

NEW ISSUE -- FULL BOOK-ENTRY

RATING: S&P: "A+"
(See "RATING" herein)

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, based upon existing laws, regulations, rulings, court decisions, and assuming (among other things) compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes, although interest on the Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

\$265,000
ANTIOCH UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds
(School Facilities Improvement District No. 1)
Election 2008, Series C-2
(Federally Taxable)

Dated: Date of Delivery

Due: August 1, as shown on inside cover

Issuance. The captioned Bonds (the "Series C-2 Bonds") are being issued by the Antioch Unified School District (the "District") pursuant to a resolution of the Board of Education of the District on October 14, 2009, as supplemented by a resolution adopted on May 12, 2010 (together, the "Resolution"), and a Paying Agent Agreement dated as of July 1, 2010 (the "Paying Agent Agreement") by and between the District and The Bank of New York Mellon Trust Company, N.A., as the paying agent for the Series C-2 Bonds (the "Paying Agent"). The Series C-2 Bonds were authorized at an election of the registered voters of the District within School Facilities Improvement District No. 1 (the "Improvement District") held on June 3, 2008, which authorized a total of \$61,600,000 principal amount of general obligation bonds to finance the acquisition, construction, improvement, furnishing and equipping of school facilities within the Improvement District. The Series C-2 Bonds are a portion of the third series of general obligation bonds under this authorization. Concurrent with the issuance of \$265,000 principal amount of Series C-2 Bonds, \$20,582,056.10 principal amount of Series C-1 Bonds (the "Series C-1 Bonds") will be sold by the District to the California Qualified School Bond Joint Powers Authority.

Security. The Board of Supervisors of Contra Costa County has the power and is obligated to annually levy *ad valorem* taxes upon all property within the Improvement District subject to taxation by the District within the Improvement District without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Series C-2 Bonds. See "SECURITY FOR THE SERIES C-2 BONDS."

Book-Entry Only. The Series C-2 Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Series C-2 Bonds. See "THE SERIES C-2 BONDS -- Book-Entry-Only System."

Payments. Interest on the Series C-2 Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2011, by check mailed to the person in whose name the Series C-2 Bond is registered. Payments of principal and interest on the Series C-2 Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Series C-2 Bonds.

Redemption. The Series C-2 Bonds are not subject to redemption prior to maturity. See "THE SERIES C-2 BONDS - Redemption."

The following firm has served as financial advisor to the District:



MATURITY SCHEDULE
(See inside cover)

Cover Page. This cover page contains information for quick reference only. It is not a summary of all the provisions of the Series C-2 Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

The Series C-2 Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel to the District, and for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, San Francisco, California. It is anticipated that the Series C-2 Bonds in definitive form will be available for delivery through the facilities of The Depository Trust Company, on or about July 22, 2010, in New York, New York.



The date of this Official Statement is July 9, 2010.

MATURITY SCHEDULE

Base CUSIP[†]: 037105

\$265,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Price	CUSIP [†]
2013	\$265,000	3.272%	100.000%	JC8

[†] Copyright 2010, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Series C-2 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those 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 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 nor may there be any sale of the Series C-2 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Estimates and Projections. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District, the words or phrases “will likely result,” “are expected to”, “will continue”, “is anticipated”, “estimate”, “project,” “forecast”, “expect”, “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a 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 Summaries. All summaries of the Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Series C-2 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Series C-2 Bonds have not been registered or qualified under the securities laws of any state.

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 Series C-2 Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, County of Contra Costa, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

District Website. The District maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series C-2 Bonds.

**ANTIOCH UNIFIED SCHOOL DISTRICT
(CONTRA COSTA COUNTY, CALIFORNIA)**

BOARD OF EDUCATION

Claire Smith, *President*
Walter Ruehlig, *Vice President*
Teri Lynn Shaw, *Member*
Diane Gibson-Gray, *Member*
Wade Harper, *Member*

ADMINISTRATIVE STAFF

Donald Gill, Ed.D., *Superintendent*
Tim Forrester, *Executive Director, Operations*

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PAYING AGENT, TRANSFER AGENT, AND BOND REGISTRAR

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Los Angeles, CA 90017

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OFFICIAL STATEMENT

\$265,000
ANTIOCH UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds
(School Facilities Improvement District No. 1)
2008 Election, Series C-2
(Federally Taxable)

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery by the Antioch Unified School District (the "District") of the bonds captioned above (the "Series C-2 Bonds"). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Paying Agent Agreement (as defined below).

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page 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 Series C-2 Bonds to potential investors is made only by means of the entire Official Statement.

The District. The 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.

The Improvement District. The District formed an improvement district designated "School Facilities Improvement District No. 1 of the Antioch Unified School District" (the "Improvement District") by resolution adopted on December 12, 2007. On June 3, 2008, an election was held within the boundaries of the Improvement District at which election the voters approved the issuance of up to \$61,600,000 in principal amount of general obligation bonds for the purpose of financing school facilities within the Improvement District. The District, with respect to the Improvement District, has issued two series of bonds pursuant to its voter authorization.

Description of the Series C Bonds. Concurrent with the issuance of \$265,000 principal amount of Series C-2 Bonds, \$20,582,056.10 principal amount of Series C-1 Bonds will be sold by the District to the California Qualified School Bond Joint Powers Authority (the "Series C-1 Bonds").

The Series C-1 Bonds will be purchased by the California Qualified School Bond Joint Powers Authority (the "Authority") with the proceeds of its \$25,000,000 principal amount of 2010 General Obligation Revenue Bonds (Taxable Direct-Pay) (Antioch Unified School District Qualified School Construction Bonds) (the "Authority Bonds").

The Series C-2 Bonds are being issued for the purpose of paying a portion of the costs of issuance with respect to the Series C-1 Bonds and the Authority Bonds.

The Series C-2 Bonds will be dated their date of delivery (the "Dated Date") and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof.

Registration. The Series C-2 Bonds 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 Series C-2 Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series C-2 Bonds. See "APPENDIX F - Book-Entry Only System." In the event that the book-entry-only system described below is no longer used with respect to the Series C-2 Bonds, the Series C-2 Bonds will be registered in accordance with the Resolution described herein. See "THE SERIES C-2 BONDS -- Registration, Transfer and Exchange of Bonds."

No Redemption. The Series C-2 Bonds are not subject to redemption prior to maturity.

Authority for Issuance of the Series C-2 Bonds. Issuance of the Series C-2 Bonds was approved by 55% or more of the voters of the District voting at an election held on June 3, 2008 (the "Bond Election"), and the Series C-2 Bonds will be issued pursuant to certain provisions of the Government Code of the State, a resolution adopted by the Board of Education of the District on October 14, 2009, as supplemented by a resolution adopted on May 12, 2010, and a Paying Agent Agreement dated as of July 1, 2010 (the "Paying Agent Agreement") by and between the District and The Bank of New York Mellon Trust Company, N.A., as the paying agent for the District Bonds (the "Paying Agent"). See "THE SERIES C-2 BONDS - Authority for Issuance" and "APPENDIX C – SUMMARY OF THE PAYING AGENT AGREEMENT".

Security for the Series C-2 Bonds. The Series C-2 Bonds are payable from ad valorem taxes levied and collected on all taxable property within the Improvement District. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes within the Improvement District for the payment of the Series C-2 Bonds and the interest thereon upon all property within the Improvement District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE SERIES C-2 BONDS" herein.

Purpose of Issue. The net proceeds of the Series C-2 Bonds described herein will be used for the purpose of paying a portion of the costs of issuance with respect to the issuance of the Series C-1 Bonds and the Authority Bonds. See "THE SERIES C-2 BONDS -- Purpose of Issue" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Offering and Delivery of the Series C-2 Bonds. The Series C-2 Bonds are offered when, as and if issued and received by the purchasers, subject to approval as to their legality by Bond Counsel. It is anticipated that the Series C-2 Bonds will be available for delivery through the facilities of DTC on or about July 22, 2010.

Legal Matters. Issuance of the Series C-2 Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California (“Bond Counsel”), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation will also serve as Disclosure Counsel to the District. Hawkins Delafield & Wood LLP, San Francisco, California, will serve as counsel to the Underwriter. *Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent upon issuance of the Series C-2 Bonds.*

Tax Matters. In the opinion of Bond Counsel, based upon existing laws, regulations, rulings and court decisions, and assuming (among other things) compliance with certain covenants, interest on the Series C-2 Bonds is exempt from State of California personal income taxes, although interest on the Series C-2 Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel express no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Series C-2 Bonds.

A copy of the proposed opinion of Bond Counsel is set forth in APPENDIX D hereto.

Circular 230 Disclaimer. To ensure compliance with requirements imposed by the Internal Revenue Service, Bond Counsel informs owners of the Series C-2 Bonds that any U.S. federal tax advice contained in this Official Statement (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Tax Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed in this Official Statement.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See “APPENDIX E - Form of Continuing Disclosure Certificate.”

Other Information. For limiting factors about this Official Statement, see “General Information About This Official Statement” inside the cover hereof.

Copies of documents referred to herein and information concerning the Series C-2 Bonds are available from the Superintendent, Antioch Unified School District, 510 “G” Street, Antioch, California 94509 (the “Superintendent’s Office”). The District may impose a charge for copying, mailing and handling.

THE SERIES C-2 BONDS

Authority for Issuance

The Series C-2 Bonds are issued under the provisions of Article 4.5, Chapter 3, Part 1, Division 2 of the Government Code of the State of California, commencing with Section 53506 of said Code (the “Bond Law”), the Resolution and the Paying Agent Agreement. The District received authorization (the “Authorization”) at an election of the registered voters of the District held on June 3, 2008 to issue general obligation bonds in a principal amount not to exceed \$61,600,000 (the “Bonds”). The Series C-2 Bonds represent a portion of the third series of bonds within the Authorization.

Purpose of Issue

The proceeds of the Series C-2 Bonds offered under this Official Statement will be used to pay a portion of the costs of issuance in connection with the Series C-1 Bonds and the Authority Bonds.

Description of the Bonds

The Series C-2 Bonds will be issued as fully registered Bonds, without coupons, 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 physical certificates representing their interest in the Series C-2 Bonds. See "APPENDIX F – Book-Entry Only System."

The Series C-2 Bonds shall be issued in the denomination of \$5,000 each or any integral multiple thereof, but in an amount not to exceed the aggregate principal amount of Series C-2 Bonds maturing in the year of maturity of the Series C-2 Bond for which the denomination is specified.

Interest on the Series C-2 Bonds shall be payable semi-annually on each February 1, and August 1, commencing February 1, 2011 (each, an "Interest Payment Date"). Each Series C-2 Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the 15th day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2011, in which event it shall bear interest from the Closing Date. Notwithstanding the foregoing, if interest on any Series C-2 Bond is in default at the time of authentication thereof, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Paying Agent

The Bank of New York Mellon Trust Company, N.A. will act as the registrar, transfer agent, and paying agent for the Series C-2 Bonds (the "Paying Agent"). As long as DTC is the registered owner of the Series C-2 Bonds and DTC's book-entry method is used for the Series C-2 Bonds, the Paying Agent will send any notice of redemption, if any, or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Series C-2 Bonds called for redemption or of any other action covered by such notice. The Paying Agent, the District and the Underwriter of the Series C-2 Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Series C-2 Bonds.

No Redemption of Series C-2 Bonds

The Series C-2 Bonds are not subject to redemption prior to maturity.

