 years.

2009-10 Adopted State Budget. The following is a summary of legislative actions taken with respect to the 2009-10 Budget.

January 9, 2009. The Governor submitted his proposed 2009-10 Budget (the "2009-10 Proposed Budget") to the State Legislature. The 2009-10 Proposed Budget assumed that, without corrective action, the State would face a deficit of $39.6 billion at the end of 2009-10.

The 2009-10 Proposed Budget proposed $41.7 billion in budgetary solutions to close the gap and establish a $2.2 billion reserve, including: the issuance of $4.7 billion in revenue anticipation warrants, capturing savings in K-14 education through spending reductions, accounting changes and cost deferrals and raising $5 billion in proceeds with the securitization of lottery revenues. Many of the Governor's proposals required voter approval to be implemented.

February 13, 2009. The U.S. House of Representatives and the Senate approved the American Recovery and Reinvestment Act, committing a total of $787 billion nationwide. A report issued by the LAO entitled "Federal Economic Stimulus Package: Fiscal Effect on California" estimated that the State will receive over $31 billion in aid and billions more in competitive grants, about $8 billion of which would be available in 2008-09 and 2009-10.

February 19, 2009. The California Legislature voted to approve a budget package (the "Budget Package") addressing the State's $42 billion deficit, which included $15 billion in State spending reductions, $12.8 billion in temporary tax increases (including an increase in the vehicle license fee and an increase in State sales and income taxes), $11.4 billion in borrowing and a $1 billion reserve. The Budget Package included revisions to the 2008-09 Budget and adoption of the 2009-10 Budget, covering a 17-month period ending July 1, 2010 (the "budget year"), addressing spending reductions, revenue increases, economic stimulus and increasing governmental efficiency. Several key propositions in the Budget Package required voter approval at a special election, but were ultimately rejected by the voters.

February 20, 2009. The Governor signed the Budget Package. The Governor used his line item veto power in an attempt to achieve $1 billion more in savings, including replacing General Fund appropriations for higher education with federal funds, and reforms and cost-saving measures for state prisons.

May 14, 2009 Budget Revision. Under California law, in May of each year the Governor issues a revised budget with changes he or she can support, based on the debate, analysis and changes in the economic forecasts. On May 14, 2009, the Governor released the May Revision, which included two alternative proposals to revise the State budget to address the State's increasing deficit, based on the success or failure of the statewide ballot measures on the May 19, 2009 special election ballot.

Because the voters of the State rejected the three propositions on the special election ballot intended to help balance the State's budget, the May Revision estimated a budget shortfall of $21 billion in 2009-10, meaning that the legislature and the Governor would need to agree to billions of dollars in additional spending cuts, tax increases or other budgetary solutions to bring the budget back into balance.

Governor Declares Fiscal Emergency; State Begins Issuing IOU's; Budget Compromise Announced. The Governor announced on July 1 that the budget deficit had grown by $2 billion to $26.3 billion due to the failure of State lawmakers to adopt immediate education cuts and money-shifting plans by the June 30 fiscal year end. He declared a fiscal emergency and ordered a Proposition 58 special session of the Legislature to solve the State's deficit, ordered State employees to take three unpaid furlough days every month and proposed closing the additional $2 billion shortfall largely by cutting school spending even further. To address the

State's cash crisis, on July 2 the State began issuing registered warrants, or IOU's, to several classes of creditors, including certain local governments.

2009-10 State Budget Amendments. On July 24, 2009, the California legislature approved amendments to the 2009-10 budget involving 30 separate pieces of legislation to close the $26.3 billion shortfall in the State's 2009-10 general fund budget. The Governor signed the budget plan on July 28. Total general fund spending in 2009-10 will be more than $84 billion, down from nearly $91.7 billion in 2008-09 and nearly $103 billion in 2007-08. The budget amendments combine deep spending cuts, borrowing from local governments and accounting maneuvers.

The $15.3 billion in additional spending cuts include:

- $6.1 billion from the K-14 education budget.
- $2.8 billion from the California State University and University of California systems.
- $1.3 billion in savings by furloughing nearly 200,000 state workers three days out of each month.
- Approximately $3.2 billion from health and human services, including $1.3 billion in cuts to Medicaid.

The approved amendments include borrowing from local governments and various accounting maneuvers to generate additional revenues in the 2009-10:

- $2 billion borrowed from counties' property tax collections under provisions of Proposition 1A approved by the voters in 2004, but the State must repay counties with interest within three years.
- $1.7 billion shift from redevelopment agencies into State funds in exchange for extending the number of years the agencies could collect tax increment.
- $1 billion in revenues to be generated by selling a portion of the State Compensation Insurance Fund's workers compensation insurance portfolio.
- $1.2 billion in savings from a one-time deferment of state worker paychecks for one day, moving them into the next fiscal year.
- $1.7 billion in revenues by requiring taxpayers who make quarterly estimated payments to pay more in the first six months. This will result in lower revenues in the first half of the next fiscal year.
- $600 million in revenues by increasing income tax withholdings from paychecks. This allows the State to grab more tax revenue earlier but will result in lower revenue later due to higher tax refunds or less taxes owed.

The accounting shifts rely on the assumption that an economic recovery will be well underway in the next fiscal year and many economists believe that they will result in a huge budget shortfall next year. Additionally, borrowing revenues from local governments is likely to result in litigation.

The approved budget amendments discarded plans to take $1 billion in gasoline tax revenues from local governments and failed to approve $100 million in revenue from oil leases to be sold in the Santa Barbara Channel. Instead, the legislature intended the $1.1 billion difference was to be made up by tapping out the general fund reserve. The Governor, however, exercised his line-item veto power to make nearly $500 million in additional cuts to social services, state prisons and higher education, and providing for a general fund reserve of $500 million.

<u>K-14 Spending Cuts.</u> Total Proposition 98 funding is reduced by $2.1 billion in 2008-09 and $4.5 billion in 2009-10 compared to the levels appropriated in the February Budget Package. However, Proposition 98 General Fund savings are $5.3 billion in 2009-10 because of the property tax shift of $850 million from redevelopment agencies to schools.

Additional detail with respect to the effect of the budget amendments relating to K-14 education follows:

- A $1.6 billion "recapture" of 2008-09 categorical funding for schools that had been appropriated but not actually sent to districts and county offices. This was seen as the only way to reduce funding for the fiscal year ending 2008-09, thereby lowering the base for 2009-10. To equalize the impact among all districts, the categorical cuts will be restored in 2009-10 and an equal amount of approximately $250 per ADA will be reduced from revenue limits statewide.

- $2.4 billion from 2009-10 general-purpose spending for local educational agencies resulting in cuts of approximately $390 per ADA.

- $1.7 billion of 2009-10 payments that will be deferred from April and May into August of fiscal year 2010-11.

Additional changes include provisions to permit school districts to reduce the number of school days by five days to 175 days through 2012-13 and lowering the reserve requirement for economic uncertainty to one-third of the usual requirement.

<u>Redevelopment Agencies.</u> The approved budget amendments include a take of $2.05 billion in redevelopment funds ($1.7 billion in 2009-10 and $350 million in 2010-11), to be deposited in county "Supplemental" Educational Revenue Augmentation Funds ("SERAF") in order to meet the State's Proposition 98 obligations to schools. The structure for the redevelopment take is similar to last year's budget trailer bill, AB 1389, which attempted to take $350 million. The Department of Finance will determine each agency's SERAF payment by November 15 of each year, calculated based on half of each agency's net tax increment (net of pass-throughs) and half on gross tax income. Payments are due by May 10 of the applicable year and agencies that do not make their payment by this date will suffer the "death penalty" and must increase their housing set aside to 25% for the remainder of the redevelopment project area's life. The "death penalty" lasts until the required payments have been made and means that an agency could not adopt a new redevelopment plan, amend an existing plan to add territory, issue bonds, further encumber funds or expend any moneys derived from any

source except to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on agency administration for the preceding fiscal year.

The California Redevelopment Association ("CRA") filed a lawsuit to challenge the State's take of redevelopment funds approved in the budget amendments. CRA was successful in overturning the ERAF shift authorized by AB 1389 last year.

2010-11 State Budget. The State again faces a huge budget challenge. The 2010-11 Governor's Budget projects a deficit of $19.9 billion for the two-year period including fiscal years 2009–10 and 2010–11. On January 8, 2010, Governor Schwarzenegger declared a "fiscal emergency." Pursuant to Proposition 58 (Article IV, Section 10[f] of the California Constitution), the Legislature is required to hold a special session and must act within 45 days to address the emergency. If the Legislature does not act within 45 days, it may not act on other bills or adjourn until it has done so.

This $19.9 billion deficit is the result of a variety of factors. The state has seen a greater than anticipated decline in General Fund revenues. Some budget reductions did not materialize and temporary budget solutions are set to expire. As a result, the 2010-11 Governor's Budget proposes to close the budget gap in the current and budget years through expenditure reductions across most programs and significant increases in federal funds.

In the event that increases in federal funds do not materialize, the 2010-11 Governor's Budget proposes to suspend tax credits and make additional ongoing program reductions.

Due to a greater than anticipated drop in state revenues, the minimum funding level required by Proposition 98 is projected to be $2.2 billion below the level provided to K–12 and community college (K–14) programs under the 2008–09 budget package as amended in July 2009. The Governor proposes to reduce 2008–09 spending for K–14 programs from state and local funds by $82.9 million, from $49.1 billion to $49 billion. The State Department of Finance projects this savings can be achieved through natural savings and will not change amounts allocated to K–14 programs.

In connection with the 2008–09 spending reduction, the 2010-11 Governor's Budget proposes to reopen the Proposition 98 certification that was enacted in Assembly Bill 3 of the 2009 Fourth Extraordinary Session (ABX4 3), (Chapter 3, Statutes of 2009, Fourth Extraordinary Session). This proposed change to the certified Proposition 98 guarantee for 2008–09 would mean that the Proposition 98 minimum funding level would be calculated under "Test 1" for the first time since 1988–89.

Effectively, this change would mean the outstanding maintenance factor of $11.2 billion specified in ABX4 3 would no longer exist. As enacted in ABX4 3, the $11.2 billion maintenance factor would have been restored over time to the Proposition 98 base as the State's economy and revenues improve, as outlined in the constitution. The 2010-11 Governor's Budget recognizes an $11.2 billion statutory "in-lieu" maintenance factor obligation and proposes to begin repayment in 2012–13; however, repayment would no longer be based on the constitutional formula and would be at the discretion of the Legislature.

Information about State budgets is regularly available at various State-maintained websites. See: www.dof.ca.gov, under the heading "California Budget". Additionally, 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 takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.

Deferral of 2010-11 Payments to Schools. Under California law (Government Code Section 16325.5), in order to effectively manage state cash resources, certain payments from the State general fund, including payments to K-12 schools, are eligible to be deferred at the option of the State, effective beginning in the months of July 2010, October 2010, and March 2011, in full for no more than 60, 90, and 60 days, respectively. The State has indicated that its plan is to defer the following payments: the October 2010 payment will be deferred for 90 days, in the amount of $2.5 billion; and the March 2011 payment will be deferred and paid on April 29, 2011, in the amount of $2.5 billion.

Government Code Section 16325.5(e) provides the authority to the State to move the specified deferrals listed above to the prior month or delay to the subsequent month. Such change may be authorized after a 30-day legislative notification, unless the notification period is reduced by the Legislature. The State currently does not intend to move the July 2010 forward by a month. However, the deferral could be shifted to August and thus the August payment could be deferred by 60 days. The specified deferral in October could be shifted to September or delayed to the month of November (and defer for 90 days). The specified deferral in March 2011 could be shifted to February. In either case, the March or February deferral would be paid no later than April 29, 2011. Under GC section 16325.5, the State could determine to adjust or eliminate the deferrals described above; however, there is no such plan to do so at this time.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its budgets.

The State has not entered into any contractual commitment with the District, the County, the Underwriter or the Owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of the State Budget information set forth or referred to in this Official Statement or incorporated by reference in this Official Statement.

Information about State budgets is regularly available at various State-maintained websites. See: *www.dof.ca.gov*, under the heading "California Budget". Additionally, 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 takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.

TAXATION AND APPROPRIATIONS

The Notes are payable from Pledged Revenues and are not secured by a pledge of ad valorem property taxes levied on taxable property in the District. The following information is provided for information purposes only.

Property Tax Collection Procedures

In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." The **"secured roll"** is that part of the assessment roll containing (1) state-assessed public utilities' property and (2) property the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising under State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition property on the secured roll with respect to which taxes are delinquent is sent to collections on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1, except that supplemental assessment and taxation of property occurs as of the occurrence of a change of ownership or completion of new construction, timely providing increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date.

Property taxes on the unsecured roll are due on the lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for 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. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Unitary Taxation of Utility Property

Historically, property of regulated public utilities has been assessed for local tax purposes by the State Board of Equalization on a geographical basis in basically the same manner as other taxable property in any taxing jurisdiction.

In 1987, the State Legislature enacted Chapter 921 amending Section 98.9 and various other sections of the Revenue and Taxation Code. The changes call for the establishment in each county of one county-wide tax rate area with the assessed value of all unitary and operating non-unitary utility property being assigned to this tax rate area.

The result is a single assessed valuation figure for all utility property owned by each utility within the county without any breakdown for individual taxing jurisdictions. All of this property is then subjected to a tax at a rate equal to the sum of the following two rates:

(a) A rate determined by dividing the county's total ad valorem tax levies for the secured roll for the prior year, exclusive of levies for debt service, by the county's total ad valorem secured roll assessed value for the prior year, and

(b) A rate determined by dividing the county's total ad valorem tax levies for the secured roll for the prior year for debt service only by the county's total ad valorem secured roll assessed value for the prior year.