Registration, Transfer and Exchange of Series C-2 Bonds

If the book-entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Series C-2 Bonds, and the person in whose name a Series C-2 Bond is registered on the Bond Register shall be regarded as the absolute owner of that Series C-2 Bond. Payment of the principal of and interest on any Series C-2 Bond shall be made only to or upon the order of that person; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided the Resolution.

Any Series C-2 Bond may, in accordance with its terms, be transferred, upon the registration books required to be kept by the Paying Agent pursuant to the resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series C-2 Bond for cancellation at the Office at the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The Paying Agent shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Series C-2 Bond is surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Series C-2 Bond, for like aggregate principal amount.

Series C-2 Bonds may be exchanged at the Office of the Paying Agent for a like aggregate principal amount of Series C-2 Bonds of authorized denominations and of the same maturity. The Paying Agent shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchanges of Series C-2 Bonds are required to be made (a) during the period established by the Paying Agent for selection of Series C-2 Bonds for redemption or (b) with respect to a Series C-2 Bond which has been selected for redemption.

DEBT SERVICE SCHEDULES

The following table shows the debt service schedule with respect to the Series C-2 Bonds offered hereunder.

ANTIOCH UNIFIED SCHOOL DISTRICT
(School Facilities Improvement District No. 1)
SERIES C-2 BONDS
Debt Service Schedule

Payment Date	Series C-2 Bonds Principal	Series C-2 Bonds Interest	Series C-2 Bonds Total Debt Service
2/1/2011	-	\$ 4,552.17	\$ 4,552.17
8/1/2011	-	4,335.40	4,335.40
2/1/2012	-	4,335.40	4,335.40
8/1/2012	-	4,335.40	4,335.40
2/1/2013	-	4,335.40	4,335.40
8/1/2013	\$265,000.00	4,335.40	269,335.40
Total	\$265,000.00	\$26,229.17	\$291,229.17

The District has previously issued its Series A Bonds and Series B Bonds with respect to the Improvement District, payable from *ad valorem* taxes. See APPENDIX A – “DISTRICT FINANCIAL INFORMATION – District Long-Term Debt.” The following table shows the debt service schedule with respect to the Series A Bonds, the Series B Bonds, the Series C-1 Bonds, and the Series C-2 Bonds (assuming no optional redemptions).

**ANTIOCH UNIFIED SCHOOL DISTRICT
(School Facilities Improvement District No. 1)
GENERAL OBLIGATION BONDS
Combined Debt Service Schedule**

Bond Year Ending (August 1)	Series A Bonds Annual Debt Service	Series B Bonds Annual Debt Service	Series C Bonds Annual Debt Service ⁽¹⁾	Aggregate Debt Service
2010	\$ 559,175.00	\$ 841,512.50	-	\$ 1,400,687.50
2011	559,175.00	923,862.50	\$ 1,113,681.83	2,596,719.33
2012	559,175.00	557,300.00	768,510.46	1,884,985.46
2013	559,175.00	557,300.00	1,033,510.46	2,149,985.46
2014	559,175.00	557,300.00	1,284,596.21	2,401,071.21
2015	559,175.00	557,300.00	1,412,328.11	2,528,803.11
2016	559,175.00	927,300.00	1,616,631.43	3,103,106.43
2017	559,175.00	929,175.00	1,776,818.92	3,265,168.92
2018	559,175.00	924,487.50	1,872,839.71	3,356,502.21
2019	559,175.00	923,550.00	1,276,659.40	2,759,384.40
2020	559,175.00	921,050.00	1,343,505.38	2,823,730.38
2021	559,175.00	924,312.50	2,108,392.13	3,591,879.63
2022	559,175.00	925,850.00	2,736,726.78	4,221,751.78
2023	559,175.00	995,662.50	2,937,630.27	4,492,467.77
2024	559,175.00	1,174,725.00	2,883,961.28	4,617,861.28
2025	1,649,175.00	286,425.00	2,830,322.15	4,765,922.15
2026	1,689,687.50	451,425.00	2,904,102.53	5,045,215.03
2027	1,663,187.50	718,175.00	-	2,381,362.50
2028	1,633,500.00	986,175.00	-	2,619,675.00
2029	1,758,750.00	1,194,675.00	-	2,953,425.00
2030	2,587,500.00	685,925.00	-	3,273,425.00
2031	218,637.50	428,243.75	-	646,881.25
2032	218,000.00	427,925.00	-	645,925.00
2033	216,787.50	431,800.00	-	648,587.50
2034	0.00	649,600.00	-	649,600.00
2035	0.00	649,768.75	-	649,768.75
2036	0.00	653,325.00	-	653,325.00
Total	\$20,022,850.00	\$20,204,150.00	\$29,900,217.05	\$70,127,217.05

(1) Includes the Series C-1 Bonds and the Series C-2 Bonds.

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Series C-2 Bonds are as follows:

Sources of Funds:

Principal Amount of Series C-2 Bonds	\$265,000.00
<i>Total Sources</i>	<i>\$265,000.00</i>

Uses of Funds:

Deposit to Costs of Issuance Fund	\$255,000.00
Underwriter's Discount	10,000.00
<i>Total Uses</i>	<i>\$265,000.00</i>

(1) Costs of Issuance include legal fees, printing costs, financial advisor's fees, rating agency fees and other miscellaneous expenses.

APPLICATION OF PROCEEDS OF SERIES C-2 BONDS

Costs of Issuance Fund

Proceeds from the sale of the Series C-2 Bonds described herein will be deposited in the Costs of Issuance Fund established and held pursuant to the Paying Agent Agreement.

Under the Paying Agent Agreement, the Paying Agent establishes, maintains and holds in trust a separate fund designated as the "Costs of Issuance Fund." The Paying Agent will disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon written request of the District. On December 1, 2010, the Paying Agent will transfer any amounts remaining in the Costs of Issuance Fund to the County Treasurer for deposit in the Building Fund established under the Paying Agent Agreement.

All moneys in the Costs of Issuance Fund will be invested by the Paying Agent solely in investments pursuant to and as identified in the written request of the District given to the Paying Agent in advance of the making of such investments.

SECURITY FOR THE SERIES C-2 BONDS

General

The Series C-2 Bonds are general obligation bonds payable from *ad valorem* taxes levied and collected on all taxable property with respect to the Improvement District. The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* taxes for the payment of the Series C-2 Bonds and the interest thereon upon all property within the Improvement District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes are required to be levied annually, in addition to all other taxes, during the period that the Series C-2 Bonds are outstanding in an amount sufficient to pay the principal and interest on the Series C-2 Bonds when due. Such taxes, when collected, will be deposited into an interest and sinking fund for

the Series C-2 Bonds (the "Debt Service Fund"), which is maintained by the County and which is created by statute for the payment of principal of and interest on the Series C-2 Bonds when due. **Although the County is obligated to levy an *ad valorem* tax for the payment of the Series C-2 Bonds, and will maintain the Debt Service Fund pledged to the repayment of the Series C-2 Bonds, the Series C-2 Bonds are not a debt of the County.**

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Series C-2 Bonds as the same become due and payable, will be transferred by the County to Paying Agent which, in turn, shall pay such moneys to DTC to pay the principal of and interest on the Series C-2 Bonds. DTC will thereupon make payments of principal of and interest on the Series C-2 Bonds to the DTC Participants who will thereupon make payments of principal of and interest to the beneficial owners of the Series C-2 Bonds. See "APPENDIX F – Book-Entry Only System."

The amount of the annual *ad valorem* tax levied by the County to repay the Series C-2 Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Series C-2 Bonds. A reduction in the assessed valuation of taxable property in the District caused by economic factors beyond the District's control, such as economic recession, slower growth, or deflation of land values, a relocation out of the District by one or more major property owners, or the complete or partial destruction of such property caused by, among other eventualities, an earthquake, flood or other natural disaster, could cause a reduction in the assessed value of the District and necessitate an unanticipated increase in the annual tax levy.

***Ad Valorem* Property Taxation**

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and March 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about December 13 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector and Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing 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 lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Assessed Valuations

The assessed valuation of property in the District is established by the Contra Costa County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIII A of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Property within the Improvement District had a taxable assessed valuation for fiscal year 2009-10 of \$4,379,090,659. The following table shows historical assessed valuations in the District and the Improvement District.

TABLE 1
ANTIOCH UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1
Assessed Valuation
Fiscal Year 2004-05 through Fiscal Year 2009-10

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
<u>Antioch Unified School District</u>				
2004-05	\$ 8,000,107,889	\$104,719,606	\$260,445,952	\$ 8,365,273,447
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
<u>Antioch Unified School District – School Facilities Improvement District</u>				
2004-05	\$4,241,346,499	\$104,719,606	\$260,445,952	\$4,606,512,057
2005-06	4,694,872,224	86,543,649	269,372,234	5,050,788,107
2006-07	5,378,270,960	79,477,863	252,516,983	5,710,265,806
2007-08	5,698,111,937	43,765,724	268,869,352	6,010,747,013
2008-09	5,489,337,777	40,588,505	296,803,091	5,826,729,373
2009-10	4,379,090,659	33,239,302	245,643,328	4,657,973,289

(1) Series C-2 Bonds are secured by levies of *ad valorem* property taxes upon property subject to taxation in the Improvement District and not by any other land in the District.
 Source: California Municipal Statistics, Inc.

The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2009-10.

TABLE 2
ANTIOCH UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1
Local Secured Property Assessed Valuation and Parcels by Land Use

	2009-10 <u>Assessed Valuation (1)</u>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
Non-Residential:				
Rural/Undeveloped	\$ 46,125,201	1.05%	47	0.23%
Commercial	758,881,885	17.33	526	2.55
Vacant Commercial	55,125,026	1.26	97	0.47
Industrial	364,456,073	8.32	172	0.83
Vacant Industrial	59,863,015	1.37	95	0.46
Recreational	21,563,015	0.49	10	0.05
Government/Social/Institutional	<u>66,105,301</u>	<u>1.51</u>	<u>169</u>	<u>0.82</u>
Subtotal Non-Residential	\$1,262,119,516	31.33%	1,116	5.41%
Residential:				
Single Family Residence	\$2,535,493,902	57.90%	16,532	80.12%
Condominium/Townhouse	157,330,656	3.59	1,636	7.93
Mobile Home	15,400,100	0.35	249	1.21
2-4 Residential Units	88,801,021	2.03	423	2.05
5+ Residential Units/Apartments	181,885,061	4.15	109	0.53
Miscellaneous Residential	754,189	0.02	52	0.25
Vacant Residential	<u>27,306,214</u>	<u>0.62</u>	<u>516</u>	<u>2.50</u>
Subtotal Residential	\$3,116,971,143	68.67%	19,517	94.59%
Total	\$4,379,090,659	100.00%	20,633	100.00%

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

The following table shows a breakdown of assessed value of single family homes within the Improvement District for fiscal year 2009-10.