The foregoing process results in the creation of two pools of money, pool 1 being available for general tax purposes and pool 2 for debt service purposes, each pool being then allocated to the various taxing jurisdictions in the county by a statutory formula for the county as a whole.

Assessed Valuation

Set forth in the following table is the net assessed valuation for the District for fiscal years 2005-06 through 2009-10.

Table 7
ANTIOCH UNIFIED SCHOOL DISTRICT
Historic Assessed Valuations[1]

	Local Secured	Utility	Unsecured	Total
2005-06	8,914,554,062	86,543,649	269,372,234	9,270,469,945
2006-07	10,205,047,039	79,477,863	252,516,983	10,537,041,885
2007-08	10,955,886,908	43,765,724	268,869,352	11,268,521,984
2008-09	10,001,001,291	40,588,505	296,803,091	10,338,392,887
2009-10	7,775,108,215	35,841,431	304,425,695	8,115,375,341

Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The following table displays secured tax charges and delinquencies in the District beginning in fiscal year 2005-06.

Table 8
ANTIOCH UNIFIED SCHOOL DISTRICT
Secured Tax Levies and Delinquencies

	Secured Tax Charge [1]	Amt. Del. June 30	% Del. June 30
2005-06	$26,695,806	$ 502,880	1.88%
2006-07	30,533,618	1,037,714	3.40
2007-08	32,722,598	1,568,133	4.79
2008-09	29,818,574	1,191,250	3.99

(1) 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to one percent 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) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on 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 XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

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

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

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed two percent per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the two percent inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Court of Appeal held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. A petition for review of the Court of Appeal's decision was denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("**unitary property**"). Under the State Constitution, such property is assessed by the State Board of Equalization ("**SBE**") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Constitutional Appropriations Limitation

Article XIIIB ("**Article XIIIB**") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution. See "Proposition 98" and "- Proposition111" below.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds percent vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds percent vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

Proposition 62

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

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Santa Barbara 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 what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The District has not experienced any substantive adverse financial impact as a result of the passage of this initiative.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes 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 (hereinafter referred to collectively as "K-14 school 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, and (b) the amount actually appropriated to such districts from the General Fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

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 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit 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 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools 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 the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 1A

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State can not (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Beginning in fiscal year 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and the Propositions discussed above were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

RISK FACTORS

Other District Obligations

The District is currently liable and may become liable on other obligations payable from general revenues. The District has the capacity to enter into other obligations which may constitute additional charges against Unrestricted Revenues. To the extent that additional obligations are incurred by the District, the funds available to make debt service payments on the Notes may be decreased. If the District's revenue sources are less than its total obligations, the District could choose to fund other activities before making debt service payments on the Notes.

As described under "DISTRICT FINANCIAL INFORMATION – Long-Term Borrowing – *Long-Term Lease Obligation*", the District is currently obligated to pay lease payments with respect to a long-term lease obligation. Such payments are payable from Unrestricted Revenues of the District, without preference or priority over the payment of debt service on the Notes.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," certain acts or omissions of the District in violation of its covenants in the District Resolution could result in the interest on the Notes being includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Notes. Should such an event of taxability occur, the Notes would not be subject to a special redemption and would remain Outstanding.

Economic Conditions in California

The State of California, upon which the District relies for a substantial portion of its revenues, has experienced budget shortfalls in certain prior fiscal years. Decreases in State revenues may significantly affect appropriations made by the State to school districts, and the timing of payment to school districts by the State may depend upon the ability of the State to access the credit markets with respect to its own cash flow borrowings. If State monies are not available to meet obligations in a timely manner, school funding along with certain other services, are given priority under the State Constitution. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education and Recent State Budgets."

Bankruptcy Considerations

In 1994, Orange County, California issued its 1994-1995 Tax and Revenue Anticipation Notes (the **"Orange County Notes"**) under the same statutory authority as the Notes. On December 6, 1994, Orange County filed a petition in bankruptcy. Subsequently, Orange County declined to set aside the taxes and revenues it had pledged for the repayment of the Orange County Notes and a noteholder brought suit to compel Orange County to do so. A March 8, 1995 ruling of the United States Bankruptcy Court for the Central District of California, held that the lien securing the Orange County Notes did not attach to revenues received by Orange County after the filing of its bankruptcy petition on December 6, 1994, and therefore, Orange County was not required to set aside the revenues pledged under the note resolution following the bankruptcy. The Bankruptcy Court ruled that under the United States

Bankruptcy Code, the lien did not attach to revenues received by Orange County after December 6, 1994 because the lien was a consensual security interest rather than a statutory lien. In July 1995, the United Stated District Court for the Central District of California reversed the decision of the Bankruptcy Court. Orange County appealed the decision of the City Court to the United States Court of Appeals for the Ninth Circuit. Before the Ninth Circuit rendered a decision the parties settled their disputes. Accordingly, if the County were to file for bankruptcy, it is not clear whether it would be required to set aside Pledged Revenues as described above.

In addition, the Pledged Revenues and other moneys that will be set aside to pay the Notes will be held in the County's pooled investment fund. Should the County go into bankruptcy, a court might hold that the Owners of the Notes do not have a valid lien on the Pledged Revenues. In that case, unless the Owners could "trace" the funds, the Owners would merely be unsecured creditors of the County. There can be no assurance that the Owners of the Notes could successfully so "trace" the Pledged Revenues.

Limitations on Remedies

The rights of the owners of the Notes are subject to the limitations on legal remedies against school districts in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

In addition, enforceability of the rights and remedies of the owners of the Notes and the obligations incurred by the District, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

CONTINUING DISCLOSURE

The District will undertake all responsibilities for any continuing disclosure to Owners of the Notes as described below. As of the date hereof, the District has not failed in the past five years to comply in all material respects with any previous undertakings with regard to the provision of annual reports or notices of material events as required by Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "**Rule**").

The District will enter into a Continuing Disclosure Certificate, to be dated the date of delivery of the Notes (the **"Continuing Disclosure Certificate"**), which provides for the filing of notices of the occurrence of certain enumerated events, if material. The notices of material events, if any, will be filed with the Municipal Securities Rulemaking Board. These covenants will be made in order to assist the Underwriter in complying with the Rule. A form of the Continuing Disclosure Certificate is attached hereto as Appendix E.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Notes to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Notes to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, interest on the Notes (i) is excludable from the gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing "adjusted current earnings" as described below. The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporations' taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest on the Notes.

In rendering its opinions, Bond Counsel will rely upon certifications of the District with respect to certain material facts within its knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Notes should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Notes is the price at which a substantial amount of such maturity of the Notes is first sold to the public. The Issue Price of a maturity of the Notes may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Notes who dispose of Notes prior to the stated maturity (whether by sale, redemption or otherwise), purchase Notes in the initial public offering, but at a price different from the Issue Price, or purchase Notes subsequent to the initial public offering, should consult their own tax advisors.

If a Note is purchased at any time for a price that is less than the Note's stated redemption price at maturity (the "Reduced Issue Price"), the purchaser will be treated as having purchased a Note with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Note is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Note for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Note. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Notes.

An investor may purchase a Note at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Note in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Note. Investors who purchase a Note at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Note's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Note.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Notes. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Noteholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Notes, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Note owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Note owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Notes is exempt from California personal income taxes.

Ownership of the Notes may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Notes. Prospective purchasers of the Notes should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Notes is set forth in "APPENDIX B – Proposed Form of Legal Opinion."

CERTAIN LEGAL MATTERS

Quint & Thimmig LLP, San Francisco, California, Bond Counsel, will render an opinion with respect to the validity and enforceability of the County Resolution and as to the validity of the Notes. Jones Hall, A Professional Law Corporation, San Francisco, California is serving as Disclosure Counsel in connection with the issuance of the Notes.

ABSENCE OF LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the issuance or sale of the Notes or in any way contesting or affecting the validity of the Notes or any proceedings of the District or the County taken with respect to the issuance and sale of the Notes.

RATING

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("**S&P**") has assigned a rating of "SP-1+" to the Notes. Such rating reflects only the view of such organization and an explanation of the significance of the rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by such organizations if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes. The District has no obligation to take actions to maintain any rating on the Notes.

UNDERWRITING

E. J. De La Rosa & Co., Inc. (the "**Underwriter**") has agreed to purchase the Notes at an aggregate purchase price $10,005,900.00, which is equal to the initial principal amount of the Notes of $10,000,000.00 plus net original issue premium of $15,900.00, less Underwriter's discount of $10,000.00.

The Underwriter may offer and sell the Notes to certain dealers and others at a price lower than the offering price stated on the inside cover page. The offering price may be changed from time to time by the Underwriter.

PROFESSIONALS INVOLVED IN THE OFFERING

The following professionals have performed professional services in connection with the issuance of the Notes: KNN Public Finance, A Division of Zions First National Bank, Oakland, California has acted as financial advisor to the District; Quint & Thimmig LLP, San Francisco, California, has acted as Bond Counsel to the District; and Jones Hall, A Professional Law Corporation, San Francisco, California, has acted as Disclosure Counsel to the District. The fees of these professionals will be paid contingent on the issuance of the Notes.

EXECUTION

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

ANTIOCH UNIFIED SCHOOL DISTRICT

By: /s/ Denise Porterfield
Chief Business Official

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APPENDIX A

AUDITED FINANCIAL STATEMENTS
OF THE DISTRICT FOR FISCAL YEAR 2008-09

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ANTIOCH UNIFIED SCHOOL DISTRICT

COUNTY OF CONTRA COSTA

ANTIOCH, CALIFORNIA

FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2009

AND

INDEPENDENT AUDITOR'S REPORT

ANTIOCH UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

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ANTIOCH UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

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(Continued)

PERRY-SMITH
THE POWER OF CONFIDENCE

Perry-Smith LLP
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Sacramento, CA 95814
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INDEPENDENT AUDITOR'S REPORT

Board of Education
Antioch Unified School District
Antioch, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Antioch Unified School District, as of and for the year ended June 30, 2009, which collectively comprise Antioch Unified School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the 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 Antioch Unified School District as of June 30, 2009, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009 on our consideration of Antioch Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise Antioch Unified School District's basic financial statements. The accompanying financial and statistical information listed in the Table of Contents, including the Schedule of Expenditure of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Antioch Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Perry-Smith LLP

Sacramento, California
December 9, 2009

Management's discussion and analysis of Antioch Unified School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on pages 1 and 2, notes to the basic financial statements and the District's financial statements.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The decrease in revenue limit from 2007-2008 to 2008-2009 was $850,132. This reduction is due to the deficit of 7.844%, there was no deficit in 2007-2008.

- General Fund revenues and other sources exceeded expenditures and other uses by $6,374,460, ending the year with the State recommended reserve level of $35,054,862 greater than 3%.

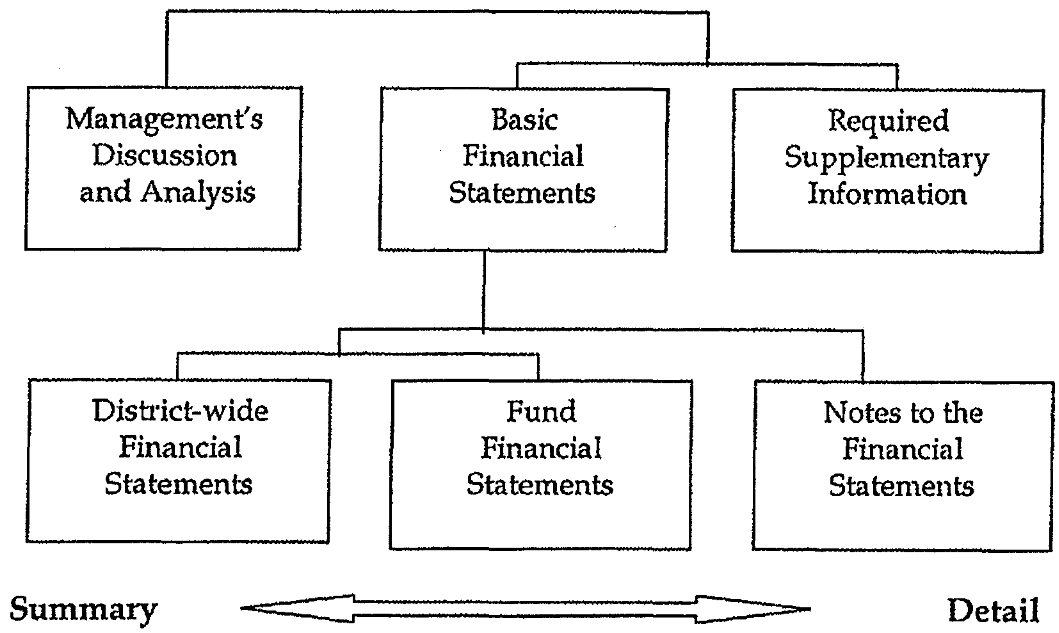
- The total of the District's capital assets, land, site, building, and equipment, valued on an acquisition cost basis was $333 million. After depreciation, the June 30, 2009 book value for capital assets totaled $224 million.

- The District established one new fund in 2008-2009: Fund 51, Bond Interest and Redemption Fund for recording of General Obligation Bond repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand Antioch Unified School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Components of the Financial Section



The first two statements are *district-wide financial statements,* the Statement of Net Assets and Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for the future spending. The fund financial statements also look at the School District's more significant funds with all other non-major funds presented in total in one column. A comparison of the District's general fund budget is included.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

These two statements provide information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2008-09?"