TABLE 3
ANTIOCH UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1
Per Parcel 2009-10 Assessed Valuation of Single Family Homes

Single Family Residential	No. of Parcels	2009-10 Assessed Valuation		Average Assessed Valuation	Median Assessed Valuation	
	16,532	\$2,535,493,902		\$153,369	\$149,598	
2009-10 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$24,999	18	0.109%	0.109%	\$ 327,175	0.013%	0.013%
\$25,000 - \$49,999	679	4.107	4.216	29,180,502	1.151	1.164
\$50,000 - \$74,999	1,746	10.561	14.777	107,341,654	4.234	5.397
\$75,000 - \$99,999	1,757	10.628	25.405	152,840,332	6.028	11.425
\$100,000 - \$124,999	2,041	12.346	37.751	228,236,436	9.002	20.427
\$125,000 - \$149,999	2,041	12.346	50.097	279,615,632	11.028	31.455
\$150,000 - \$174,999	2,217	13.410	63.507	359,341,259	14.172	45.628
\$175,000 - \$199,999	2,038	12.328	75.835	380,923,882	15.024	60.651
\$200,000 - \$224,999	1,780	10.767	86.602	375,559,399	14.812	75.463
\$225,000 - \$249,999	1,107	6.696	93.298	261,243,634	10.303	85.767
\$250,000 - \$274,999	475	2.873	96.171	123,207,674	4.859	90.626
\$275,000 - \$299,999	158	0.956	97.127	44,972,230	1.774	92.400
\$300,000 - \$324,999	64	0.387	97.514	19,913,101	0.785	93.185
\$325,000 - \$349,999	62	0.375	97.889	20,921,552	0.825	94.010
\$350,000 - \$374,999	87	0.526	98.415	31,433,036	1.240	95.250
\$375,000 - \$399,999	63	0.381	98.796	24,307,171	0.959	96.209
\$400,000 - \$424,999	51	0.308	99.105	21,002,336	0.828	97.037
\$425,000 - \$449,999	61	0.369	99.474	26,635,507	1.051	98.087
\$450,000 - \$474,999	26	0.157	99.631	12,002,634	0.473	98.561
\$475,000 - \$499,999	15	0.091	99.722	7,334,412	0.289	98.850
\$500,000 and greater	46	0.278	100.000	29,154,344	1.150	100.000
Total	16,532	100.000%		\$2,535,493,902	100.000%	

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

Appeals of Assessed Value

General. There are two types of appeals of assessed values that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

Recent Proposition 8 Reductions - Fiscal Year 2009-10. Like many counties in California, Contra Costa County has experienced a decline in property values and an increase in foreclosure rates since 2007. As a result of declining property values, for fiscal year 2009-10, the County Assessor's office reduced the assessed value of approximately 149,000 properties and assessed valuation in the County fell 7.2% from 2008-09 levels. Local secured assessed value of property in the District declined 22.26% and in the Improvement District declined 20.23% during the same period, which may be attributable to greater Proposition 8 reductions in the District and the Improvement District with respect to recently constructed housing tracts. The County Assessor's office is reviewing properties for additional reductions in fiscal year 2010-11. There can be no assurance that assessed valuation of property within the Improvement District will not decline beyond 2009-10 levels.

Property Tax Collections

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes.

So long as the Teeter Plan remains in effect, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire County and, in addition, the Board of Supervisors can terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District. *Delinquencies in the District in each of 2006-07, 2007-08 and 2008-09 have exceeded 3%., although as of this date, the County's Teeter Plan has not be suspended.*

Notwithstanding the Teeter Plan, the following table shows District-wide secured tax charges and delinquencies for the years 2005-06 through 2008-09.

TABLE 4
ANTIOCH UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies

<u>Fiscal Year</u>	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amount Delinquent</u>	<u>Percent Delinquent</u>
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.

Largest Secured Property Taxpayers in District

The following table shows the 20 largest secured property taxpayers in the Improvement District as determined by secured assessed valuation in fiscal year 2009-10.

TABLE 5
ANTIOCH UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1
Top Twenty Secured Property Taxpayers
Fiscal Year 2009-10

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2009-10 Assessed Valuation</u>	<u>% of Total (1)</u>
1. Century Plaza Corporation	Shopping Center	\$ 51,316,462	1.17%
2. Southern Energy Delta LLC	Power Generation	49,238,259	1.12
3. GWF Power Systems Company	Heavy Industrial	46,587,954	1.06
4. The Macerich Partnership LP	Shopping Center	32,777,612	0.75
5. Inland American & Stephens LLC	Light Industrial	31,925,999	0.73
6. Bluerock Partners LLC	Office Building	31,769,789	0.73
7. Costco Wholesale Corporation	Commercial	29,028,801	0.66
8. Runaway Bay LLC	Apartments	28,303,638	0.65
9. Matthew J. Mazzei	Auto Dealership	26,941,134	0.62
10. Sears Roebuck & Company	Shopping Center	23,921,651	0.55
11. Georgia-Pacific Gypsum LLC	Heavy Industrial	23,290,647	0.53
12. Century Plaza Development Corporation	Commercial	22,675,921	0.52
13. Antioch Crossings Retail Center	Shopping Center	22,650,959	0.52
14. Chiu Family LLC	Shopping Center	18,217,322	0.42
15. Delaware North Park LLC	Shopping Center	18,075,341	0.41
16. Lakeshore Antioch	Apartments	17,770,966	0.41
17. Cypress Square-S&R Associates	Shopping Center	17,231,006	0.39
18. In-Shape Health Clubs Inc.	Recreational	16,794,032	0.38
19. Lowes HIW Inc.	Commercial	16,699,597	0.38
20. Dow Chemical Company	Industrial	16,231,219	0.37
		<u>\$541,448,309</u>	<u>12.36%</u>

(1) 2009-10 Local Secured Assessed Valuation: \$4,379,090,659
Source: California Municipal Statistics, Inc.

Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated June 1, 2010. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

TABLE 6
ANTIOCH UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1
Statement of Direct and Overlapping Bonded Debt
Dated as of June 1, 2010

2009-10 Assessed Valuation: \$4,657,973,289
 Redevelopment Incremental Valuation: 1,041,356,489
 Adjusted Assessed Valuation: \$3,616,616,800

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/10</u>
Bay Area Rapid Transit District	0.828%	\$ 3,477,600
East Bay Regional Park District	1.262	2,483,301
Contra Costa Community College District	2.802	6,887,176
Antioch Unified School District School Facilities Improvement District	100.	20,000,000 (1)
City of Antioch Reassessment District No. 27-31 (Estimate)	5.621	1,969,879
City of Pittsburg Assessment District No. 2001-03	100.	<u>3,930,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$38,747,956
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Contra Costa County Certificates of Participation	2.792%	\$ 7,550,406
Contra Costa County Pension Obligations	2.792	12,153,855
Contra Costa Community College District Certificates of Participation	2.802	27,740
Antioch Unified School District Certificates of Participation	51.163	11,209,813
City of Antioch Certificates of Participation	46.946	13,565,047
City of Oakley Certificates of Participation	8.483	670,157
City of Pittsburg Pension Obligations	3.374	1,324,837
Contra Costa County Fire Protection District Pension Obligations	5.947	<u>7,147,105</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$53,648,960
Less: Contra Costa County obligations supported from revenue funds		<u>3,519,661</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$50,129,299
 GROSS COMBINED TOTAL DEBT		\$92,396,916 (2)
NET COMBINED TOTAL DEBT		\$88,877,255

(1) Excludes District Bonds to be sold.

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

Ratios to 2009-10 Assessed Valuation:

Direct Debt (\$20,000,000)0.43%
 Total Direct and Overlapping Tax and Assessment Debt ..0.83%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt2.55%
 Net Combined Total Debt2.46%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0

Source: California Municipal Statistics, Inc.

LEGAL OPINION

The proceedings in connection with the issuance of the Series C-2 Bonds are subject to the approval as to their legality of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel for the District. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each Series C-2 Bond. Certain legal matters will also be passed upon for the District by Jones Hall as Disclosure Counsel. The fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the Series C-2 Bonds.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, based upon existing laws, regulations, rulings and court decisions, and assuming (among other things) compliance with certain covenants, interest on the Series C-2 Bonds is exempt from State of California personal income taxes, although interest on the Series C-2 Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel express no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Series C-2 Bonds.

A copy of the proposed opinion of Bond Counsel is set forth in APPENDIX D hereto.

CIRCULAR 230 DISCLAIMER

To ensure compliance with requirements imposed by the Internal Revenue Service, Bond Counsel informs Owners of the Series C-2 Bonds that any U.S. federal tax advice contained in this Official Statement (including any attachments) (a) was not intended or written to be used and cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer and (b) was written to support the promotion or marketing of the Series C-2 Bonds. Each taxpayer should seek advice based on that taxpayer's particular circumstances from an independent tax advisor.

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Series C-2 Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Series C-2 Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Series C-2 Bonds.

RATING

Standard and Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies ("S&P") has assigned the rating of "A+" to the Series C-2 Bonds. The District has provided certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement). Such ratings reflect only the view of those organizations and an explanation of the significance of such ratings or ratings outlooks may be obtained only from S&P. There is no assurance that any credit ratings given to the Series C-2 Bonds will be

maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by such rating agencies 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 Series C-2 Bonds.

CONTINUING DISCLOSURE

The District has covenanted, for the benefit of holders and beneficial owners of the Series C-2 Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an "Annual Report") not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2011 with the report for the 2009-2010 Fiscal Year, and to provide notices of the occurrence of certain enumerated events, if material. The notices of material events will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of material events is set forth below under the caption "APPENDIX E – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events

UNDERWRITING

The Series C-2 Bonds are being purchased by E. J. De La Rosa & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Series C-2 Bonds at a price of \$255,000.00 (which is equal to the initial principal amount of the Bonds, less Underwriter's discount of \$10,000.00). The purchase contract relating to the Series C-2 Bonds provides that the Underwriter will purchase all of the Series C-2 Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell Series C-2 Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed by the Underwriter.

ADDITIONAL INFORMATION

The discussions herein about the Resolution, the Paying Agent Agreement and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the District and following delivery of the Series C-2 Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official

Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Series C-2 Bonds.

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

ANTIOCH UNIFIED SCHOOL DISTRICT

By: /s/ Donald Gill, Ed.D.
Superintendent

APPENDIX A

FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE ANTIOCH UNIFIED SCHOOL DISTRICT AND CONTRA COSTA COUNTY

The information in this section concerning the operations of the District and the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Series C-2 Bonds is payable from the general fund of the District. The Series C-2 Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County within the Improvement District in an amount sufficient for the payment thereof. See "SECURITY FOR THE SERIES C-2 BONDS" herein.

GENERAL DISTRICT INFORMATION

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 14 elementary schools (one of which is a K-8 school), four middle schools, two comprehensive high schools, three specialized high schools, two alternative high schools.

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:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
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, and facilities planning is managed by the Executive Director, Operations. Brief biographies of each are as follows:

Donald Gill, Ed.D, Superintendent. Dr. Gill has served the California public school system for 30 years. During that time he has held a variety of teaching and administrative positions. He began his career as an elementary teacher and later taught at the high school level as a science teacher. After five years of teaching, Dr. Gill began his administrative career. He held administrative positions as principal at both the elementary and secondary levels, Director of History-Social Science for the Kern County Superintendent of Schools, and Assistant Superintendent for the Division of Curriculum and Instruction for the Bakersfield City School District, the largest elementary school district in California. Dr. Gill joined the Antioch Unified School District as Director of Curriculum and Instruction in July 2008. In June, 2009 he was

selected by the Board of Education to serve as Acting/Interim Superintendent throughout the summer. On September 1, 2009 the Board selected Dr. Gill to become the actual Superintendent of the District. Dr. Gill received his Bachelors of Arts Degree in Liberal Studies from San Diego State University, his Masters of Arts in Curriculum and Instruction from California State University, Bakersfield, and his Doctor of Education in Educational Leadership from the University of Southern California in Los Angeles

Timothy R. Forrester, Executive Director, Operations. Tim is an expert in all aspects of facilities design, planning, construction and technology. He has worked in the areas of facilities, maintenance and operations and technology for over 20 years and holds B, C-20 and C-39 contractor’s licenses along with various network technology certifications. Tim has recently completed the construction of 3 schools including a high school with a medical focused curriculum, the first of its kind in Contra Costa County. He played a key planning role in creating a School Facilities Improvement District and facilitated a process which resulted in the passing of the District’s bond authorization in June of 2008.

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 A1
ANTIOCH UNIFIED SCHOOL DISTRICT
Annual Enrollment
Fiscal Years 2004-05 through 2011-12**

<u>School Year</u>	<u>Enrollment</u>
2004-05	21,331
2005-06	21,188
2006-07	20,476
2007-08	20,086
2008-09	19,422
2009-10 ⁽¹⁾	18,781
2010-11 ⁽¹⁾	18,231
2011-12 ⁽¹⁾	17,681

(1) Estimates; the District is currently considered a declining enrollment district and assumes a decline of 390 student per year for the subsequent 3 years for purposes of preparing its multi-year financial projections.
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.

As of June 30, 2008, the District is providing retiree health benefits for 216 former employees. The District's policy is to pay the benefits as a cash outlay after retirement rather than recording the cost and accumulating reserves as the benefits are earned by the active employee. During the year ended June 30, 2008 expenditures of \$1,767,144 were recognized for postretirement health care.

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 A2
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	<u>384,587</u>
Annual OPEB cost (expense)	3,109,825
Contributions made	<u>1,587,860</u>
Increase in net OPEB obligation (asset)	1,521,966
Net OPEB obligation, beginning of year	<u>\$(1,041,906)</u>
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 years ended June 30, 2008 and June 30, 2009 were 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 Healthcare 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 County Treasury to be held on behalf 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 2010.

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

The information in this section concerning the operations of the District and the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS".

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 2005-06 through 2008-09 fiscal years. Unaudited actuals for 2009-10 are shown on Table A4.

Table A3
ANTIOCH UNIFIED SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2005-06 through 2008-09 (audited)

	<u>Audited</u> <u>2005-06</u>	<u>Audited</u> <u>2006-07</u>	<u>Audited</u> <u>2007-08</u>	<u>Audited</u> <u>2008-09</u>
<u>Revenues</u>				
Revenue limit sources:				
State apportionment	\$69,563,352	\$74,317,539	\$ 74,652,682	\$73,914,665
Local sources	35,604,593	36,219,101	36,096,682	32,425,603
Total revenue limit	105,167,945	110,536,640	110,749,364	106,340,268
Federal revenues	8,388,670	7,035,702	6,611,295	14,700,859
Other state revenues	17,628,906	24,400,380	24,233,743	19,860,618
Other local revenues	9,268,154	11,504,365	9,891,778	7,729,667
Total Revenues	\$140,453,675	153,477,087	151,486,180	148,631,412
<u>Expenditures</u>				
Certified salaries	69,633,631	74,825,525	73,724,296	73,753,693
Classified salaries	17,473,476	20,133,973	21,239,428	20,731,762
Employee benefits	24,998,873	26,877,369	26,733,744	26,344,660
Supplies and materials	5,853,890	5,913,891	6,915,972	4,843,325
Services, other operating expenses	12,516,674	14,839,734	15,394,202	14,727,240
Capital outlay	1,279,540	690,830	1,283,519	185,063
Other outgo	404,462	578,641	22,954	47,488
Debt service: principal	1,076,659	1,046,233	114,247	824,342
Debt service: interest	586,131	991,798	337,954	667,242
Total Expenditures	133,823,336	145,897,994	145,766,316	142,124,815
Excess of Revenues Over/(Under) Expenditures	6,630,339	7,579,093	5,719,864	6,506,597
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	302,981	24,465,000	319,730	367,863
Operating transfers out	(856,195)	(11,678,079)	(3,218,781)	(500,000)
Proceeds from capitalized lease	--	--	610,721	--
Total Other Fin. Source(Uses)	(553,214)	12,786,921	(2,288,330)	(132,137)
Net change in fund balance	6,077,125	20,366,014	3,431,534	6,374,460
Fund Balance, July 1	15,981,333	22,058,458	42,424,472	28,680,402
Restatement of Fund Balance(1)	-	-	(17,175,604)	-
Fund Balance, June 30	\$22,058,458	\$42,424,472	\$28,680,402	\$35,054,862

(1) The Auditor determined that proceeds of 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 2005-06 through 2008-09.

The following table shows the District's 2009-10 and 2010-11 Adopted Budgets, as adopted by the Board of Education, for fiscal year 2009-10, and 2009-10 Unaudited Actuals as shown in the 2010-11 Adopted Budget.

Table A4
ANTIOCH UNIFIED SCHOOL DISTRICT
2009-10 and 2010-11 Adopted Budget and 2009-10 Unaudited Actuals

	Adopted Budget 2009-10	Unaudited Actuals 2009-10	Adopted Budget 2010-11
<u>Beginning Balance</u>	\$ 29,594,818	\$36,814,918	\$24,069,387
<u>Revenues</u>			
Revenue Limit Sources	\$ 96,935,437	\$91,867,957	\$90,126,107
Federal revenues	10,150,809	13,875,870	11,791,183
Other state revenues	19,689,545	19,024,934	16,552,022
Other local revenues	6,999,081	7,680,623	6,852,453
Total Revenues	133,774,872	132,449,384	125,321,765
<u>Expenditures</u>			
Certificated Salaries	74,178,451	74,160,993	69,776,263
Classified Salaries	20,622,101	20,930,112	21,199,161
Employee Benefits	26,349,772	16,575,213	25,667,540
Books and Supplies	7,347,609	7,714,477	5,927,314
Services and Other Operating Expenditures	13,915,044	14,696,567	14,755,464
Capital Outlay	175,792	240,276	179,069
Other Outgo	1,217,677	1,140,279	1,108,055
Total Expenditures	143,806,446	145,457,917	138,612,866
Surplus/Deficit	(10,031,574)	(13,008,533)	(13,291,101)
Other Sources	-	263,002	-
Ending Balance	\$19,563,244	\$24,069,387	\$10,778,286

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%, and therefore, the District's 2009-10 Second Interim Report received a qualified certification, and more recently, its 2010-11 Budget indicates that the reserve will not be maintained at the 3% level for the current or two succeeding fiscal years, and further indicates an inability to meet financial obligations in only two of the three years. See "-Budget Process – District's Certification History" 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 continued to review all expenditures as in the prior two years. Further staffing reductions were reviewed. The federal stimulus dollars were utilized for mostly one-time expenditures. The District continued to review all programs to reduce unnecessary spending due to a qualified certification of its Second Interim Report, a Third Interim Report was required and was also qualified.

In connection the 2010-11 Budget, the District has implemented all flexibility options made available to California school districts in order to have a balanced budget. However, the District will be deficit spending in its efforts to continue programs and using reserves for such purpose. Multi-year projections indicate that the District will not be able to meet its financial obligations beyond the 2010-11 fiscal year. Additional budget reductions will be required in future years in order for the District to remain fiscally solvent. A fiscal advisor has been appointed to the District by the County Office of Education to address the District's fiscal situation.

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. As of this date, the County Superintendent has assigned a fiscal advisor to the District. See below discussion regarding historical certifications of interim reports of the District.

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.

District's Certification History. Each County Superintendent of Schools (the "County Superintendent") has fiscal oversight and responsibility over school districts in its County. The County Superintendent has authority to disapprove a school district's budget or at any time to declare a school district in jeopardy of meeting its financial obligations through a qualified or negative certification at interim financial reporting periods or at any time. Such action result in various forms of intervention on the part of the County Superintendent, including assigning external consultants, requiring a district fiscal recovery plan, or even disallowing certain district expenditures. Fiscal criteria and standards (codified in Title 5 of the California Code of Regulations) have been established to guide school districts in the budget development process and in its periodic self-evaluations of solvency, and are used by County Superintendents in their oversight.

A "negative certification" is assigned to a school district when it is determined, based upon current projections, by the Department of Education that the school district will not meet its financial obligations for the remainder of the fiscal year and the succeeding fiscal year. A "qualified certification" is assigned to a school district when it is determined that, based on current projections, by the Department of Education, that the school district may not meet its financial obligations for the current or subsequent two fiscal years.

The District has a history of qualified and negative certifications of interim reports, starting with fiscal year 1997-98, and in January, 2001, the County Superintendent contracted with the Fiscal Crisis and Management Assistance Team to analyze the District's finances and appointed a financial advisor to oversee the District's financial affairs.

Most recently, the District's 2008-09 interim reports were qualified, and the District's 2009-10 interim reports were qualified due to projections indicating that it 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. In December, 2009, the District engaged Fiscal Crisis Management Assistance Team for a financial review and a Special Education program study, and in March, 2010 engaged Total School Solutions to review efficiencies and possible reductions of District expenditures. In addition, the 2010-11 Adopted Budget indicates that the District will be deficit spending in its efforts to continue programs and using reserves for such purpose. Multi-year projections indicate that the District will not be able to meet its financial obligations beyond the 2010-11 fiscal year. A fiscal advisor has been appointed to the District by the County Office of Education to address the District's fiscal situation.

While the District is not currently meeting the State's fiscal criteria and standards, the District Bonds, assuming compliance with all covenants in the Paying Agent Agreement, are secured by *ad valorem* taxes levied in the Improvement District and not by the District's general fund.

Long-Term Debt

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

General Obligation Bonds. As described under “THE BONDS – Authority for Issuance”, 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 Funding of Education 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.

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. Projections are based on a spring 2009 demographic study, and the District expects flat or minimally declining enrollment.

Table A5
ANTIOCH UNIFIED SCHOOL DISTRICT
Average Daily Attendance
Fiscal Years 2004-05 through 2010-11 (projected)

<u>Fiscal Year</u>	<u>P-2 ADA</u>	<u>Base Revenue Limit Per ADA</u>	<u>Funded Base Revenue Limit</u>
2004-05	19,948	\$4,954.70	\$4,938.70
2005-06	19,505	5,165.70	5,119.62
2006-07	18,955	5,532.16	5,532.16
2007-08	18,756	5,784.38	5,784.38
2008-09	18,763	6,113.38	5,633.84
2009-10	17,946	6,374.38	4,951.50
2010-11 ⁽¹⁾	17,432	6,408.38	5,232.85

(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.

Revenue Sources

The District categorizes its general fund revenues into four sources:

Table A6
ANTIOCH UNIFIED SCHOOL DISTRICT
District Revenue Sources

<u>Revenue Source</u>	<u>Percentage of Total District General Fund Revenues</u>		
	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10*</u>
Revenue limit sources (1)	73.1%	70.8%	70.6%
Federal revenues	4.4	8.9	8.1
Other State revenues	16.0	14.9	15.3
Other local revenues	6.5	5.4	5.8

*Projected

(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 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 Funding of Education and Revenue Limitations" below). 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

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. 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 “– State Funding of Education 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.

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.treasurer.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.treasurer.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.