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net assets, as report in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools to assess the overall health of the District.

- Increases or decreases in the net assets of the District over time are indications of whether its financial position is improving or deteriorating, respectively.

- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State lay. However, the District establishes other funds to control and manage money for specific purposes.

OVERVIES OF THE FINANCIAL STATEMENTS (CONCLUDED)

- Governmental Funds

  Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund and the Building fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily b converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

- Fiduciary Funds

  The District is the trustee, or fiduciary, for its retire benefits funds, student activity funds and scholarship funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these activities 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.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The School District as a Whole

The District's net assets were $245 million at June 30, 2009. Of this amount $20 million was unrestricted. Investments in capital assets, net of related debt, account for $203 million of the total assets. A comparative analysis of government-wide data is presented in Table 1.

(Table 1)
Comparative Statement of Net Assets

	Governmental Net Assets 2009	Governmental Net Assets 2008
Assets		
Cash and Investments	$ 47,636,577	$ 47,983,917
Receivables	24,904,079	12,933,291
Stores	279,387	200,438
Capital Assets (Net of Depreciation)	224,118,310	219,141,975
Total Assets	296,938,353	280,259,621
Liabilities		
Accounts Payable and Other Current Liabilities	5,543,845	5,272,871
Deferred Revenue	2,410,276	1,526,122
Long-Term Liabilities	44,481,437	29,803,627
Total Liabilities	52,435,558	36,602,620
Net Assets		
Invested in Capital Assets, Net of Related Debt	203,291,033	199,741,372
Restricted	21,093,731	18,525,598
Unrestricted (Deficit)	20,118,031	25,390,031
Total Net Assets	$ 244,502,795	$243,657,001

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The District's net asset position increased $845,794 this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 80 percent of total expenses. The purely administrative activities of the District accounted for 6 percent of total costs. The remaining 14 percent was spent in the areas of plant services and other expenses, interest on long-term debt, depreciation and other outgo. (See Figure 2)

(Table 2)
Comparative Statement of Changes in Net Assets

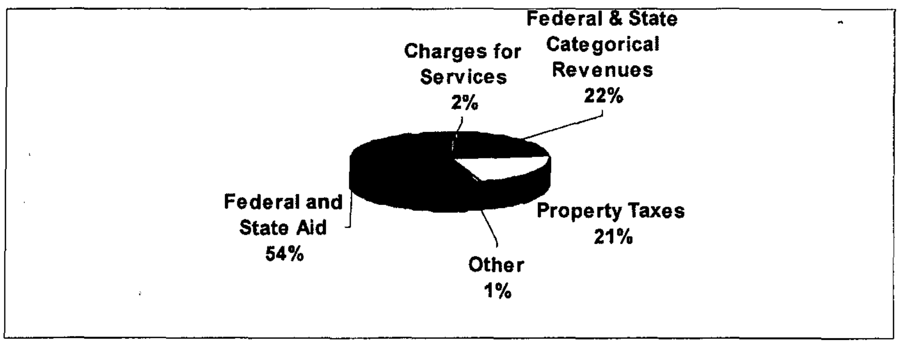
	Governmental Activities	
	2009	2008
Revenues		
Programs Revenues	$ 37,828,783	$ 54,198,064
General Revenues		
Taxes levied for general purpose	32,899,654	36,587,435
Taxes levied for other specific purpose	917,795	832,521
Federal and State aid not restricted to Specific purposes	87,270,944	85,124,037
Interest and investment earnings	601,473	1,692,443
Miscellaneous and interagency revenue	889,942	1,522,093
Total Revenues	$ 160,408,591	$ 180,447,040
Expenses		
Instruction	$ 99,709,979	$ 98,857,048
Instruction to related services	16,023,161	18,074,927
Pupil support service	12,245,202	12,596,375
General administration	8,985,014	8,579,192
Plant services	19,631,020	21,868,210
Other	2,968,421	1,932,307
Total Expenses	$ 159,562,797	$ 161,908,059
Increase in net assets	$ 845,794	$ 18,048,534

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)

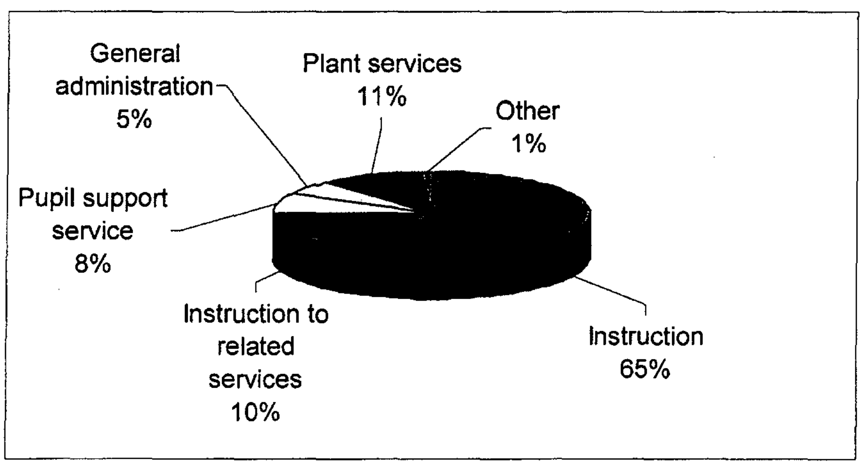
Governmental Activities

As reported in the Statement of Activities, the cost of all the District's governmental activities this year was $160 million. The amount that our local taxpayers financed for these activities through property taxes fell to $34 million. Federal and State aid not restricted to specific purposes totaled $87 million. State and Federal Categorical revenue totaled over $35 million, or 22 percent of the revenue of the entire District (See Figure 1).

Sources of Revenue for the 2008-09 Fiscal Year
Figure 1



Expenses for the Fiscal Year 2008-09
Figure 2



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of $66 million, an increase of $12 million from the previous fiscal year's combined ending balance of $54 million. This increase is mainly reflected in the Building Fund.

General Fund Budgetary Highlights

Over the course year, the District revised the annual operating budget monthly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditures categories for school and department budgets.

The final revised budget for the General Fund reflected a net increase to the ending balance of $6 million.

The District ended the year by increasing $6 million to the general fund ending balance. The State recommends an ending reserve for economic uncertainties of 3%. The District's ending reserve was 6%, which included this reserve for economic uncertainties as well as carryover balances designated for certain restricted programs specified by granting agencies. The State's delay in adopting a budget until July 2009 had a significant impact on the ending balance. Cuts that were expected in the 2008-09 school year did not occur until the 2009-10 school year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2008-09 fiscal year, the District had invested $333 million in a broad range of capital assets, including school buildings, athletic facilities, administrative buildings, site improvements, vehicles, and equipment. The capital assets net of depreciation were $224 million at June 30, 2009, which is an increase of $15 million from the previous year due to acquisitions totaling $10 million and depreciation expense of $6 million.

(Table 3)
Comparative Schedule of Capital Assets
(net of depreciation)
June 30, 2009 and 2008

	2009	2008	Difference	Total Percent Change
Land	$ 26,673,506	$ 26,673,506	$ -	
Site Improvement	13,620,892	15,073,512	(1,452,620)	(10%)
Buildings	120,335,963	116,636,039	3,699,924	3%
Machinery & Equipment	5,383,011	4,312,936	1,070,075	25%
Work in Progress	58,104,938	56,445,982	1,658,956	3%
Total	$ 224,118,310	$ 219,141,975	$ 4,976,335	2%

CAPITAL ASSET AND DEBT ADMINISTRATION (CONCLUDED)

Long-Term Liabilities

At June 30, 2009, the District had $44 million in long-term liabilities outstanding.

(Table 4)
Comparative Schedule of Outstanding Debt
June 30, 2009 and 2008

	2009	2008
General Obligation Bonds	$ 20,000,000	-
Certificates of Participation	22,715,000	$ 28,165,000
Other post-retirement benefits	480,059	-
Capital Lease Obligations	485,119	732,623
Compensated Absences	801,259	906,004
Total	$ 44,481,437	$ 29,803,627

Reductions in long-term liabilities paid by the District was approximately $6 million in 2009.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's economic downturn is a major factor affecting the District's future. The financial well being of the District is tied in large measure to the State funding formula. Furthermore, the State's current year budget does not address its budget problem so it is anticipated that significant further reductions in funding may be forthcoming.

The latest enrollment projections indicate that Antioch Unified School District will not see growth during the 2009-10 school year. Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California.

A decline in enrollment indicates a decline in District revenue, along with related budget reductions. In addition, the State's economic condition indicates a likely decline in the District's revenue, along with related budget reductions. The future predictions require management to plan carefully and prudently monitor both State and District trends, to provide the resources to meet student needs over the next several years. The District has a duty to meet this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

The State's use of deferrals in paying apportionments to school districts is also having an impact on the District's cash availability. It is likely the district will need to issue a TRANS or utilize inter-fund borrowing in the 2009-10 year to be able to have enough cash to meet its financial obligations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investor, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Denise Porterfield, Chief Business Official, Antioch Unified School District, 510 G Street, Antioch, CA 94509, (925) 776-2022.

BASIC FINANCIAL STATEMENTS

ANTIOCH UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 47,636,577
Accounts receivable	24,904,079
Stores inventory	279,387
Capital assets, net of accumulated depreciation (Note 4)	224,118,310
Total assets	296,938,353
LIABILITIES	
Accounts payable	5,543,845
Deferred revenue	2,410,276
Long-term liabilities (Note 5):	
Due within one year	1,860,762
Due after one year	42,620,675
Total liabilities	52,435,558
NET ASSETS	
Invested in capital assets, net of related debt	203,291,033
Restricted (Note 6)	21,093,731
Unrestricted	20,118,031
Total net assets	$ 244,502,795

The accompanying notes are an integral part of these financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets: Governmental Activities
Governmental activities (Note 4):					
Instruction	$ 99,709,979	$ 315,649	$ 22,690,717	$ 854,601	$ (75,849,012)
Instruction-related services:					
Supervision of instruction	3,038,122	14,395	3,038,142		14,415
Instructional library, media and technology	1,463,456	17,992	29,052		(1,416,412)
School site administration	11,521,583	38,289	779,943		(10,703,351)
Pupil services:					
Home-to-school transportation	2,697,456		579,305		(2,118,151)
Food services	6,800,723	1,893,016	4,839,634		(68,073)
All other pupil services	2,747,023	2,446	851,537		(1,893,040)
General administration:					
Data processing	1,279,274				(1,279,274)
All other general administration	7,705,740	124,938	742,793		(6,838,009)
Plant services	19,631,020	195,081	581,169		(18,854,770)
Ancillary services	514,900				(514,900)
Community services	250	101	141		(8)
Interest on long-term liabilities	1,960,557				(1,960,557)
Other outgo	47,488	80,060	159,782		192,354
Transfers to other districts (Note 10)	445,226				(445,226)
Total governmental activities	$ 159,562,797	$ 2,681,967	$ 34,292,215	$ 854,601	(121,734,014)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	32,899,654
Taxes levied for other specific purposes	917,795
Federal and state aid not restricted to specific purposes	87,270,944
Interest and investment earnings	601,473
Miscellaneous	889,942
Total general revenues and transfers	122,579,808
Change in net assets	845,794
Net assets, July 1, 2008	243,657,001
Net assets, June 30, 2009	$ 244,502,795

The accompanying notes are an integral part of these financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2009

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and investment:				
Cash in County Treasury	$ 14,639,732	$ 358,613	$ 9,499,130	$ 24,497,475
Cash on hand and in banks			5,000	5,000
Cash in revolving fund	20,000		20,000	40,000
Cash with Fiscal Agent	647,936	20,651,558	1,073,348	22,372,842
Local Agency Investment Fund	719,860	1,400		721,260
Accounts receivable	23,992,847	5	911,227	24,904,079
Stores Inventory	34,592		244,795	279,387
Total assets	$ 40,054,967	$ 21,011,576	$ 11,753,500	$ 72,820,043
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 3,215,712	$ 821,199	$ 585,874	$ 4,622,785
Deferred revenue	1,784,393			1,784,393
Total liabilities	5,000,105	821,199	585,874	6,407,178
Fund balances	35,054,862	20,190,377	11,167,626	66,412,865
Total liabilities and fund balances	$ 40,054,967	$ 21,011,576	$ 11,753,500	$ 72,820,043

The accompanying notes are an integral part of these financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2009

Total fund balances - Governmental Funds		$ 66,412,865
Amounts reported for governmental activities in the statement of net assets 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 $332,633,667 and the accumulated depreciation is $108,515,357 (Note 4).		224,118,310
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, 2009 consisted of (Note 5):		
General obligation bonds	$ (20,000,000)	
Certificates of Participation	(22,715,000)	
Capitalized lease obligations	(485,119)	
Other post-retirement benefits	(480,059)	
Compensated absences	(801,259)	
		(44,481,437)
Unamortized premium on issuance of bonds is included in deferred revenues on the statement of net assets.		(625,883)
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.		(921,060)
Total net assets - governmental activities		$ 244,502,795