February 19, 2009 – Approval of 2008-09/2009-10 Budget Package. The California Legislature voted to approve a budget package covering a 17-month period ending July 1, 2010 (the "Budget Package") addressing a \$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, addressed spending reductions, revenue increases, economic stimulus and increasing governmental efficiency. Certain measures contained in the Budget Package were rejected by the voters at a special State-wide election which was held on May 19,

2009, meaning that further revisions to the Budget would be required (see “May 14, 2009 – 2009-10 Budget Revision” below). Key provisions of the Budget Package were:

- *Education Spending Reductions:* Significant Proposition 98-related reductions, consisting of approximately \$7.4 billion in reductions in Proposition 98 funding in 2008-09 compared to the adopted 2008-09 Budget, comprised of \$2.4 billion in program reductions and savings and \$5 billion in Proposition 98 funding deferrals and fund swaps. The 2009-10 Budget provided for \$400 million in fund swaps and a total Proposition 98 funding of \$55.3 billion, which was \$400 million less than the total amount proposed in 2008-09.
- *Health and Human Services Reductions:* Approximately \$1.6 billion in reductions by eliminating cost-of-living increases, reductions in public assistance benefit payments and delaying projects.
- *State Employee Payroll Reductions:* Approximately \$1.4 billion in reductions by implementing furloughs, reducing overtime and eliminating certain paid holidays.
- *Sales Tax Increase:* A 1-cent increase in the State sales tax, generating approximately \$5.9 billion (2 years).
- *Vehicle License Fee Increase:* Increasing the fee from 0.65 percent to 1.15 percent (2 years).
- *State Personal Income Tax Increase:* Imposing a 0.25 percent surcharge on personal income tax and reducing the dependent tax credit (2 years).
- *State Lottery:* Provisions modernizing the State Lottery to generate approximately \$5 billion in revenues in 2009-10.
- *Reducing State Categorical Funding for Education; Increasing Categorical Flexibility:* Reductions in K-12 categorical programs estimated at approximately 15 percent. However, to mitigate program reductions, the Budget Package provided for categorical funding flexibility over 5 years, allowing the transfer of funds from 40 categorical programs to the general fund, commencing in 2008-09. In addition, categorical ending balances could be used for general purpose activities in the current and budget year with certain exclusions.

February 20, 2009 - 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 – 2009-10 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. Following LAO Reports issued on March 23, 2009 and May 7, 2009 predicting additional operating shortfalls, on May 14, 2009, the Governor released the May Revision to the 2009-10 Budget, 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.

May 19, 2009 – Special Statewide Election. State voters rejected three propositions on the special election ballot intended to help balance the State's budget. As a result, based on estimates contained in the May Revision, a budget shortfall of \$21 billion in 2009-10 was estimated, 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 2009-10 budget into balance.

July 1, 2009 - Governor Declares Fiscal Emergency; State Begins Issuing IOU's; 2009-10 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.

July 24, 2009 - 2009-10 State Budget Amendments. On July 24, 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. The 2009-10 Budget includes total general fund spending of more than \$84 billion, down from nearly \$91.7 billion in 2008-09 and nearly \$103 billion in 2007-08. The 2009-10 Budget amendments combine deep spending cuts, borrowing from local governments and accounting maneuvers described below.

Spending Cuts. 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.

Borrowing and Accounting. The approved amendments include borrowing from local governments and various accounting maneuvers to generate additional revenues in the 2009-10, consisting of:

- \$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 deferral 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.

K-14 Spending Cuts. 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 Act. 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 are:

- 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.

January 8, 2010 - Governor Declares Fiscal Emergency. In connection with the introduction of the 2010-11 Proposed Budget (see below), the Governor declared a fiscal emergency and called the State Legislature into Special Session to begin to take action on the \$19.9 billion in solutions he proposes in connection with the 2010-11 Budget, which may include corrective actions with respect to the 2009-10 Budget and placing propositions on the June, 2010 ballot.

2010-11 State Budget. Set forth below is a summary of information available with respect to the 2010-11 State Budget.

November 18, 2009 - LAO Report on Fiscal Year 2010-11. On November 18, 2009, the LAO released a report entitled “The 2010-11 Budget: California’s Fiscal Outlook,” in which it forecast that the State will need to address a General Fund budget problem of \$20.7 billion

between now and the time the Legislature enacts a fiscal year 2010-11 state budget plan. The budget problem consists of a \$6.3 billion projected deficit for fiscal year 2009-10 and a \$14.4 billion gap between projected revenues and spending in fiscal year 2010-11.

January 8, 2010 – 2010-11 Proposed Budget Submitted by Governor to Legislature. The Governor submitted his 2010-11 Budget to the State Legislature. The 2010-11 Proposed Budget acknowledges a projected budget gap of \$19.9 billion, comprised of a 2009-10 shortfall of \$6.6 billion, a 2010-11 budget year shortfall of \$12.3 billion and a modest reserve of \$1 billion. The Governor proposes a combination of spending reductions, alternative funding, fund shifts and additional federal funds to close the \$19.9 billion budget gap. Approximately 40 percent of the solutions rely on the federal government for funding or flexibility, another 40 percent rely on reductions in State spending, and the remaining 20 percent consists of various fund shifts.

January 12, 2010 – LAO Report: Overview of the Governor's Budget. On January 12, 2010, the LAO commented on the 2010-11 Proposed Budget, stating that the Governor's estimate of a \$18.9 billion budget problem is reasonable but is \$3.1 billion smaller shortfall than the LAO estimates and may be exacerbated by various lawsuits. The LAO also noted that the Governor's plan relies heavily on federal relief, which the state is unlikely to receive in the amounts requested. The Legislature needs to assume that the federal relief will total billions less than the Governor budgets for and will need to make difficult decisions regarding both revenues and spending and needs to make many key decisions by the end of March in order to implement them for the next fiscal year.

February 25, 2010 – LAO Report. The LAO released a report commenting on the 2010-11 Proposed Budget's Proposition 98 and K-12 Education proposals. The LAO report states that the Governor's Proposed Budget would result in reductions in Proposition 98 funding levels from what is currently required by approximately \$2.2 billion in 2009-10 and approximately \$3.2 billion in 2010-11. K-12 revenue limit funding would be cut by \$1.5 billion and virtually all education mandates would be suspended in 2010-11. These reductions are based in part on his interpretation of "minimum guarantee" as described under "Proposition 98 Funding" above. According to the LAO report, the 2010-11 Proposed Budget takes steps in the right direction by reducing costs, providing flexibility and seeking federal funding, but it also misses opportunities for meaningful reform and is based on several assumptions that, if they do not come to pass, would render the plan unworkable.

May 12, 2010 – Governor Submits May Revision to 2010-11 Budget. The Governor submitted a revised 2010-11 Budget which calls for \$12.4 billion in spending cuts to help bridge a \$20 billion deficit over the next fiscal year. The May Revision cuts heavily into State programs, such as CalWORKS, mental health, childcare and some natural resources programs.

LAO Report on May Revision. On May 18, 2010, the LAO stated that the Governor's estimate of the budget shortfall in the May Revision is reasonable. However, the LAO Report advises the Legislature to reject the Governor's most drastic spending cuts, particularly the elimination of CalWORKS and child care funding, instituting instead the LAO's alternative spending reduction proposals, and adopting selective revenue increases from fee increases and other non-tax revenues and targeted tax increases. Additionally, the LAO Report urges the Legislature to suspend Proposition 98 if the minimum guarantee is above the level that the state can afford. The LAO predicts that even if the Legislature approves all of the painful cuts and realizes the savings assumed by the Governor's May Revision, a multibillion-dollar operating deficit between \$4 billion and \$7 billion is likely to persist in future years.

July 1, 2010: 2010-11 Fiscal Year Begins. The June 15, 2010 deadline for the State legislature to pass the State Budget bill has passed and the 2010-11 Budget Act, which must be approved by a two-thirds majority vote of each House of the Legislature, has not yet been approved. The District cannot predict when the 2010-11 State Budget will be approved or what impact it might have on the District's finances.

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.

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 herein.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the District Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. (See "SECURITY FOR THE DISTRICT BONDS" in the Official Statement.) The provisions of law discussed below are included in this section to describe the potential effect of Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes. It should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the District Bonds. The tax levied by the County for payment of the District Bonds was approved by the District's voters in compliance with all applicable laws.

Article XIII A of the California Constitution

Proposition 13-Article XIII A. On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Article XIII A limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978.

Proposition 46. Under Proposition 46, approved by the voters on December 13, 1986, Article XIII A was amended to allow bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-third of the voters on such indebtedness.

Proposition 39. Proposition 39, approved by voters on November 7, 2000, further amended Article XIII A to permit bonded indebtedness to be 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, if approved by 55% of the voters of the district voting at the election, but only if certain accountability measures are included in the proposition.

“Cash Value.” Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

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

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment 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.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as \$4 per \$100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the California Constitution

An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979, thereby adding Article XIII B to the State Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the

appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District’s budgeted appropriations from “proceeds of taxes” for the 2001-02 fiscal year are equal to the allowable limit. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State’s allowable limit.

Articles XIII C and XIII D of the California Constitution

Proposition 218 – Articles XIII C and XIII D. On November 5, 1996, the voters approved Proposition 218, the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, containing provisions affecting the ability of local agencies, including cities, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes); prohibits special purpose government agencies, such as the District, from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two thirds vote. Article XIII C also provides that no tax may be assessed on property other than ad valorem property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIII C also provides that the initiative power is not limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a mandatory, statutory duty on the County Treasurer to levy a property tax sufficient to pay debt service on any Bonds coming due in each year. The initiative power cannot be used to reduce or repeal the Authority and obligation to levy such taxes or to otherwise interfere with performance of the mandatory, statutory duty of the District and the County with respect to such taxes which are pledged as security for payment of the District Bonds. Legislation adopted in 1997 provides that Article XIII C shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIII D deals with assessments and property-related fees and charges. Article XIII D explicitly provides that nothing in Article XIII C or XIII D shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; no such fees or charges are imposed by the District and pledged or expected to be used to pay the District Bonds.

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

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 formula generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, non-utility companies may affect how those assets are assessed and which local agencies are to receive the property taxes. The California energy markets have also experienced recent and severe disruption, which has and will affect State finances. The District is unable to predict the impact of these changes and events on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring or the market disruption, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. Because the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula.

Propositions 98 and 111

Proposition 98. On November 8, 1988, the voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act 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 (collectively, "K-14 districts") at a level equal to the greater of (a) the same percentage of General Fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9 %, or (b) the amount actually appropriated to such districts from the General Fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

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

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

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

Under prior law, K-14 districts were guaranteed the greater of (a) 40.9% of General Fund revenues (the “first test”) or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the “second test”). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita General Fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita General Fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a “credit” to be paid in future years when General Fund revenue growth exceeds personal income growth.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding, see “DISTRICT FINANCIAL INFORMATION.”

Future Initiatives

From time to time other initiative measures could be adopted, further affecting District revenues or the District’s ability to expend revenues.

THE CITY OF ANTIOCH AND CONTRA COSTA COUNTY

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.

Government and Services

Since 1948, the City has operated under the Council-Manager form of government. The City Council sets policy, while the Manager directs implementation of that policy, appoints department heads on the basis of experience, knowledge and ability, and conducts the daily business of the City. The Mayor and four council members are elected to four-year overlapping terms, with elections held every two years.

The City provides all municipal services with exception of fire protection and sewage treatment. Sewage treatment is handled by a regional treatment plan operated by Delta Diablo Sanitation District. The Contra Costa County Fire Protection District, which succeeded the Riverview Fire Protection District in 1994, provides fire protection services.

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.