The accompanying notes are an integral part of these financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
Revenues:				
Revenue limit sources:				
State apportionment	$ 73,914,665			$ 73,914,665
Local sources	32,425,603			32,425,603
Total revenue limit	106,340,268			106,340,268
Federal sources	14,700,859		$ 4,954,276	19,655,135
Other state sources	19,860,618		3,128,891	22,989,509
Other local sources	7,729,667	$ 129,544	4,163,955	12,023,166
Total revenues	148,631,412	129,544	12,247,122	161,008,078
Expenditures:				
Certificated salaries	73,753,693		358,459	74,112,152
Classified salaries	20,731,762		3,068,535	23,800,297
Employee benefits	26,344,660		996,389	27,341,049
Books and supplies	4,843,325	212,445	4,608,710	9,664,480
Contract services and operating expenditures	14,727,240	96,503	1,300,176	16,123,919
Capital outlay	185,063	2,578,007	7,879,185	10,642,255
Other outgo	47,488			47,488
Debt service:				
Principal retirement	824,342		4,873,162	5,697,504
Interest	667,242	1,394	507,867	1,176,503
Total expenditures	142,124,815	2,888,349	23,592,483	168,605,647
Excess (deficiency) of revenues over (under) expenditures	6,506,597	(2,758,805)	(11,345,361)	(7,597,569)
Other financing sources (uses):				
Operating transfers in	367,863	141,508	500,000	1,009,371
Operating transfers out	(500,000)		(509,371)	(1,009,371)
Proceeds from issuance of general obligation bonds		20,000,000		20,000,000
Transfers to other districts			(445,225)	(445,225)
Total other financing sources (uses)	(132,137)	20,141,508	(454,596)	19,554,775
Net change in fund balances	6,374,460	17,382,703	(11,799,957)	11,957,206
Fund balances, July 1, 2008	28,680,402	2,807,674	22,967,583	54,455,659
Fund balances, June 30, 2009	$ 35,054,862	$ 20,190,377	$ 11,167,626	$ 66,412,865

The accompanying notes are an integral part of these financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

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, 2009

Net change in fund balances - Total Governmental Funds		$ 11,957,206
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 assets (Note 4).	$ 10,684,110	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(5,704,270)	
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 4).	(3,505)	
Issuance of long-term liabilities is an other financing source in the governmental funds, but increases the long-term liabilities in the statement of net assets (Note 5).	(20,000,000)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net assets (Note 5).	5,697,504	
Premium received on issuance of bonds is revenue in the governmental funds, but amortized over the life of the debt in the statement of activities.	(625,883)	
Unmatured interest is not recognized until it is due and, therefore, is not an expenditure in governmental funds.	(784,054)	
In governmental funds, other post-retirement employee benefits are recognized when employers contributions are made. In the government-wide statements, other post-retirement employee benefits are recognized on the accrual basis (Notes 5 and 8).	(480,059)	
In the statement of activities, expenses related to compensated absences and post-retirement benefits are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	104,745	(11,111,412)
Change in net assets of governmental activities		$ 845,794

The accompanying notes are an integral part of these financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL

MAJOR FUND - GENERAL FUND

For the Year Ended June 30, 2009

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Revenue limit sources:				
State apportionment	$ 71,796,597	$ 73,903,912	$ 73,914,665	$ 10,753
Local sources	37,756,474	32,399,187	32,425,603	26,416
Total revenue limit	109,553,071	106,303,099	106,340,268	37,169
Federal sources	7,634,693	16,903,645	14,700,859	(2,202,786)
Other state sources	20,844,995	23,786,969	19,860,618	(3,926,351)
Other local sources	7,545,728	7,874,818	7,729,667	(145,151)
Total revenues	145,578,487	154,868,531	148,631,412	(6,237,119)
Expenditures:				
Certificated salaries	74,533,660	74,231,200	73,753,693	477,507
Classified salaries	20,263,807	20,327,072	20,731,762	(404,690)
Employee benefits	26,607,929	27,043,643	26,344,660	698,983
Books and supplies	8,111,838	11,441,474	4,843,325	6,598,149
Contract services and operating expenditures	13,234,039	14,466,346	14,727,240	(260,894)
Capital outlay	478,279	219,221	185,063	34,158
Other outgo	30,000	47,488	47,488	
Debt service:				
Principal retirement	690,000	690,000	824,342	(134,342)
Interest	652,424	652,424	667,242	(14,818)
Total expenditures	144,601,976	149,118,868	142,124,815	6,994,053
Excess of revenues over expenditures	976,511	5,749,663	6,506,597	756,934
Other financing sources (uses):				
Operating transfers in	320,500	316,289	367,863	51,574
Operating transfers out	(444,255)	(500,000)	(500,000)	
Total other financing sources (uses)	(123,755)	(183,711)	(132,137)	51,574
Net change in fund balance	852,756	5,565,952	6,374,460	808,508
Fund balance, July 1, 2008	28,680,402	28,680,402	28,680,402	
Fund balance, June 30, 2009	$ 29,533,158	$ 34,246,354	$ 35,054,862	$ 808,508

The accompanying notes are an integral part of these financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

TRUST AND AGENCY FUNDS

June 30, 2009

	Trust		Agency	
	Retiree Benefits Fund	Foundation Trust Fund	Student Body Account	Total
ASSETS				
Cash and investments (Note 2):				
Cash in County Treasury	$ 5,101	$ 36,204		$ 41,305
Cash on hand and in banks			$ 1,263,798	1,263,798
Total assets	5,101	36,204	1,263,798	1,305,103
LIABILITIES				
Due to student groups			1,263,798	1,263,798
NET ASSETS				
Net assets	$ 5,101	$ 36,204	$ -	$ 41,305

The accompanying notes are an integral part of these financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS

TRUST FUNDS

For the Year Ended June 30, 2009

	Retiree Benefits Fund	Foundation Trust	Total
Additions:			
Other local sources	$ 54	$ 2,136	$ 2,190
Deductions:			
Contract services and operating expenditures		1,088	1,088
Change in net assets	54	1,048	1,102
Net assets, July 1, 2008	5,047	35,156	40,203
Net assets, June 30, 2009	$ 5,101	$ 36,204	$ 41,305

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Antioch Unified 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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following is a summary of the more significant policies:

Reporting Entity

The Board of Education 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.

The District receives funding from local, state and federal government sources and must comply with all of the requirements of these funding source entities.

Reporting Entity - Contra Costa Schools Financing Authority

The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the School District. The District and the Contra Costa Schools Financing Authority (the "Authority") have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, for inclusion of the Authority as a component unit of the District. Accordingly, the financial activities of the Authority have been included in the basic financial statements of the District.

The Authority was formed pursuant to the general California nonprofit corporation laws, to provide financial assistance to the District for construction and acquisition of major capital facilities. Certificates of Participation issued by the Authority are included as long-term liabilities in the government-wide financial statements. At the end of the lease term, title of all Corporate property will pass to the District for no additional consideration.

The financial activities of the Authority are presented in the General Fund.

The following are those aspects of the relationship between the District and the Authority which satisfy GASB Statement No. 14, as amended by GASB Statement No. 39, criteria:

A - Manifestation of Oversight

1 - The Authority's Board of Directors was appointed by the District's Board of Education. The Authority has no employees. The District's Chief Business Official functions as the agent of the Authority. This individual receives no additional compensation for work performed in this capacity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity - Contra Costa Schools Financing Authority (Continued)

B - Accounting for Fiscal Matters

1 - The District is able to impose its will upon the Authority, based on the following:

- All major financing arrangements, contracts, and other transactions of the Authority must have the consent of the District.
- The District exercises significant influence over operations of the Authority as it is anticipated that the District will be the sole lessee of all facilities owned by the Authority.

2 - The Authority provides specific financial benefits or imposes specific financial burdens on the District based upon the following:

- Any deficits incurred by the Authority will be reflected in the lease payments of the District.
- Any surpluses of the Authority revert to the District at the end of the lease period.
- The District has assumed a "moral obligation", and potentially a legal obligation, or any debt incurred by the Authority.

C - Scope of Public Service and Financial Presentation

- The Authority was formed for the sole purpose of providing financing assistance to the District for construction and acquisition of major capital facilities. Upon completion, the District intends to occupy all Authority facilities under a lease-purchase agreement effective through the year 2036.

Basis of Presentation - Financial Statements

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*

The basic financial statements include a Management's Discussion and Analysis 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 change in the fund financial statements to focus on the major funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display 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 Assets and the Statement of Change in Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets 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 GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions.*

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 expense that is specifically identified by function is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, 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 equity, revenues and expenditures or expenses, 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. The District's accounts are organized into two broad categories which, in aggregate, include six fund types as follows:

A - Governmental Fund Types

1 - General Fund:

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 fund 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.

2 - 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 specific purposes. This classification includes the Charter School, Adult Education, Cafeteria and Deferred Maintenance Funds.

3 - Capital Projects Funds:

The Capital Projects Funds are used to account for resources used for the acquisition and construction of capital facilities by the District. This classification includes the Building, County School Facilities, Capital Facilities, Special Reserve for Capital Outlay and Capital Projects for Blended Component Units Funds.

4 - Debt Service Fund:

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. This classification includes the Bond Interest and Redemption Fund and the Debt Service Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

B - Fiduciary Fund Types

1 - Trust Funds:

The Trust Funds are used to account for assets held by the District as Trustee. The District maintains two expendable trust funds, the Retiree Benefits Fund, which is used by the District to reserve for funds to pay for retiree benefits, and the Foundation Trust which was established to solicit and manage donations to the District from individuals and businesses, and to develop and manage partnerships between businesses and the District.

2 - Agency Funds - Student Body Account:

The Student Body Account is an agency fund for which the District acts as an agent for all the cash activity of the various student body organizations. Individual totals by school and club are maintained within the District's accounting system.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The District employs budgetary control by major object code and by individual appropriation account. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Board of Trustees to provide for unanticipated revenues and expenditures. The originally adopted and final revised budget for the General Fund is presented in the basic financial statements.

Stores Inventory

Inventories are valued at average cost method. Inventory recorded in the General Fund and the Cafeteria Fund consists mainly of consumable supplies. Inventories are recorded as an expenditure at the time individual inventory items are consumed.

Capital Assets

Capital assets purchased or acquired, with an original cost of $5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market 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. Capital assets are depreciated using the straight-line method over 4 - 50 years depending on asset types.

Cafeteria Food Purchases

The Cafeteria purchases food through the State of California Office of Surplus Property and is only required to pay handling charges on these purchases. The Statement of Revenues, Expenditures and Changes in Fund Balances reflects only the handling charges incurred. Supplies expenditures would have been greater had the District paid fair market value for the government surplus food commodities.

Compensated Absences

Compensated absences totaling $801,259 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable; however, sick leave benefits are accumulated for each employee and unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRS and PERS employees when the employee retires.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenues

Revenues from federal, state and local special projects and programs are recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as deferred revenue until earned.

Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash fund and stores inventory reflect the portion of net assets represented by revolving cash fund and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date. The restriction for unspent categorical program revenues represents the portion of net assets restricted to specific program expenditures. The restriction for capital projects represents the net assets available for future capital projects. The restriction for debt service represents the net assets available for repayment of debt obligations. The restriction for special revenue funds represents the net assets available for special revenue programs. The restriction for retiree benefits represents the portion of net assets available for retiree benefits. The restriction for the Foundation Trust represents the portion of net assets available for the Foundation Trust.

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.

Property Taxes

Secured property taxes are attached as an enforceable lien on property as of March 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 Sacramento 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. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Assets 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.

2. CASH AND INVESTMENTS

Cash at June 30, 2009 consisted of the following:

	Governmental Funds
Pooled Funds:	
Cash in County Treasury	$ 24,497,475
Local Agency Investment Fund	721,260
Deposits:	
Cash on hand and in banks	5,000
Revolving cash fund	40,000
Investments:	
Cash with Fiscal Agent	22,372,842
	$ 47,636,577

	Fiduciary Funds
Pooled Funds:	
Cash in County Treasury	$ 41,305
Deposits:	
Cash on hand and in banks	1,263,798
	$ 1,305,103

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Contra Costa County Treasury. The County pools these funds with those of other districts and agencies in the County and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually into participating funds. Any investment losses are proportionately shared by all funds in the pool.

2. CASH AND INVESTMENTS (Continued)

Pooled Funds (Continued)

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Contra Costa County Treasurer may invest in derivative securities. However, at June 30, 2009 the Contra Costa County Treasurer has represented that the Treasurer's Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Pooled Funds - Local Agency Investment Fund

The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. This fund currently yields approximately 1.51% interest annually. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

Deposits - Custodial Credit Risk

Cash balances held in banks and revolving funds are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2009, the carrying amount of the District's accounts was $1,308,798, and the bank balance was $1,250,338. Of the bank balance, $678,443 was covered by the FDIC insurance and $571,895 was uninsured, but fully collateralized.

2. CASH AND INVESTMENTS (Continued)

Cash with Fiscal Agent

Cash with Fiscal Agent in the General Fund, Building Fund and the Debt Service Fund totaling $22,372,842 is the proceeds from long-term liabilities held by a trustee. The amount held by the trustee is fully collateralized.

Interest Rate Risk

The District does not have a formal investment policy 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, 2009, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2009, the District had no concentration of credit risk.

3. INTERFUND TRANSACTIONS

Interfund Activity

Transactions between funds of the District are recorded as interfund transfers. Any unpaid balances at year end, as a result of such transactions, are shown as due from and due to other funds. At June 30, 2009, there were no due from and due to balances.