**CITY OF ANTIOCH, CONTRA COSTA COUNTY, AND THE STATE OF CALIFORNIA
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 currently under construction. On the other side of town, in County East Mall on Somersville Rd., Macy's recently opened 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. The largest single project currently underway in the City is a new hospital being build by Kaiser Permanente on a 75 acre site off of Deer Valley Rd. This 150 bed medical facility includes over 600,000 sq. ft. of medical office and hospital space, and is scheduled to open in June of 2007.

Total taxable sales during the first two quarters of calendar year 2009 in the City were reported to be \$390,764,000, an 18.9% decrease over the total taxable sales of \$481,774,000 reported during the first two quarters 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
2003	817	\$746,378	1,521	\$812,987
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 two quarters of calendar year 2009 in the City were reported to be \$5,691,985,000, a 14.4% decrease over the total taxable sales of \$6,645,796 reported during the first two quarters 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.

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
<u>Permit Valuation</u>					
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	<u>5,186.4</u>	<u>7,211.1</u>	<u>2,977.0</u>	<u>2,201.2</u>	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	<u>7,975.6</u>	<u>10,117.9</u>	<u>6,590.4</u>	<u>6,181.3</u>	4,993.7
Total Nonresidential	\$68,863.5	\$56,064.3	\$30,269.8	45,440.6	\$6,632.7
<u>New Dwelling Units</u>					
Single Family	349	180	158	116	119
Multiple Family	<u>0</u>	<u>40</u>	<u>0</u>	<u>0</u>	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
<u>Permit Valuation</u>					
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	<u>293,394.4</u>	<u>307,152.6</u>	<u>290,107.5</u>	<u>229,023.3</u>	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	<u>161,187.6</u>	<u>173,556.4</u>	<u>229,530.2</u>	<u>224,816.8</u>	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	<u>860</u>	<u>1,178</u>	<u>909</u>	<u>909</u>	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 11.0 percent in May 2010, down from a revised 11.4 percent in April 2010, and above the year-ago estimate of 10.2 percent. This compares with an unadjusted unemployment rate of 11.9 percent for California and 9.3 percent for the nation during the same period. The City of Antioch has a 12.4 percent unemployment rate as of May, 2010.

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%
<u>Wage and Salary Employment:</u> ⁽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
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)
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.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2009**

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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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 CPA

Sacramento, California
December 9, 2009



**ANTIOCH UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 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

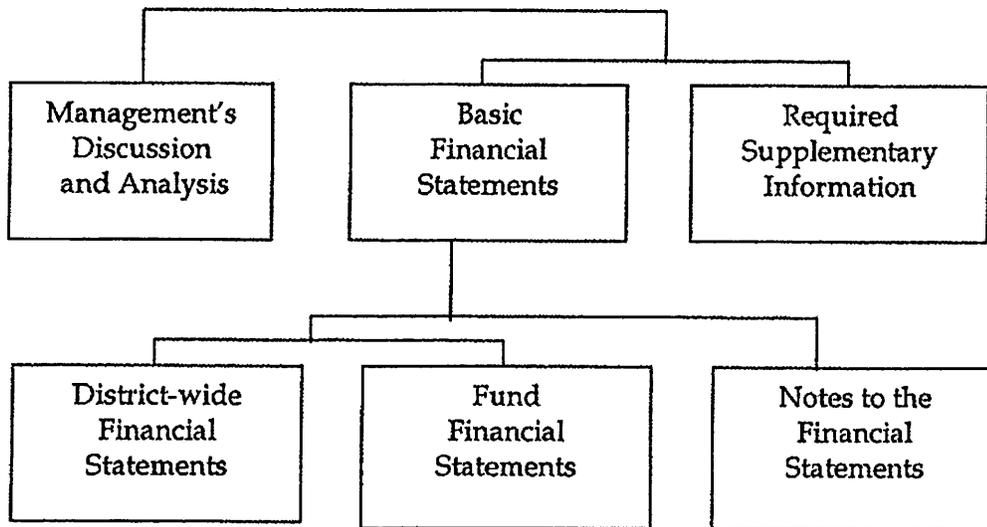
- The decrease in revenue limit from 2007-2008 to 2008-2009 was \$850,132. This reduction is due to the deficit of 7.844%, there was no deficit in 2007-2008.
- General Fund revenues and other sources exceeded expenditures and other uses by \$6,374,460, ending the year with the State recommended reserve 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.

**ANTIOCH UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

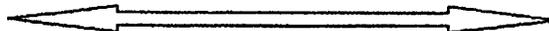
OVERVIEW OF THE FINANCIAL STATEMENTS

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



Summary



Detail

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.

**ANTIOCH UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

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 law. However, the District establishes other funds to control and manage money for specific purposes.

**ANTIOCH UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

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 be 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.

**ANTIOCH UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

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	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)	<u>224,118,310</u>	<u>219,141,975</u>
Total Assets	<u>296,938,353</u>	<u>280,259,621</u>
Liabilities		
Accounts Payable and Other Current Liabilities	5,543,845	5,272,871
Deferred Revenue	2,410,276	1,526,122
Long-Term Liabilities	<u>44,481,437</u>	<u>29,803,627</u>
Total Liabilities	<u>52,435,558</u>	<u>36,602,620</u>
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)	<u>20,118,031</u>	<u>25,390,031</u>
Total Net Assets	<u>\$ 244,502,795</u>	<u>\$243,657,001</u>

**ANTIOCH UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

**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	<u>\$ 160,408,591</u>	<u>\$ 180,447,040</u>
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	<u>\$ 159,562,797</u>	<u>\$ 161,908,059</u>
Increase in net assets	<u>\$ 845,794</u>	<u>\$ 18,048,534</u>

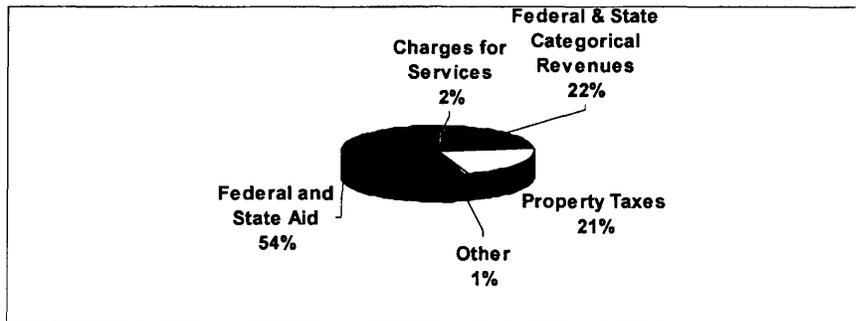
**ANTIOCH UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS
(CONCLUDED)**

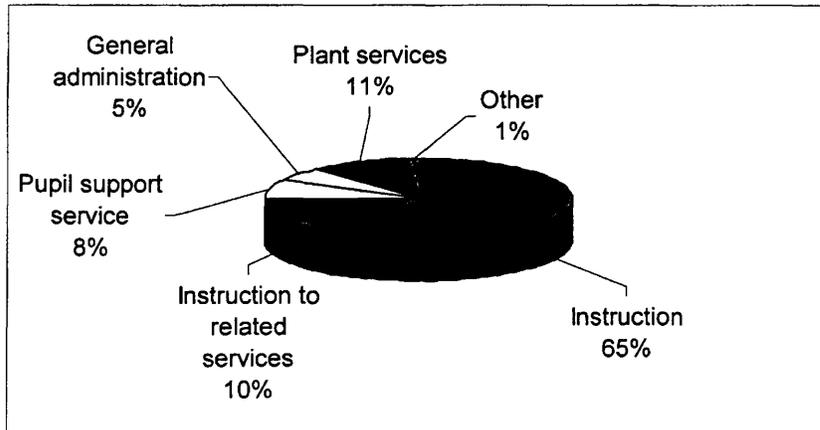
Governmental Activities

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**



**ANTIOCH UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

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.

**ANTIOCH UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

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%

**ANTIOCH UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

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
	\$ 44,481,437	\$ 29,803,627
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.

**ANTIOCH UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

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

	<u>Governmental Activities</u>
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)	<u>224,118,310</u>
Total assets	<u>296,938,353</u>
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	<u>42,620,675</u>
Total liabilities	<u>52,435,558</u>
NET ASSETS	
Invested in capital assets, net of related debt	203,291,033
Restricted (Note 6)	21,093,731
Unrestricted	<u>20,118,031</u>
Total net assets	<u>\$ 244,502,795</u>

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			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	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

	<u>General Fund</u>	<u>Building Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
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	<u>34,592</u>		<u>244,795</u>	<u>279,387</u>
Total assets	<u>\$ 40,054,967</u>	<u>\$ 21,011,576</u>	<u>\$ 11,753,500</u>	<u>\$ 72,820,043</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,215,712	\$ 821,199	\$ 585,874	\$ 4,622,785
Deferred revenue	<u>1,784,393</u>			<u>1,784,393</u>
Total liabilities	5,000,105	821,199	585,874	6,407,178
Fund balances	<u>35,054,862</u>	<u>20,190,377</u>	<u>11,167,626</u>	<u>66,412,865</u>
Total liabilities and fund balances	<u>\$ 40,054,967</u>	<u>\$ 21,011,576</u>	<u>\$ 11,753,500</u>	<u>\$ 72,820,043</u>

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	<u>(801,259)</u>	
		(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.		<u>(921,060)</u>
Total net assets - governmental activities		<u>\$ 244,502,795</u>

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

	<u>General Fund</u>	<u>Building Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Revenue limit sources:				
State apportionment	\$ 73,914,665			\$ 73,914,665
Local sources	<u>32,425,603</u>			<u>32,425,603</u>
Total revenue limit	<u>106,340,268</u>			<u>106,340,268</u>
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	<u>7,729,667</u>	<u>\$ 129,544</u>	<u>4,163,955</u>	<u>12,023,166</u>
Total revenues	<u>148,631,412</u>	<u>129,544</u>	<u>12,247,122</u>	<u>161,008,078</u>
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	<u>667,242</u>	<u>1,394</u>	<u>507,867</u>	<u>1,176,503</u>
Total expenditures	<u>142,124,815</u>	<u>2,888,349</u>	<u>23,592,483</u>	<u>168,605,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,506,597</u>	<u>(2,758,805)</u>	<u>(11,345,361)</u>	<u>(7,597,569)</u>
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			<u>(445,225)</u>	<u>(445,225)</u>
Total other financing sources (uses)	<u>(132,137)</u>	<u>20,141,508</u>	<u>(454,596)</u>	<u>19,554,775</u>
Net change in fund balances	6,374,460	17,382,703	(11,799,957)	11,957,206
Fund balances, July 1, 2008	<u>28,680,402</u>	<u>2,807,674</u>	<u>22,967,583</u>	<u>54,455,659</u>
Fund balances, June 30, 2009	<u>\$ 35,054,862</u>	<u>\$ 20,190,377</u>	<u>\$ 11,167,626</u>	<u>\$ 66,412,865</u>

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).	<u>104,745</u>	<u>(11,111,412)</u>
Change in net assets of governmental activities		\$ <u><u>845,794</u></u>