Interfund Transfers

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

Interfund transfers for the 2008-2009 fiscal year were as follows:

Transfer from the General Fund to the Special Reserve for Capital Outlay Projects Fund to fund capital outlay.	$ 500,000
Transfer from the Adult Education Fund to the General Fund to pay for indirect costs.	29,790
Transfer from the Cafeteria Fund to the General Fund to pay for indirect costs.	338,073
Transfer from the Capital Projects for Blended Component Units Fund to the Building Fund for proceeds from the Community Facilities District.	141,508
Total	$ 1,009,371

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2009 is shown below:

	Balance July 1, 2008	Transfers and Additions	Transfers and Deductions	Balance June 30, 2009
Land	$ 26,673,506			$ 26,673,506
Improvement of sites	44,226,480			44,226,480
Buildings	184,691,548	$ 7,358,490		192,050,038
Equipment	9,953,620	1,666,664	$ (41,579)	11,578,705
Work-in-process	56,445,982	7,615,155	(5,956,199)	58,104,938
Totals, at cost	321,991,136	16,640,309	(5,997,778)	332,633,667
Less accumulated depreciation:				
Improvement of sites	(29,152,968)	(1,452,620)		(30,605,588)
Buildings	(68,055,509)	(3,658,566)		(71,714,075)
Equipment	(5,640,684)	(593,084)	38,074	(6,195,694)
Total accumulated depreciation	(102,849,161)	(5,704,270)	38,074	(108,515,357)
Capital assets, net	$ 219,141,975	$ 10,936,039	$ (5,959,704)	$ 224,118,310

Depreciation expense was charged to governmental activities as follows.

Instruction	$ 1,452,620
All other general administration	3,658,566
Plant services	593,084
Total depreciation expense	$ 5,704,270

5. LONG-TERM LIABILITIES

General Obligation Bonds

Series A:

On December 10, 2008, the District issued 2008 General Obligation Bonds, Series A, totaling $9,340,000. Bond proceeds are being spent for critical renovation and modernization needs at schools within the School Facility Improvement District #1 (SFID) that have served Antioch for more than forty years, replace aging roofs, aging plumbing, old heating and air conditioning units with energy efficient systems, upgrade restrooms, electrical systems and renovate and expand libraries. Repayment of the bonds will be made from property taxes levied by the County of Antioch. The bonds bear interest at rates ranging from 5.75% to 6.375% and are scheduled to mature through 2033 as follows:

Year Ending June 30,	Principal	Interest	Total
2010		$ 607,327	$ 607,327
2011		559,175	559,175
2012		559,175	559,175
2013		559,175	559,175
2014		559,175	559,175
2015-2019		2,795,875	2,795,875
2020-2024		2,795,875	2,795,875
2025-2029	$ 4,840,000	2,204,511	7,044,511
2030-2034	4,500,000	370,301	4,870,301
	$ 9,340,000	$ 11,010,589	$ 20,350,589

5. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series B:

On January 15, 2009, the District issued 2008 General Obligation Bonds, Series B, totaling $10,660,000. Bond proceeds are being spent for critical renovation and modernization needs at schools within the SFID that have served Antioch for more than forty years, replace aging roofs, aging plumbing, old heating and air conditioning units with energy efficient systems, upgrade restrooms, electrical systems and renovate and expand libraries. Repayment of the bonds will be made from property taxes levied by the County of Antioch. The bonds bear interest at rates ranging from 3.00% to 6.25% and are scheduled to mature through 2036 as follows:

Year Ending June 30,	Principal	Interest	Total
2010		$ 591,400	$ 591,400
2011	$ 255,000	582,687	837,687
2012	345,000	568,081	913,081
2013		557,300	557,300
2014		557,300	557,300
2015-2019	1,180,000	2,678,688	3,858,688
2020-2024	2,550,000	2,066,011	4,616,011
2025-2029	2,175,000	1,384,401	3,559,401
2030-2034	2,395,000	711,032	3,106,032
2035-2039	1,760,000	145,394	1,905,394
	$ 10,660,000	$ 9,842,294	$ 20,502,294

Certificates of Participation

During the fiscal year ended June 30, 2007, Contra Costa Schools Financing Authority issued $24,465,000 of Certificates of Participation, with interest rates ranging from 4% to 4.5%, to provide funds for the advance refunding of Certificates of Participation issued in 1997 and 2000 and to provide funds for various capital projects. A portion of the proceeds were deposited into an escrow account to provide for the advance refunding of the earlier issuances. Another portion of the proceeds were deposited into a trust account with The Bank of New York Trust Company, to provide for the various capital projects.

5. LONG-TERM LIABILITIES (Continued)

Certificates of Participation (Continued)

The District's future obligations on the Certificates of Participation are as follows:

Year Ending June 30,	
2010	$ 1,747,679
2011	1,744,879
2012	1,775,179
2013	1,768,578
2014	1,780,379
2015-2019	8,777,993
2020-2024	6,476,076
2025-2029	6,553,653
2030-2034	2,545,188
2035-2039	1,759,801
	34,929,405
Less amount representing interest	(12,214,405)
	$ 22,715,000

Capitalized Lease Obligations

The District leases office equipment portables, and vehicles under agreements which provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Year Ending June 30,	Lease Payments
2010	$ 266,723
2011	119,049
2012	119,049
	504,821
Less amount representing interest	(19,702)
	$ 485,119

5. LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2009 is shown below:

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009	Amounts Due Within One Year
General obligation bonds		$ 20,000,000		$ 20,000,000	
Certificates of Participation	$ 28,165,000		$ 5,450,000	22,715,000	$ 805,000
Capitalized lease obligations	732,623		247,504	485,119	254,503
Other post-retirement benefits		480,059		480,059	
Compensated absences	906,004		104,745	801,259	801,259
	$ 29,803,627	$ 20,480,059	$ 5,802,249	$ 44,481,437	$ 1,860,762

Payments on the Certificates of Participation are made from the General Fund, Building Fund and Debt Service Fund. Payments on the capitalized lease obligations are made from the General Fund, Capital Facilities Fund and Capital Projects Fund for Blended Component Units. Payments on the compensated absences and other post-retirement benefits are made from the fund for which the related employee worked.

6. RESTRICTED NET ASSETS

The restricted net assets consisted of the following at June 30, 2009:

	Governmental Funds
Restricted for:	
Revolving cash fund	$ 40,000
Stores inventory	279,387
Unspent categorical program revenues	11,406,042
Capital projects	6,178,350
Debt Service	629,010
Special revenue	2,560,942
	$ 21,093,731

	Fiduciary Funds
Restricted for:	
Retiree Benefits	$ 5,101
Foundation Trust	36,204
	$ 41,305

7. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2008-2009 was 9.428% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2007, 2008 and 2009 were $1,794,115, $1,931,284 and $1,945,369, respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2008-2009 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2007, 2008 and 2009 were $6,134,517, $6,069,867 and $6,004,749, respectively, and equal 100% of the required contributions for each year.

8. POST-RETIREMENT BENEFITS

In addition to the pension benefits described in Note 7, the District provides post-retirement healthcare benefits to employees who retire from the District after attaining the following:

Classified Employees

Classified employees reaching age fifty and have served the District for ten consecutive years are eligible for a maximum annual contribution of $9,000. Benefit payments will continue until the employee reaches age sixty-five or is eligible for Medicare, whichever occurs first.

Management/Certificated/Supervisory Employees

Management, certificated, and supervisory employees reaching age fifty and employed by the District will receive paid health, prescription, dental and vision insurance for employees and dependents until the employee reaches age sixty-five or is eligible for Medicare, whichever occurs first.

8. POST-RETIREMENT BENEFITS (Continued)

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	$ 2,725,238
Interest on net OPEB obligation	-
Adjustment to annual required contribution	384,587
Annual OPEB cost (expense)	3,109,825
Contributions made	1,587,860
Increase in net OPEB obligation (asset)	1,521,965
Net OPEB obligation (asset) - beginning of year	(1,041,906)
Net OPEB obligation (asset) - end of year	$ 480,059

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the year ended June 30, 2009 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2008	$ 2,725,238	138%	$ (1,041,906)
June 30, 2009	$ 3,109,825	51%	$ 480,059

As of July 1, 2008, the most recent actuarial valuation date, the plan was six percent funded. The actuarially accrued liability for benefits was $23 million, and the actuarial value of assets was $2 million, resulting in an unfunded actuarial accrued liability (UAAL) of $21 million. The covered payroll (annual payroll of active employees covered by the Plan) was $86 million, and the ratio of the UAAL to the covered payroll was 25 percent.

8. POST-RETIREMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 7.0 percent investment rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 12 percent initially, reduced by decrements to an ultimate rate of 5 percent after 2012. Both rates included a 6 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009, was 28 years.

9. JOINT POWERS AGREEMENTS

East Bay Schools Insurance Group

The District is a member of a Joint Powers Authority, East Bay Schools Insurance Group (EBSIG), for the purpose of self-funding property and liability claims. The Authority is governed by a Governing Board consisting of representatives of member districts. The Governing Board controls the operations of EBSIG, including selections of management and approval of operating budgets.

Condensed financial information for EBSIG for the year ended June 30, 2008 (the latest information available) is as follows:

Total assets	$ 2,018,261
Total liabilities	$ 1,971,871
Net assets	$ 46,390
Total revenues	$ 4,541,376
Total expenses	$ 5,160,691

9. JOINT POWERS AGREEMENTS (Continued)

Contra Costa County Schools Insurance Group

The District is also a member of Contra Costa County Schools Insurance Group (CCCSIG) Joint Powers Authority, for the purpose of workers compensation and commercial insurance. The Authority is governed by a Governing Board consisting of representatives from member districts. The Board controls the operations of CCCSIG including selections of management and approval of operating budgets.

Condensed financial information for CCCSIG for the year ended June 30, 2009 is as follows:

Total assets	$ 94,005,427
Total liabilities	$ 69,346,146
Net assets	$ 24,659,281
Total revenues	$ 43,645,587
Total expenses	$ 35,238,615

The relationship between the District and the Joint Powers Authorities is such that the Joint Powers Authorities are not component units of the District for financial reporting purposes.

10. CHARTER SCHOOLS

On July 1, 2008, the financial activity of Antioch Charter Academy I (previously accounted for in the Charter School Fund) was transferred along with fiscal oversight responsibilities to the Academy. The following amounts were transferred to establish the Academy independently of the District:

Transfer of fund balances	$ 445,226
Net assets transferred to another District	$ 445,226

11. CONTINGENCIES

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 federal and state 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.

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations in individual funds for the year ended June 30, 2009 were as follows:

Fund	Excess Expenditures
General Fund:	
Classified salaries	$ 404,690
Contracted services and operating expenditures	$ 260,894

Budget revisions for expenditures in excess of budgeted amounts were not made at the end of the fiscal year.

13. SUBSEQUENT EVENT

On July 28, 2009, Governor Schwarzenegger signed a package of bills amending the 2008-09 and 2009-10 California State budgets. The budget amendments were designed to address the State's budget gap of $24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2009.

The July budget package reduced, on a State-wide basis, $1.6 billion in 2008-09 Proposition 98 funding through a reversion of undistributed categorical program balances. The budget language identified 51 specific programs and required the amounts associated with these programs that were "unallocated, unexpended, or not liquidated as of June 30, 2009" to revert to the State's General Fund. The July budget package also provided an appropriation in 2009-10 to backfill $1.5 billion of these cuts to repay the 2008-09 reversion of the undistributed categorical program balances.

In accordance with the requirements of Government Accounting Standards Board Statement No. 33, the District has not recorded the revenue and related receivable associated with the District's portion of the unallocated, unexpended or unliquidated categorical program balances identified in the July 2009 State Budget package.

SUPPLEMENTARY INFORMATION

ANTIOCH UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2009

	Charter School	Adult Education	Cafeteria	Deferred Main-tenance	County School Facilities	Capital Facilities	Special Reserve for Capital Outlay	Capital Projects for Blended Component Units	Bond Interest and Redemp-tion	Debt Service	Total
ASSETS											
Cash in County Treasury		$ 185,056	$ (48,912)	$ 1,909,355	$ 1,416,148	$ 1,452,232	$ 2,874,917	$ 1,081,324	$ 629,010		$ 9,499,130
Cash on hand and in banks			5,000								5,000
Cash with Fiscal Agent										$ 1,073,348	1,073,348
Cash in revolving fund			20,000								20,000
Accounts receivable		16,330	823,399					71,498			911,227
Stores inventory			244,795								244,795
Total assets	$ -	$ 201,386	$ 1,044,282	$ 1,909,355	$ 1,416,148	$ 1,452,232	$ 2,874,917	$ 1,152,822	$ 629,010	$ 1,073,348	$ 11,753,500
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable		$ 23,742	$ 287,833	$ 17,711	$ 249,970	$ 2,634	$ 3,984				$ 585,874
Fund balances		177,644	756,449	1,891,644	1,166,178	1,449,598	2,870,933	$ 1,152,822	$ 629,010	$ 1,073,348	11,167,626
Total liabilities and fund fund balances	$ -	$ 201,386	$ 1,044,282	$ 1,909,355	$ 1,416,148	$ 1,452,232	$ 2,874,917	$ 1,152,822	$ 629,010	$ 1,073,348	$ 11,753,500

The accompanying notes are an integral part of these financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES (DEFICIT)