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

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue limit sources:				
State apportionment	\$ 71,796,597	\$ 73,903,912	\$ 73,914,665	\$ 10,753
Local sources	<u>37,756,474</u>	<u>32,399,187</u>	<u>32,425,603</u>	<u>26,416</u>
Total revenue limit	<u>109,553,071</u>	<u>106,303,099</u>	<u>106,340,268</u>	<u>37,169</u>
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	<u>7,545,728</u>	<u>7,874,818</u>	<u>7,729,667</u>	<u>(145,151)</u>
Total revenues	<u>145,578,487</u>	<u>154,868,531</u>	<u>148,631,412</u>	<u>(6,237,119)</u>
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	<u>652,424</u>	<u>652,424</u>	<u>667,242</u>	<u>(14,818)</u>
Total expenditures	<u>144,601,976</u>	<u>149,118,868</u>	<u>142,124,815</u>	<u>6,994,053</u>
Excess of revenues over expenditures	<u>976,511</u>	<u>5,749,663</u>	<u>6,506,597</u>	<u>756,934</u>
Other financing sources (uses):				
Operating transfers in	320,500	316,289	367,863	51,574
Operating transfers out	<u>(444,255)</u>	<u>(500,000)</u>	<u>(500,000)</u>	
Total other financing sources (uses)	<u>(123,755)</u>	<u>(183,711)</u>	<u>(132,137)</u>	<u>51,574</u>
Net change in fund balance	852,756	5,565,952	6,374,460	808,508
Fund balance, July 1, 2008	<u>28,680,402</u>	<u>28,680,402</u>	<u>28,680,402</u>	
Fund balance, June 30, 2009	<u>\$ 29,533,158</u>	<u>\$ 34,246,354</u>	<u>\$ 35,054,862</u>	<u>\$ 808,508</u>

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

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

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

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC 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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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 appropriate 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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.	<u>141,508</u>
Total	<u>\$ 1,009,371</u>

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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	<u>56,445,982</u>	<u>7,615,155</u>	<u>(5,956,199)</u>	<u>58,104,938</u>
Totals, at cost	<u>321,991,136</u>	<u>16,640,309</u>	<u>(5,997,778)</u>	<u>332,633,667</u>
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	<u>(5,640,684)</u>	<u>(593,084)</u>	<u>38,074</u>	<u>(6,195,694)</u>
Total accumulated depreciation	<u>(102,849,161)</u>	<u>(5,704,270)</u>	<u>38,074</u>	<u>(108,515,357)</u>
Capital assets, net	<u>\$ 219,141,975</u>	<u>\$ 10,936,039</u>	<u>\$ (5,959,704)</u>	<u>\$ 224,118,310</u>

Depreciation expense was charged to governmental activities as follows.

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

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>4,500,000</u>	<u>370,301</u>	<u>4,870,301</u>
	<u>\$ 9,340,000</u>	<u>\$ 11,010,589</u>	<u>\$ 20,350,589</u>

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>1,760,000</u>	<u>145,394</u>	<u>1,905,394</u>
	<u>\$ 10,660,000</u>	<u>\$ 9,842,294</u>	<u>\$ 20,502,294</u>

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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		<u>1,759,801</u>
		34,929,405
Less amount representing interest		<u>(12,214,405)</u>
		<u><u>\$ 22,715,000</u></u>

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		<u>119,049</u>
		504,821
Less amount representing interest		<u>(19,702)</u>
		<u><u>\$ 485,119</u></u>

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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
	<u>\$ 29,803,627</u>	<u>\$ 20,480,059</u>	<u>\$ 5,802,249</u>	<u>\$ 44,481,437</u>	<u>\$ 1,860,762</u>

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:

	<u>Governmental Funds</u>
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	<u>2,560,942</u>
	<u>\$ 21,093,731</u>
	<u>Fiduciary Funds</u>
Restricted for:	
Retiree Benefits	\$ 5,101
Foundation Trust	<u>36,204</u>
	<u>\$ 41,305</u>

ANTIOCH UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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	<u>384,587</u>
Annual OPEB cost (expense)	3,109,825
Contributions made	<u>1,587,860</u>
Increase in net OPEB obligation (asset)	1,521,965
Net OPEB obligation (asset) - beginning of year	<u>(1,041,906)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ 480,059</u></u>

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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
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.

ANTIOCH UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

ANTIOCH UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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	<u>\$ 445,226</u>
Net assets transferred to another District	<u>\$ 445,226</u>

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

	<u>Charter School</u>	<u>Adult Education</u>	<u>Cafeteria</u>	<u>Deferred Main- tenance</u>	<u>County School Facilities</u>	<u>Capital Facilities</u>	<u>Special Reserve for Capital Outlay</u>	<u>Capital Projects for Blended Component Units</u>	<u>Bond Interest and Redemp- tion</u>	<u>Debt Service</u>	<u>Total</u>
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

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
STUDENT BODY ACCOUNT				
<u>Belshaw Elementary</u>				
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
<u>Diablo Vista Elementary</u>				
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
<u>Fremont Elementary</u>				
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
<u>John Muir Elementary</u>				
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
<u>Grant Elementary</u>				
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

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
STUDENT BODY ACCOUNT				
(Continued)				
<u>Mission Elementary</u>				
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
<u>Kimball Elementary</u>				
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
<u>Marsh Elementary</u>				
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
<u>Jack London Elementary</u>				
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
<u>Lone Tree School</u>				
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

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
STUDENT BODY ACCOUNT				
(Continued)				
<u>Sutter Elementary</u>				
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
<u>Orchard Park School</u>				
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
<u>Turner School</u>				
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
<u>Antioch Middle</u>				
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
<u>Antioch High</u>				
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

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
STUDENT BODY ACCOUNT				
(Continued)				
<u>Black Diamond Middle</u>				
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
<u>Dallas Ranch Middle</u>				
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
<u>Carmen Dragon Elementary</u>				
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
<u>Park Middle</u>				
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
<u>DBA Bidwell High</u>				
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

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
STUDENT BODY ACCOUNT				
(Continued)				
<u>Live Oak High</u>				
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
<u>Prospect High</u>				
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
<u>Deer Valley High</u>				
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
<u>Delta Academy Performing Arts</u>				
Assets:				
Cash on hand and in banks	\$ -	\$ 9,104	\$ 5,552	\$ 3,552
Liabilities:				
Due to student groups	\$ -	\$ 9,104	\$ 5,552	\$ 3,552
<u>Dozier-Libbey Medical High School</u>				
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

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
STUDENT BODY ACCOUNT				
(Continued)				
<u>Total Student Body Account</u>				
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.

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
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

<u>District</u>	<u>Second Period Report</u>	<u>Annual Report</u>
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
		<u>Hours of Attendance</u>
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

<u>Grade Level</u>	<u>1986-87 Minutes Require- ment</u>	<u>1982-83 Actual Minutes</u>	<u>2008-09 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
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 Expenditures
<u>U.S. Department of Education</u>			
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	<u>6,754,540</u>
Total U.S. Department of Education			<u>14,572,844</u>
<u>U.S. Department of Agriculture</u>			
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	<u>110,898</u>
Total U.S. Department of Agriculture			<u>4,900,745</u>
<u>U.S. Department of Health Services</u>			
93.778	Medi-Cal Billing	10013	<u>181,546</u>
Total Federal Programs			<u>\$ 19,655,135</u>

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

	<u>General Fund</u>	<u>Adult Education Fund</u>	<u>Cafeteria Fund</u>
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	<u>(1,760,056)</u>	<u>(156,413)</u>	<u>(22,756)</u>
June 30, 2009 Audited Financial Statements Ending Fund Balance	<u>\$ 35,054,862</u>	<u>\$ 177,644</u>	<u>\$ 756,449</u>

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

See accompanying notes to
supplementary information.

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2009

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

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
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)**

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
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.

Rory - Smith CP

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 LP

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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

ANTIOCH UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2009

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 received 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.

ANTIOCH UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2009

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2009

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.

ANTIOCH UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2009

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

ANTIOCH UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2009

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 XIII B, 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	Partially implemented.	See current year finding #1.
<p>At various school sites tested, we noted the following:</p> <ul style="list-style-type: none"> • 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. <p>We recommend the following:</p> <ul style="list-style-type: none"> • 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. 		

ANTIOCH UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2009

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
2008-2	Implemented.	
<p>The District did not record Revenues and Expenditures from the Charter School's Cash in Bank Account on the general ledger.</p> <p>The District should record activity running through their Cash in Banks account on the general ledger.</p>		
2008-3	Implemented.	
<p>At various school sites tested, we noted the following:</p> <ul style="list-style-type: none"> • One student was improperly counted as present for three days. • One student was improperly counted as present for one day. <p>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.</p> <p>The District has revised and resubmitted the Second Period and Annual Reports of Attendance, reflecting the total disallowed ADA of 6.68.</p>		

APPENDIX C

SUMMARY OF PAYING AGENT AGREEMENT

The following is a brief summary of the provisions of the Paying Agent Agreement for the Bonds. Such summary is not intended to be definitive, and reference is made to the complete document for the complete terms thereof.

Defined Terms

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

“Authority Bonds” means the \$25,000,000 aggregate principal amount of California Qualified School Bond Joint Powers Authority 2010 General Obligation Revenue Bonds – Taxable Direct Pay (Antioch Unified School District General Obligation Bonds) issued by the Authority and at any time outstanding under the Authority Bonds Indenture.

“Authority Bonds Indenture” means the Indenture of Trust, dated as of July 1, 2010, between the Authority Bonds Trustee and the Authority, under which the Authority Bonds are issued, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture under the provisions thereof.

“Authority Bonds Trustee” means, as of any date, the entity then serving as trustee for the Authority Bonds. As of the Closing Date, the Authority Bonds Trustee is The Bank of New York Mellon Trust Company, N.A.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of Qualified School Construction Bonds under the Tax Code.

“Bond Measure” means the measure submitted to and approved by more than 55% of the voters on June 3, 2008, under which the issuance of the District Bonds has been authorized.

“Business Day” means a day of the year, other than a Saturday or Sunday, on which banks are not closed in the city in which the Trust Office of the Authority Bonds Trustee is located.

“Closing Date” means the date of original delivery of the Bonds to the original purchaser thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority or the District relating to the authorization, issuance, sale and delivery of the Bonds or the District Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Authority Bonds Trustee and the Paying Agent and their counsel, including the Authority Bonds Trustee’s and Paying Agent’s first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Bonds and the District Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds and the District Bonds.

“Costs of Issuance Fund” means the fund established and held by the Authority Bonds Trustee under the Authority Bonds Indenture.

“County Treasurer” means the Auditor-Controller/Tax Collector-Treasurer of the County of Contra Costa.

“District Bonds” means those bonds of the Antioch Unified School District (School Facilities Improvement District No. 1) General Obligation Bonds, Election of 2008, Series C-2 (Federally Taxable), which were issued by the District in the aggregate principal amount of \$265,000 under the Paying Agent Agreement.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Improvement District No. 1” means the School Facilities Improvement District No. 1 of the District.

“Interest Payment Date” means, with respect to the Bonds, February 1, 2011, and the first day of each succeeding August and February.

“Original Purchaser” means with respect to District Bonds, E.J. De La Rosa & Co., Inc.

“Owner” means (a), when used with respect to any Bond, the person in whose name the ownership of such Bond is registered on the Registration Books and (b) with respect to any Principal Strip Certificate, Tax Credit Certificate or Cash Interest Certificate, the person in whose name the ownership of such Principal Strip Certificate, Tax Credit Certificate, or Cash Interest Certificate is registered on the Registration Books.

“S&P” means Standard & Poor’s Ratings Services, its successors and assigns.

Terms of District Bonds.

Subject to the adjustment provisions below, interest on the District Bonds shall bear interest at the interest rate per annum of 3.272%, and shall be payable semi-annually on each Interest Payment Date for the District Bonds. Each District Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the 1st day of the month on which such Interest Payment Date occurs, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the first Record Date, in which event it shall bear interest from the Closing Date. Notwithstanding the foregoing, if interest on any District Bond is in default at the time of authentication thereof, such District Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The District Bonds shall mature on August 1, 2013.