ALL NON-MAJOR FUNDS

For the Year Ended June 30, 2009

	Charter School	Adult Education	Cafeteria	Deferred Main-tenance	County School Facilities	Capital Facilities	Special Reserve for Capital Outlay	Capital Projects for Blended Component Units	Bond Interest and Redemp-tion	Debt Service	Total
Revenues:											
Federal sources		$ 53,531	$ 4,900,745								$ 4,954,276
Other state sources	$ 1,344	537,731	374,873	$ 1,406,415	$ 808,528						3,128,891
Other local sources	(56,685)	10,808	2,206,918	9,499	46,074	$ 495,393	$ 30,258	$ 601,539	$ 629,010	$ 191,141	4,163,955
Total revenues	(55,341)	602,070	7,482,536	1,415,914	854,602	495,393	30,258	601,539	629,010	191,141	12,247,122
Expenditures:											
Certificated salaries		358,459									358,459
Classified salaries		163,815	2,901,767				2,953				3,068,535
Employee benefits	344	120,703	875,076				266				996,389
Books and supplies		30,045	3,266,026	349,941	882,594		80,104				4,608,710
Contract services and operating expenditures		14,065	125,596	1,006,873		8,033	133,896	11,713			1,300,176
Capital outlay			311,306	161,928	6,923,893		482,058				7,879,185
Debt service:											
Principal retirement						35,752		157,410		4,680,000	4,873,162
Interest								237,082		270,785	507,867
Total expenditures	344	687,087	7,479,771	1,518,742	7,806,487	43,785	699,277	406,205		4,950,785	23,592,483
(Deficiency) excess of revenues (under) over expenditures	(55,685)	(85,017)	2,765	(102,828)	(6,951,885)	451,608	(669,019)	195,334	629,010	(4,759,644)	(11,345,361)
Other financing sources (uses):											
Operating transfers in							500,000				500,000
Operating transfers out		(29,790)	(338,073)					(141,508)			(509,371)
Transfers to other districts	(445,225)										(445,225)
Total other financing sources (uses)	(445,225)	(29,790)	(338,073)				500,000	(141,508)			(454,596)
Net change in fund balances	(500,910)	(114,807)	(335,308)	(102,828)	(6,951,885)	451,608	(169,019)	53,826	629,010	(4,759,644)	(11,799,957)
Fund balances, July 1, 2008	500,910	292,451	1,091,757	1,994,472	8,118,063	997,990	3,039,952	1,098,996		5,832,992	22,967,583
Fund balances,June 30, 2009	$ -	$ 177,644	$ 756,449	$ 1,891,644	$ 1,166,178	$ 1,449,598	$ 2,870,933	$ 1,152,822	$ 629,010	$ 1,073,348	$ 11,167,626

The accompanying notes are an integral part of these financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
STUDENT BODY ACCOUNT				
Belshaw Elementary				
Assets:				
Cash on hand and in banks	$ 20,933	$ 37,841	$ 39,949	$ 18,825
Liabilities:				
Due to student groups	$ 20,933	$ 37,841	$ 39,949	$ 18,825
Diablo Vista Elementary				
Assets:				
Cash on hand and in banks	$ 16,000	$ 55,784	$ 57,116	$ 14,668
Liabilities:				
Due to student groups	$ 16,000	$ 55,784	$ 57,116	$ 14,668
Fremont Elementary				
Assets:				
Cash on hand and in banks	$ 17,804	$ 32,423	$ 26,179	$ 24,048
Liabilities:				
Due to student groups	$ 17,804	$ 32,423	$ 26,179	$ 24,048
John Muir Elementary				
Assets:				
Cash on hand and in banks	$ 12,620	$ 46,861	$ 49,184	$ 10,297
Liabilities:				
Due to student groups	$ 12,620	$ 46,861	$ 49,184	$ 10,297
Grant Elementary				
Assets:				
Cash on hand and in banks	$ 15,424	$ 19,277	$ 18,107	$ 16,594
Liabilities:				
Due to student groups	$ 15,424	$ 19,277	$ 18,107	$ 16,594

(Continued)

ANTIOCH UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
STUDENT BODY ACCOUNT (Continued)				
Mission Elementary				
Assets:				
Cash on hand and in banks	$ 16,385	$ 26,348	$ 40,697	$ 2,036
Liabilities:				
Due to student groups	$ 16,385	$ 26,348	$ 40,697	$ 2,036
Kimball Elementary				
Assets:				
Cash on hand and in banks	$ 33,215	$ 24,777	$ 38,371	$ 19,621
Liabilities:				
Due to student groups	$ 33,215	$ 24,777	$ 38,371	$ 19,621
Marsh Elementary				
Assets:				
Cash on hand and in banks	$ 19,274	$ 23,622	$ 25,547	$ 17,349
Liabilities:				
Due to student groups	$ 19,274	$ 23,622	$ 25,547	$ 17,349
Jack London Elementary				
Assets:				
Cash on hand and in banks	$ 29,687	$ 57,299	$ 62,705	$ 24,281
Liabilities:				
Due to student groups	$ 29,687	$ 57,299	$ 62,705	$ 24,281
Lone Tree School				
Assets:				
Cash on hand and in banks	$ 13,325	$ 26,822	$ 26,318	$ 13,829
Liabilities:				
Due to student groups	$ 13,325	$ 26,822	$ 26,318	$ 13,829

(Continued)

ANTIOCH UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
STUDENT BODY ACCOUNT (Continued)				
Sutter Elementary				
Assets:				
Cash on hand and in banks	$ 19,583	$ 27,307	$ 46,209	$ 681
Liabilities:				
Due to student groups	$ 19,583	$ 27,307	$ 46,209	$ 681
Orchard Park School				
Assets:				
Cash on hand and in banks	$ 2,625	$ 16,264	$ 14,667	$ 4,222
Liabilities:				
Due to student groups	$ 2,625	$ 16,264	$ 14,667	$ 4,222
Turner School				
Assets:				
Cash on hand and in banks	$ 35,160	$ 17,623	$ 22,964	$ 29,819
Liabilities:				
Due to student groups	$ 35,160	$ 17,623	$ 22,964	$ 29,819
Antioch Middle				
Assets:				
Cash on hand and in banks	$ 15,262	$ 47,538	$ 48,671	$ 14,129
Liabilities:				
Due to student groups	$ 15,262	$ 47,538	$ 48,671	$ 14,129
Antioch High				
Assets:				
Cash on hand and in banks	$ 341,516	$ 844,624	$ 938,953	$ 247,187
Liabilities:				
Due to student groups	$ 341,516	$ 844,624	$ 938,953	$ 247,187

(Continued)

ANTIOCH UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
STUDENT BODY ACCOUNT (Continued)				
Black Diamond Middle				
Assets:				
Cash on hand and in banks	$ 43,864	$ 197,128	$ 184,516	$ 56,476
Liabilities:				
Due to student groups	$ 43,864	$ 197,128	$ 184,516	$ 56,476
Dallas Ranch Middle				
Assets:				
Cash on hand and in banks	$ 83,408	$ 200,276	$ 196,729	$ 86,955
Liabilities:				
Due to student groups	$ 83,408	$ 200,276	$ 196,729	$ 86,955
Carmen Dragon Elementary				
Assets:				
Cash on hand and in banks	$ 19,906	$ 44,305	$ 47,297	$ 16,914
Liabilities:				
Due to student groups	$ 19,906	$ 44,305	$ 47,297	$ 16,914
Park Middle				
Assets:				
Cash on hand and in banks	$ 75,558	$ 149,328	$ 153,003	$ 71,883
Liabilities:				
Due to student groups	$ 75,558	$ 149,328	$ 153,003	$ 71,883
DBA Bidwell High				
Assets:				
Cash on hand and in banks	$ 751	$ 2,532	$ 2,276	$ 1,007
Liabilities:				
Due to student groups	$ 751	$ 2,532	$ 2,276	$ 1,007

(Continued)

ANTIOCH UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
STUDENT BODY ACCOUNT (Continued)				
Live Oak High				
Assets:				
Cash on hand and in banks	$ 1,943	$ 4,793	$ 3,363	$ 3,373
Liabilities:				
Due to student groups	$ 1,943	$ 4,793	$ 3,363	$ 3,373
Prospect High				
Assets:				
Cash on hand and in banks	$ 4,978	$ 2,224	$ 3,061	$ 4,141
Liabilities:				
Due to student groups	$ 4,978	$ 2,224	$ 3,061	$ 4,141
Deer Valley High				
Assets:				
Cash on hand and in banks	$ 570,976	$ 1,128,055	$ 1,140,636	$ 558,395
Liabilities:				
Due to student groups	$ 570,976	$ 1,128,055	$ 1,140,636	$ 558,395
Delta Academy Performing Arts				
Assets:				
Cash on hand and in banks	$ -	$ 9,104	$ 5,552	$ 3,552
Liabilities:				
Due to student groups	$ -	$ 9,104	$ 5,552	$ 3,552
Dozier-Libbey Medical High School				
Assets:				
Cash on hand and in banks	$ -	$ 20,615	$ 17,099	$ 3,516
Liabilities:				
Due to student groups	$ -	$ 20,615	$ 17,099	$ 3,516

(Continued)

ANTIOCH UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
STUDENT BODY ACCOUNT (Continued)				
Total Student Body Account				
Assets:				
Cash on hand and in banks	$ 1,410,197	$ 3,062,770	$ 3,209,169	$ 1,263,798
Liabilities:				
Due to student groups	$ 1,410,197	$ 3,062,770	$ 3,209,169	$ 1,263,798

The accompanying notes are an integral part of these financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

ORGANIZATION

June 30, 2009

Antioch Unified School District was established on July 7, 1925 and is located primarily in Contra Costa County. There were no changes in the boundaries of the District during the current year. The District is currently operating fourteen elementary schools, four middle schools, four high schools, an independent study program, two continuation high schools and an adult education school.

Name	Office	Term Expires
Walter Ruehlig	President	December 2012
Clair Smith	Vice President	December 2012
Diane Gibson-Gray	Member	December 2012
Wade Harper	Member	December 2010
Teri Lynn Shaw	Member	December 2010

ADMINISTRATION

Dr. Deborah Sims *
District Superintendent

Christine Hiroshima
Chief Academic Officer

Suzanne Pfeiffer
Human Resource Officer

Denise Porterfield
Chief Business Officer, Business Services

* Effective September 29, 2009, Donald Gill, Ed.D., Superintendent

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For the Year Ended June 30, 2009

	Second Period Report	Annual Report
District		
Elementary:		
Kindergarten	1,262	1,259
First through Third	3,965	3,958
Fourth through Sixth	3,921	3,905
Seventh and Eighth	2,634	2,623
Opportunity Schools	2	3
Home and Hospital	4	4
Special Education	416	416
Extended Year - Special Education	20	21
Community Day School	8	10
Total Elementary	12,232	12,199
Secondary:		
Regular Classes	5,363	5,287
Continuation Education	335	327
Opportunity Schools	10	12
Home and Hospital	3	3
Special Education	282	285
Extended Year - Special Education	12	17
Community Day School	13	13
Total Secondary	6,018	5,944
Adult Education:		
Concurrent Classes for Adults	48	52
Nonconcurrent Classes for Adults	156	159
Full-Time Independent Study	18	19
District ADA Totals	18,472	18,373

	Hours of Attendance
Supplemental Instructional Hours:	
Elementary	129,560
Secondary	184,921
	314,481

See accompanying notes to supplementary information.

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2009

Grade Level	1986-87 Minutes Require-ment	1982-83 Actual Minutes	2008-09 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	31,680	36,000	180	In Compliance
Grade 1	50,400	44,764	51,610	180	In Compliance
Grade 2	50,400	44,764	51,610	180	In Compliance
Grade 3	50,400	44,764	51,610	180	In Compliance
Grade 4	54,000	52,106	54,660	180	In Compliance
Grade 5	54,000	52,106	54,660	180	In Compliance
Grade 6	54,000	56,290	57,860	180	In Compliance
Grade 7	54,000	56,290	57,860	180	In Compliance
Grade 8	54,000	56,290	57,860	180	In Compliance
Grade 9	64,800	56,664	65,990	180	In Compliance
Grade 10	64,800	56,664	65,990	180	In Compliance
Grade 11	64,800	56,664	65,990	180	In Compliance
Grade 12	64,800	56,664	65,990	180	In Compliance

See accompanying notes to
supplementary information.

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

For the Year Ended June 30, 2009

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Education			
84.010	NCLB: Title I, Part A, Basic Grants Low Income & Neglected	14329	$ 2,718,614
84.318	NCLB: Title II, Part D, Enhancing Education through Technology (EETT)	14334	26,755
84.366	NCLB: Title II, CA Mathematics and Science Partnerships	14512	118,162
84.298A	NCLB: Title V, Innovative Educational Strategies	14354	14,520
84.027	Special Education IDEA Basic Local Assistance	13379	2,799,274
84.173	Special Education Preschool Grants	13430	78,591
84.027A	Special Education Preschool Local Entitlement	13682	176,870
84.391	ARRA: Special Education Preschool Local Entitlement	15000	39,931
84.391	ARRA: Special Education IDEA Basic Local Assistance	15003	733,032
84.048	Vocational Programs: Voc & Applied Secondary IC	13924	122,187
84.365	NCLB: Title III: Immigrant Education Program	14346	54,125
84.365	NCLB: Title III, Limited English Proficiency (LEP) Student Programs	14346	162,580
84.367	NCLB: Title II, Part A Improving Teacher Quality	14341	285,753
84.367	NCLB: Title II, Part A, Administrator Training	14344	54,000
84.287	NCLB: Title IV, Part B, 21st Century Community Centers Learning Program	14681	330,333
84.186	NCLB: Title IV, Part A, Safe and Drug Free Schools and Communities	14347	50,046
84.002A	Adult Education: English Literacy	14109	15,000
84.002A	Adult Education: Adult Basic Education	14508	27,976
84.048	Adult Education: Vocational and Applied Technology	13924	4,208
84.002	Adult Secondary Education	13978	6,347
84.394	ARRA: State Fiscal Stabilization Fund	25008	6,754,540
	Total U.S. Department of Education		14,572,844
U.S. Department of Agriculture			
10.555	National School Lunch Program	13524	3,610,126
10.553	Child Nutrition: Fresh Fruit and Vegetable Program	14968	74,599
84.002A	School Breakfast Needy	14109	1,003,896
84.002A	Meal Supplements	14508	93,955
84.048	Basic School Breakfast	13924	7,271
84.002	Miscellaneous Food Service	13978	110,898
	Total U.S. Department of Agriculture		4,900,745
U.S. Department of Health Services			
93.778	Medi-Cal Billing	10013	181,546
	Total Federal Programs		$ 19,655,135

See accompanying notes to supplementary information.

ANTIOCH UNIFIED SCHOOL DISTRICT

RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

	General Fund	Adult Education Fund	Cafeteria Fund
June 30, 2009 Unaudited Actual Financial Report Ending Fund Balance	$ 36,814,918	$ 334,057	$ 779,205
Adjustment to remove accounts receivable and associated revenue for categorical program funds unappropriated by the State of California for the year ended June 30, 2009:			
7-12 Counseling	(593,436)		
L/A Special Education Apportionments	(713,832)		
Teacher Credentialing Block Grant	(128,868)		
Economic Impact Aid	(8,357)		
School Safety	(68,738)		
Arts & Music Block Grant	(110,698)		
English Language Acquisition	(97,824)		
Peer Review/Staff Development	(16,191)		
GATE	(19,294)		
Community Day Schools	(2,818)		
Apprentice Program Deferral		(156,413)	
Child Nutrition			(22,756)
Total adjustments	(1,760,056)	(156,413)	(22,756)
June 30, 2009 Audited Financial Statements Ending Fund Balance	$ 35,054,862	$ 177,644	$ 756,449

There were no adjustments proposed to any other funds of the District.

See accompanying notes to supplementary information.

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For the Year Ended June 30, 2009

	(Budgeted) 2010	2009	2008	2007
General Fund				
Revenues and other financing sources	$ 134,066,539	$ 148,999,275	$ 152,416,631	$ 160,766,483
Expenditures	144,098,113	142,124,815	145,766,316	145,897,994
Other uses and transfers out		500,000	3,218,781	11,678,079
Total outgo	144,098,113	142,624,815	148,985,097	157,576,073
Change in fund balance	$ (10,031,574)	$ 6,374,460	$ 3,431,534	$ 3,190,410
Ending fund balance	$ 25,023,288	$ 35,054,862	$ 28,680,402	$ 25,248,868
Available reserves	$ 5,752,258	$ 8,991,603	$ 12,557,725	$ 9,474,171
Designated for economic uncertainties	$ 5,752,258	$ 5,690,278	$ 5,181,913	$ 4,506,234
Undesignated fund balance	$ -	$ 3,301,325	$ 7,375,812	$ 4,967,937
Available reserves as a percentage of total outgo	4.0%	6.3%	8.4%	6.0%
Total long-term liabilities	$ 42,620,675	$ 44,481,437	$ 29,803,627	$ 41,836,441
Average daily attendance at P-2, excluding classes for adults	18,239	18,250	18,586	18,955

The General Fund fund balance has increased by $12,996,404 over the past three years. The District projects a decrease of $10,031,574 for the fiscal year ending June 30, 2010. For a district this size, the State of California recommends available reserves of at least three percent of total General Fund expenditures, transfers out and other uses. The District has met this requirement.

The District has incurred operating surpluses in each of the past three years, and anticipates incurring an operating deficit during the 2009-2010 fiscal year.

Total long-term liabilities have increased by $2,644,996 over the past two years due to the issuance of General Obligation Bonds.

Average daily attendance has decreased by 705 over the past two years and is anticipated to decrease by 11 ADA during the year ending June 30, 2010.

See accompanying notes to supplementary information.

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2009

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
Learner-Centered Charter School:	
Antioch Charter Academy I	Separate Report
Antioch Charter Academy II	Separate Report

See accompanying notes to supplementary information.

ANTIOCH UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - 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.

B - 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.

C - Schedule of Expenditure of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with A-133 requirements, and is presented on the modified accrual basis of accounting.

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

E - Schedule of Financial Trends and Analysis

This schedule provides trend information on fund balances, revenues, expenditures and average daily attendance, as required by the State Controller's Office.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

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, 2009, the District did not adopt such a program.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Education
Antioch Unified School District
Antioch, California

We have audited the compliance of Antioch Unified School District with the types of compliance requirements described in the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2009. Compliance with the requirements of state laws and regulations is the responsibility of Antioch Unified School District's management. Our responsibility is to express an opinion on Antioch Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Antioch Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Antioch Unified School District's compliance with those requirements.

Description	Audit Guide Procedures	Procedures Performed
Regular and Special Day Classes	8	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Adult Education	9	No, see below
Regional Occupational Center and Programs	6	No, see below
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, see below
Community Day Schools	9	No, see below
Morgan-Hart Class Size Reduction Program	7	No, see below
Instructional Materials:		
General requirements	12	No, see below
Grades K-8	1	No, see below
Grades 9-12	1	No, see below
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	No, see below
Mathematics and Reading Professional Development	4	No, see below
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS
(Continued)

Description	Audit Guide Procedures	Procedures Performed
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	No, see below
Contemporaneous Records of Attendance, for charter schools	1	No, see below
Mode of Instruction, for charter schools	1	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	3	No, see below

We performed procedure (a) of Section 19828.3 related to Instructional Materials: General Requirements. However, we did not perform procedures (b), (c) and (e) of Section 19828.3 for the Instructional Materials per the flexibility provisions in SBx3 4.

The School District is not a County Office; therefore, we did not perform any procedures related to County Office Instructional Time Incentives.

The District's reported ADA for Community Day School was below the materiality level that requires testing; therefore, we did not perform any testing of Community Day School ADA.

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform steps a through d.

The 2008-2009 School Accountability Report Cards specified by Education Code Section 33126 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2009. Accordingly, we could not perform the portions of the audit steps (a), (b) and (c) of Section 19837 of the 2008-2009 Audit Guide relating to the comparison of tested data from the 2008-2009 fiscal year to the 2008-2009 School Accountability Report Cards.

We did not perform any procedures related to After School Education and Safety Program - Before school, Class Size Reduction - Option two classes and Districts with only one school serving K-3 because the District does not offer these programs.

The District does not have any charter schools; therefore, we did not perform any of the testing required by Article 4 of the Audit Guide.

We did not perform any procedures related to Adult Education, Regional Occupational Center and Programs, Morgan-Hart Class Size Reduction, Instructional Materials: Grades K-8 Only or, Instructional Materials: Grades 9-12 Only, or Mathematics and Reading Professional Development, as these programs are not required to be audited per flexibility provisions in SBx3 4.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS
(Continued)

In our opinion, Antioch Unified School District complied with the state laws and regulations referred to above for the year ended June 30, 2009, except as described in the Schedule of Audit Findings and Questioned Costs section of this report. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Antioch Unified School District had not complied with the state laws and regulations.

This report is intended solely for the information of the Board of Education, management, the State Controller's Office, the California Department of Education and the California Department of Finance, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California
December 9, 2009

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 Education
Antioch Unified School District
Antioch, California

We have audited the financial statements of Antioch Unified School District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 9, 2009. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Antioch Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Antioch Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Antioch Unified School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Antioch Unified School District's financial statements and the combining and individual fund basic financial statements are free of 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 determination of financial statement amounts. 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.*

This report is intended solely for the information of the Board of Education, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California
December 9, 2009

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Antioch Unified School District
Antioch, California

Compliance

We have audited the compliance of Antioch Unified School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Antioch Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Antioch Unified School District's management. Our responsibility is to express an opinion on Antioch Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Antioch Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Antioch Unified School District's compliance with those requirements.

In our opinion, Antioch Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Antioch Unified School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Antioch Unified School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Antioch Unified School District's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Internal Control Over Compliance (Continued)

A control deficiency in the District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Education, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California
December 9, 2009

FINDINGS AND RECOMMENDATIONS

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	____ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.391	ARRA: Special Education Basic Local Entitlement
84.394	ARRA: State Fiscal Stabilization Fund
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 589,654	
Auditee qualified as low-risk auditee?	X Yes	____ No

STATE AWARDS

Internal control over state programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weaknesses?	____ Yes	X None reported
Type of auditor's report issued on compliance for state programs:	Qualified	

SECTION II - FINANCIAL STATEMENT FINDINGS

1. INTERNAL CONTROL - ASSOCIATED STUDENT BODY (30000)

Criteria

Internal Control - Safeguarding of Assets

Condition

Marsh Elementary:
- Written documentation for approval of fundraising activities is not maintained.

Turner Elementary:
- Receipts are not supported by detailed schedules defining the number of items receipted and the unit price per item.
- Approval for fundraising activities is not documented before the activity begins.

Deer Valley High School:
- Inventory Reconciliations for the student store were only being performed on an annual basis.

Effect

ASB funds could potentially be misappropriated.

Cause

The school site personnel are not following established procedures.

Fiscal Impact

Not determinable.

Recommendation

- Revenue generating activities should be approved by the appropriate personnel and documented.
- Proper supporting documentation should accompany funds submitted for deposit.
- School sites should ensure inventory reconciliations are prepared on a quarterly basis.

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

1. INTERNAL CONTROL - ASSOCIATED STUDENT BODY (30000) (Continued)

Corrective Action Plan

The District will continue to provide and mandate yearly training for all staff associated with student body accounts.

2. INTERNAL CONTROL - CAFETERIA FUND BANK RECONCILIATIONS (30000)

Criteria

Internal Control - Safeguarding of Assets

Condition

There is no evidence of review of the Cafeteria Clearing Account Bank Reconciliation performed by the Director of Nutrition Services.

Effect

Funds could potentially be misappropriated.

Cause

Internal controls have not been implemented.

Fiscal Impact

Not applicable.

Recommendation

The Director of Nutrition Services sign-off on the monthly bank reconciliations over the clearing account to indicate her review.

Corrective Action Plan

The Director of Nutrition Services has begun reviewing and signing the monthly bank reconciliations. District staff will monitor compliance.

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

3. INTERNAL CONTROL - PAYROLL (30000)

Criteria

Internal Control - Safeguarding of Assets.

Condition

The New Hire checklist is not reviewed for incorrect data before being utilized to populate the Human Resources and payroll systems.

Effect

Information could be improperly entered into the system and may go undetected.

Cause

Internal controls have not been implemented.

Fiscal Impact

Not applicable.

Recommendation

An individual independent of the preparation of the New Hire Checklist review the document to ensure that information was properly entered onto the form, as these forms drive the entry of information into an employee's PEP screen. Additionally, all information being entered into an individuals PEP screen should be reviewed by someone independent of the entry.

Corrective Action Plan

The Human Resources Officer will do a review of the processes and procedures on the New Hire Checklist to ensure the accuracy of the information entered for an employee's PEP screen. This will ensure accurate information is provided to the payroll department.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

4. STATE COMPLIANCE - GANN LIMIT (40000)

Criteria

Section 14502.1, Education Code. Reference: Section 1.5 of Article XIIIB, California Constitution.

Condition

The Prior Year Gann ADA reported on the Form Gann overstated ADA by 37.13 ADA.

Effect

The current year beginning Gann ADA was overstated by 37.13 ADA.

Cause

The District did not verify the prior year Gann ADA was properly uploaded in the SACS file.

Fiscal Impact

No fiscal impact.

Recommendation

The District should perform a review of the Gann Limit prior year ADA to ensure the number is correct.

Corrective Action Plan

The District will ensure this number is reviewed and agreed to the prior year ADA number.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

ANTIOCH UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2009

	Current Status	District Explanation If Not Implemented
2008-1 At various school sites tested, we noted the following: • A deposit brought into the office on March 19, 2008 was not supported by a detailed schedule of how the funds were generated. • Evidence could not be found pertaining to receipts being counted in dual custody. • Envelopes sent to the office for deposit were only signed by one employee • A formal "Revenue-Producing Activities" approval form is not used. Activities were given approval by word of mouth. • Sub-receipt books are not maintained by student clubs or the ASB Advisor. • Receipts are not issued for funds submitted to the school office for deposit. We recommend the following: • All deposits brought into the office by a teacher or organization should be accompanied with a schedule detailing the amount of checks and cash. • Cash received at the school office should be counted in dual custody. Supporting documentation should be signed off by both counters. • A formal activities approval form should be implemented for all revenue producing activities. • The ASB should distribute sub-receipt books to individual clubs for revenue producing activities. Copies of these receipts should accompany funds submitted to the school office for deposit. • Prenumbered receipts should be issued for any funds submitted to the school office for deposit.	Partially implemented.	See current year finding #1.

ANTIOCH UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2009

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2008-2 The District did not record Revenues and Expenditures from the Charter School's Cash in Bank Account on the general ledger. The District should record activity running through their Cash in Banks account on the general ledger.	Implemented.	
2008-3 At various school sites tested, we noted the following: • One student was improperly counted as present for three days. • One student was improperly counted as present for one day. The total extrapolated effect of the finding is 8.85. Subsequent to our initial audit, the District reassessed their attendance reporting resulting in a positive change of 2.17. The net effect of the finding is 6.68 ADA. The District has revised and resubmitted the Second Period and Annual Reports of Attendance, reflecting the total disallowed ADA of 6.68.	Implemented.	

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APPENDIX B

PROPOSED FORM OF LEGAL OPINION

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Education
Antioch Unified School District
510 G Street
Antioch, California 94509

OPINION: $10,000,000 Antioch Unified School District (Contra Costa County, California) 2009-10 Tax and Revenue Anticipation Notes

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Members of the Board of Education:

We have acted as bond counsel to the Antioch Unified School District (the "District") in connection with the issuance by the Board of Supervisors of Contra Costa County (the "Board") of $10,000,000* principal amount of Antioch Unified School District (Contra Costa County, California) 2009-10 Tax and Revenue Anticipation Notes, dated May 27, 2010 (the "Notes"), pursuant to Article 7.6 (commencing with section 53850), Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, a resolution adopted by the Board of Education of the District on March 24, 2010 (the "District Resolution"), and a resolution adopted by the Board on April 13, 2010 (the "Board Resolution" and, collectively, the "Resolutions"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Board Resolution and of the District in the District Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The District is duly created and validly existing as a school district with the power to perform its obligations under the District Resolution, to cause the Board to issue the Notes in its name and to perform its obligations under the Board Resolution and the Notes.

2. The District Resolution has been duly adopted by the District. The Board Resolution has been duly adopted by the Board and creates a valid first lien on the funds pledged under the Board Resolution for the security of the Notes.

3. The Notes have been duly authorized, issued and delivered by the Board and are valid and binding general obligations of the District enforceable in accordance with their terms.

4. Subject to the District's compliance with certain covenants, interest on the Notes (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), and (iii) interest on the Notes is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

5. Interest on the Notes is exempt from personal income taxation imposed by the State of California.

Ownership of the Notes may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Notes.

The rights of the owners of the Notes and the enforceability of the Notes and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the District and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX C

INFORMATION CONCERNING THE CITY OF ANTIOCH AND CONTRA COSTA COUNTY

The Notes are not a debt of the County of Contra Costa. The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect ad valorem taxes for payment of the Notes in accordance with the law; and (ii) transmit the proceeds of such taxes to the Paying Agent for the payment of the principal of and interest on Notes at the time such payment is due.

General

Situated northeast of San Francisco, Contra Costa County (the "County") is bounded by San Francisco and San Pablo Bays, the Sacramento River Delta, and by Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The western portion, with its access to water, contains much of the County's heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. The County has extensive and varied transportation facilities-ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

The City lies in the northern portion of the County on the Suisun Bay, at the foot of the Sacramento River Delta. Following is a summary of certain information about the City.

Population

The following table shows a historical comparison of the respective populations of the City, the County and the State of California for the last five years.

CITY OF ANTIOCH, CONTRA COSTA COUNTY, AND THE STATE OF CALIFORNIA
Population Comparison

Year	City of Antioch	Contra Costa County	State of California
2006	100,945	1,029,377	37,172,015
2007	99,684	1,037,580	37,559,440
2008	99,994	1,048,242	37,883,992
2009	101,041	1,061,325	38,255,508
2010	102,330	1,073,055	38,648,090

Source: State Department of Finance.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2005 through 2009.

Effective Buying Income
As of January 1, 2005 through 2009

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2005	City of Antioch	$ 2,079,170	$56,243
	Contra Costa County	27,450,775	56,979
	California	720,798,106	44,681
	United States	5,894,663,363	40,529
2006	City of Antioch	$ 2,126,762	$57,689
	Contra Costa County	28,611,520	58,497
	California	764,120,963	46,275
	United States	6,107,092,244	41,255
2007	City of Antioch	$ 2,246,290	$60,598
	Contra Costa County	30,138,295	61,123
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Antioch	$ 2,279,148	$61,299
	Contra Costa County	30,737,690	61,903
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Antioch	$2,425,055	$63,479
	Contra Costa County	31,197,703	64,213
	California	844,823,319	49,736
	United States	6,571,536,768	43,252

Source: *The Nielsen Company (US), Inc.*

Commercial Activity

Antioch continues to experience strong growth in the retail and employment sectors. Recent major retail projects include the Slatten Ranch Regional Shopping Center on Lone Tree Way with approximately 500,000 square feet of fully leased retail space. Just west of the Slatten Ranch Center is a 160,000 sq. ft. Lowes Store. On the other side of town, in County East Mall on Somersville Rd., Macy's has a new 100,000 sq. ft. retail store. Growth is equally strong in the office/employment sector with over 500,000 square feet of new office and R&D space either approved and/or under construction. A new hospital was built by Kaiser Permanente on a 75 acre site off of Deer Valley Rd a couple of years ago. This 150 bed medical facility includes over 600,000 sq. ft. of medical office and hospital space.

Total taxable sales during the first quarter of calendar year 2009 in the City were reported to be $190,177,000, a 15.2% decrease over the total taxable sales of $224,332,000 reported during the first quarter of calendar year 2008. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the City is presented in the following table. Annual figures are not yet available for 2009.

CITY OF ANTIOCH
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2004	827	$841,400	1,583	$ 909,241
2005	870	895,860	1,596	967,785
2006	853	925,323	1,552	1,011,170
2007	846	911,773	1,590	1,011,596
2008	892	821,103	1,613	931,045

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales during the first quarter of calendar year 2009 in the County were reported to be $2,765,159,000, a 12.7% decrease over the total taxable sales of $3,167,388,000 reported during the first quarter of calendar year 2008. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the County is presented in the following table. Annual figures are not yet available for 2009.

CONTRA COSTA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2004	11,717	$ 9,697,365	23,571	$12,990,538
2005	11,776	10,072,084	23,692	13,480,075
2006	11,467	10,275,907	23,249	13,867,661
2007	11,131	10,109,704	23,181	14,086,295
2008	11,577	9,484,307	23,149	13,307,681

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

The following tables show a five year summary of the valuation of building permits issued in the City and the County.

CITY OF ANTIOCH
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2005	2006	2007	2008	2009
Permit Valuation					
New Single-family	$119,107.9	$48,546.8	$44,992.3	$29,155.1	$33,282.2
New Multi-family	0.0	5,825.9	0.0	0.0	800.0
Res. Alterations/Additions	5,186.4	7,211.1	2,977.0	2,201.2	2,043.4
Total Residential	124,294.3	61,583.9	47,969.3	31,356.3	36,126.6
New Commercial	23,031.3	23,774.1	23,183.8	34,428.5	0.0
New Industrial	0.0	9,084.5	0.0	0.0	0.0
New Other	37,856.5	13,087.8	495.7	4,830.7	1,639.1
Com. Alterations/Additions	7,975.6	10,117.9	6,590.4	6,181.3	4,993.7
Total Nonresidential	$68,863.5	$56,064.3	$30,269.8	$45,440.6	$6,632.7
New Dwelling Units					
Single Family	349	180	158	116	119
Multiple Family	0	40	0	0	8
TOTAL	349	220	158	116	127

Source: Construction Industry Research Board, Building Permit Summary.

CONTRA COSTA COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2005	2006	2007	2008	2009
Permit Valuation					
New Single-family	$1,525,515.3	$986,694.1	$832,053.1	$300,088.7	$300,363.3
New Multi-family	106,511.5	157,971.5	94,504.9	132,824.8	34,119.3
Res. Alterations/Additions	293,394.4	307,152.6	290,107.5	229,023.3	170,149.7
Total Residential	1,925,421.2	1,451,818.2	1,216,665.5	661,936.8	504,632.3
New Commercial	87,900.5	101,785.9	148,838.2	108,228.4	49,992.0
New Industrial	21,155.9	14,529.4	17,504.1	60,376.2	11,530.0
New Other	122,625.7	122,628.4	95,442.0	66,511.1	39,878.8
Com. Alterations/Additions	161,187.6	173,556.4	229,530.2	224,816.8	212,900.7
Total Nonresidential	$392,869.7	$412,500.1	$491,314.5	$459,932.5	$314,301.4
New Dwelling Units					
Single Family	5,452	3,310	2,698	985	1,038
Multiple Family	860	1,178	909	909	163
TOTAL	6,312	4,488	3,607	1,894	1,201

Source: Construction Industry Research Board, Building Permit Summary.

Employment and Industry

The unemployment rate in the Oakland-Fremont-Hayward MD was 11.4% in April 2010, above the year-ago estimate of 9.7%. This compares with an unadjusted unemployment rate of 12.3% for California and 9.9% for the nation during the same period.

The following table summarizes the annual average civilian labor force, employment and unemployment in the County for the calendar years 2005 through 2009.

OAKLAND-FREMONT-HAYWARD METROPOLITAN STATISTICAL AREA
(CONTRA COSTA AND ALAMEDA COUNTIES)
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

	2005	2006	2007	2008	2009
Civilian Labor Force (1)	1,251,000	1,257,500	1,272,700	1,295,700	1,288,600
Employment	1,188,000	1,202,500	1,213,000	1,215,500	1,153,000
Unemployment	63,000	55,000	59,800	80,200	135,600
Unemployment Rate	5.0%	4.4%	4.7%	6.2%	10.5%
Wage and Salary Employment: (2)					
Agriculture	1,600	1,500	1,500	1,400	1,500
Mining and Logging	1,100	1,200	1,200	1,200	1,200
Construction	72,800	73,300	71,700	64,900	53,500
Manufacturing	95,600	95,800	94,400	93,100	82,500
Wholesale Trade	48,600	48,800	48,700	47,600	43,900
Retail Trade	112,100	113,300	113,300	109,400	102,000
Transportation, Warehousing, Utilities	34,300	35,000	37,300	35,900	33,100
Information	30,700	30,100	29,000	27,800	25,200
Finance and Insurance	50,800	49,400	45,400	40,700	37,100
Real Estate and Rental and Leasing	18,700	18,200	17,000	16,500	15,400
Professional and Business Services	150,600	154,900	158,000	162,200	148,500
Educational and Health Services	118,500	121,800	124,200	128,700	130,000
Leisure and Hospitality	83,000	85,600	88,000	89,100	85,200
Other Services	35,600	35,900	36,200	36,100	34,300
Federal Government	17,300	17,300	17,100	17,100	17,200
State Government	46,200	45,800	44,500	39,100	38,900
Local Government	116,500	118,900	122,300	121,100	118,500
Total, All Industries (3)	1,033,700	1,046,900	1,049,700	1,031,800	967,900

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: Labor Division of the California State Employment Development Department.

Major Employers

The following table lists the largest employers within the County.

COUNTY OF CONTRA COSTA
Major Employers
(As of January 2010)

Employer Name	Location	Industry
Bank of the West	Walnut Creek	Bank
Bio-Rad Laboratories Inc.	Hercules	Laboratory Analytical Instruments
C&H Sugar Co. Inc.	Crockett	Sugar Refinery
Chevron Corp	San Ramon	Oil Refiners (Manufacturers)
Chevron Global Downstream Llc	San Ramon	Service Stations-Gasoline & Oil
Concord Naval Weapons Station	Concord	Federal Government-National Security
Contra-Costa Regional Med Ctr	Martinez	Government Offices-County
Department of Veterans Affairs	Martinez	Physicians & Surgeons
Doctor's Medical Ctr	San Pablo	Hospitals
John Muir Medical Center	Walnut Creek	Hospital
John Muir Medical Center	Concord	Hospital
John Muir Medical Physical Rehab	Concord	Rehabilitation Services
Kaiser Permanente Medical Ctr	Walnut Creek	Hospitals
Kaiser Permanente Medical Ctr	Martinez	Health Plans
Muirlab	Walnut Creek	Laboratories-Medical
Pmi Mortgage Insurance Co	Walnut Creek	Insurance-Mortgage
Richmond City Offices	Richmond	Government Offices-City, Village & Twp
San Ramon Regional Medical Ctr	San Ramon	Hospitals
Shell Martinez Refinery	Martinez	Oil Refinery
Shell Oil Products Co	Martinez	Service Stations-Gasoline & Oil
St Mary's College-California	Moraga	Schools-Universities & Colleges Academic
Sutter Delta Medical Ctr	Antioch	Hospitals
Tesoro Refining & Marketing	Pacheco	Oil Refiners (Manufacturers)
US Veterans Medical Ctr	Martinez	Hospitals
USS-Posco Industries	Pittsburg	Steel Mills (Mfrs)
VA Outpatient Clinic	Martinez	Physicians & Surgeons

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database.

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal, interest and other payments on the Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given 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 Notes, (b) Notes representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Notes"). The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Notes, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation

and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes 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 Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes 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 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Notes 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 Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Notes purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to the Paying Agent. The requirement for physical delivery of Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Notes to the Paying Agent's DTC account.

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

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

12. 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.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Antioch Unified School District (the "District") in connection with the issuance of the $10,000,000 aggregate principal amount of Antioch Unified School District 2009-10 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued under a Resolution adopted by the Board of Supervisors of Contra Costa County on April 13, 2010 (the "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 Notes and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the 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:

"*Dissemination Agent*" means the District or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Notes.

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

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

Section 3. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

(1) Principal and interest payment delinquencies.
(2) Non-payment related defaults.
(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions or events affecting the tax-exempt status of the security.

(7) Modifications to rights of security holders.

(8) Contingent or unscheduled bond calls.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities.

(11) Rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to, promptly file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Notes under the Resolution.

Section 4. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 5. 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 Notes. If such termination occurs prior to the final maturity of the Notes, the District shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

Section 6. 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.

Section 7. 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), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Notes, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Notes, 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 holders of the Notes, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Notes.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 8. Additional Information. Nothing in this Disclosure Certificate prevents 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 Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 9. Default. If the District fails to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the 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 10. 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 the District agrees to indemnify and hold 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 Notes.

Section 11. <u>Beneficiaries</u>. 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 Notes, and shall create no rights in any other person or entity.

Date: ___________, 2010

ANTIOCH UNIFIED SCHOOL DISTRICT

By: ______________________________
Chief Business Official