The maturing principal amount of the District Bonds shall be payable solely at maturity to the Owners thereof upon presentation and surrender thereof at the Office of the Paying Agent.

The maturing principal amount of the District Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the Office of the Paying Agent.

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

Deposit and Application of Proceeds. On the Closing Date, the proceeds of sale of the District Bonds shall be deposit in the Costs of Issuance Fund which is maintained by the Authority Bonds Trustee.

Costs of Issuance Fund. The Authority Bonds Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund" under the Authority Bonds Indenture, into which the Paying Agent shall deposit a portion of the proceeds of sale of the District Bonds and the Authority Bonds. The Authority Bonds Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Written Request of the Authority stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Written Request of the District; in each case together with a statement or invoice for each amount requested thereunder. On December 1, 2010, the Authority Bonds Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the County Treasurer for deposit in the Building Fund.

Security for the District Bonds. The District Bonds are general obligations of the District payable from the levy of *ad valorem* taxes upon all property within Improvement District No. 1 subject to taxation by the District, without limitation as to rate or amount, for the payment of the District Bonds and the interest thereon. The District hereby directs the County to levy on all the taxable property in Improvement District No. 1, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the District Bonds are Outstanding in an amount sufficient to pay the principal of and interest on the District Bonds when due, including but not limited to interest which accrues at the rate set forth in the Paying Agent Agreement, which moneys when collected will be placed in the Debt Service Fund.

The principal of and interest on District Bonds do not constitute a debt of the County, the State of California, or any of its political subdivisions other than the District, or any of the officers, agents or employees thereof, and neither the County, the State of California, any of its political subdivisions nor any of the officers, agents or employees thereof shall be liable thereon. In no event are the principal of and interest on District Bonds payable out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in Improvement District No. 1.

Establishment of Debt Service Fund. The District has, in the Paying Agent Agreement, directed the County Treasurer to establish, hold and maintain a fund to be known as the "Series C 2001 Antioch USD General Obligation Bond Debt Service Fund", to be maintained by the County Treasurer as a separate account, distinct from all other funds of the County and the District. All taxes levied by the County, as directed by the District herein, for the payment of the principal of and interest on the District Bonds in accordance with the Paying Agent Agreement shall be deposited in the Debt Service Fund by the County Treasurer promptly upon apportionment of said levy. The District hereby irrevocably pledges the Debt Service Fund for the payment of the principal of and interest on the District Bonds when and as the same become due. The County Treasurer shall transfer amounts in the Debt Service Fund to the

Paying Agent, to the extent necessary to pay the principal of and interest on the District Bonds as the same become due and payable.

Disbursements From Debt Service Fund. The County Treasurer shall administer the Debt Service Fund and make disbursements therefrom in the manner set forth in the Paying Agent Agreement. The County Treasurer shall transfer amounts on deposit in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the District Bonds when due and payable, to the Paying Agent which, in turn, shall apply such moneys to pay the principal of and interest on the District Bonds.

Investments. All moneys in the Costs of Issuance shall be invested by the Paying Agent solely in investments pursuant to and as identified in the Written Request of the District given to the Paying Agent in advance of the making of such investments (and promptly confirmed in writing, as to any such direction given orally). All moneys held in any of the funds or accounts established with the County Treasurer under the Paying Agent Agreement shall be invested in accordance with the investment policies of the County, as such policies exist at the time of investment. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Paying Agent Agreement shall be deposited in the fund or account from which such investment was made, and shall be expended for the purposes thereof. The District covenants that all investments of amounts deposited in any fund or account created by or under this Agreement, or otherwise containing proceeds of the District Bonds, shall be acquired and disposed of at the Fair Market Value thereof. The term "Fair Market Value" shall mean, with respect to any investment, the price at which a willing buyer would purchase such investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as described above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security - State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

Covenants of the District

Punctual Payment. The District will punctually pay, or cause to be paid, the principal of and interest on the District Bonds, in strict conformity with the terms of the District Bonds and of this Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and of the District Bonds. Nothing herein prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Books and Accounts; Financial Statement. The District will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District in which complete and correct entries shall be made of all transactions relating to the expenditure of the proceeds of the District Bonds. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Paying Agent and the Owners

of not less than 10% in aggregate principal amount of the District Bonds then Outstanding, or their representatives authorized in writing.

Protection of Security and Rights of District Bond Owners. The District will preserve and protect the security of the District Bonds and the rights of the District Bond Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the District Bonds by the District, the District Bonds shall be incontestable by the District.

Events of Default

If one or more of the following events (“**Events of Default**”) shall happen, that is to say:

(a) if default shall be made by the District in the due and punctual payment of the principal of any District Bond when and as the same shall become due and payable;

(b) if default shall be made by the District in the due and punctual payment of any installment of interest on any District Bond when and as such interest installment shall become due and payable;

(c) if default shall be made by the District in any payment obligation supporting the Authority Bonds when such payment is due and payable;

(d) if default shall be made by the District in the observance of any of the covenants, agreements or conditions on its part in this Agreement or in the District Bonds contained (other than the default described in paragraphs (a), (b) or (c) above), and such default shall have continued for a period of thirty (30) days after written notice thereof to the District Representative; or

(e) if the District shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, seeking reorganization of the District under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property.

Remedies of District Bond Owners

Any District Bond Owner has the right, for the equal benefit and protection of all District Bond Owners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the District and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Agreement and in the District Bonds, and to require the carrying out of any or all such covenants and agreements of the District and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the District Bond Owners’ rights; or

(c) upon the happening and continuation of any default by the District under the Paying Agent Agreement or under the District Bonds, by suit, action or

proceeding in any court of competent jurisdiction, to require the District and its members and employees to account as if it and they were the trustees of an express trust.

Amendment of Paying Agent Agreement

Amendments Effective Without Consent of the Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Agreement may be approved by the District and Paying Agent, which, without the requirement of consent of the Owners of the District Bonds, shall be fully effective in accordance with its terms:

- (a) To add to the covenants and agreements of the District in this Agreement, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Agreement as theretofore in effect;
- (b) To confirm, as further assurance, any pledge under, and to subject to any lien or pledge created or to be created by, this Agreement, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Agreement;
- (c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Agreement, which in any event shall not materially adversely affect the interests of the District Bond Owners, in the opinion of Bond Counsel filed with the District; or
- (d) To make such additions, deletions or modifications as may be necessary or desirable to assure the qualification of the Authority Bonds as Qualified School Construction Bonds under the Tax Code, in the opinion of Bond Counsel filed with the District, the Authority and the Authority Bonds Trustee.

Amendments Effective With Consent of the Owners. Any modification or amendment of this Agreement and of the rights and obligations of the District and of the Owners of the District Bonds, in any particular, may be made by a Supplemental Agreement, with the written consent of the Owners of a majority in aggregate principal amount of the District Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of maturity of the principal of any Outstanding District Bonds or of any interest payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, or shall reduce the percentage of District Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change any of the provisions in the Paying Agent Agreement relating to Events of Default, or shall reduce the amount of moneys pledged for the repayment of the District Bonds without the consent of all the Owners of such District Bonds, or shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto.

Discharge of Paying Agent Agreement

Provided that the Authority first obtains written confirmation from the IRS, or an opinion of Bond Counsel, which provides that doing so will not adversely affect the status of the Bonds as Qualified School Construction Bonds, the Authority may pay and discharge the indebtedness on any or all of the outstanding Bonds in any one or more of the following ways:

- by paying or causing to be paid the principal of, and the interest and premium (if any) on, such Bonds when due and payable;
- by irrevocably depositing with the Paying Agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Paying Agent under the Paying Agent Agreement, is fully sufficient to pay such Bonds, including all principal thereof and interest thereon; or
- by irrevocably depositing with the Paying Agent or any other fiduciary, in trust, Federal Securities in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Paying Agent under the Paying Agent Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal thereof and interest thereon) at or before their respective maturity dates.

Upon such payment, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Revenues and other funds provided for in the Paying Agent Agreement with respect to such Bonds, and all other obligations of the Authority under the Paying Agent Agreement with respect to such Bonds, will cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose. Any funds thereafter held by the Paying Agent, which are not required for said purposes, will be paid over to the District.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

July 22, 2010

California Qualified School Bond
Joint Powers Authority
8025 Lincoln Street
Lemon Grove, California 91945

E.J. De La Rosa & Co., Inc.
101 Montgomery Street, Suite 2150
San Francisco, California 94104

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

The Bank of New York Mellon Trust
Company, N.A.
550 Kearny Street, Suite 600
San Francisco, California 94108

OPINION: \$265,000 Antioch Unified School District General Obligation Bonds (School Facilities Improvement District No. 1), Election of 2008, Series C-2 (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel to the Antioch Unified School District (the "District") in connection with the issuance by the District of its Antioch Unified School District General Obligation Bonds (School Facilities Improvement District No. 1), Election of 2008, Series C-2 (Federally Taxable) in the aggregate principal amount of \$265,000 (the "Bonds"). The Bonds have been authorized to be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"), under Resolution No. 2009-10-11 of the Board of Trustees of the District (the "Board") adopted on October 14, 2009, as supplemented and amended by Resolution No. 10-30, adopted May 12, 2010 (together, the "Bond Resolution"), and under a Paying Agent Agreement dated as of June 1, 2010 (the "Paying Agent Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent. We have examined the law and such certified proceedings and other papers as we have 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 Bond Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly established and validly existing as a unified school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution, the Paying Agent Agreement and the Bonds.

2. The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Paying Agent Agreement has been duly approved by the District, and constitutes the valid and binding obligation of the District, enforceable against the District in accordance with its terms.

4. The Bonds have been duly issued and sold by the District, and are valid and binding general obligations of the District, and the County of Contra Costa is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the School Facilities Improvement District No. 1 of the District subject to taxation by the District, without limitation as to rate or amount.

The rights of the owners of the Bonds, and the enforceability of the Bonds and the Paying Agent Agreement, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

To ensure compliance with requirements imposed by the United States Internal Revenue Service, we inform you that any U.S. federal tax advice contained herein for the Bonds (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code of 1986, as amended, or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$265,000

**ANTIOCH UNIFIED SCHOOL DISTRICT
(COUNTY OF CONTRA COSTA, CALIFORNIA)
GENERAL OBLIGATION BONDS
2008 ELECTION, SERIES A
(Federally Taxable)**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Antioch Unified School District (the "District") in connection with the issuance of \$265,000 aggregate principal amount of Antioch Unified School District (County of Contra Costa, California) General Obligation Bonds (School Facilities Improvement District No. 1) Election 2008, Series C-2 (Federally Taxable) (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on October 14, 2009, as supplemented on May 12, 2010 (collectively, the "Resolution"), and a Paying Agent Agreement dated as of July 1, 2010 by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent. The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with 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:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*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) of this Disclosure Certificate.

"*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, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"*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. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to provide, not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2011 with the report for the 2009-10 Fiscal Year, file with the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. An Annual Report shall consist of the most recently available documents of the type to be included in the Annual Report (see Section 4). Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, by written direction, cause the Dissemination Agent to provide to the MSRB (with a copy to the Trustee) a notice, in substantially the form attached as Exhibit A.

(c) With respect to the Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the

preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

- (i) the average daily attendance in District schools on an aggregate basis for the preceding fiscal year and for the current budget year;
- (ii) pension plan contributions made by the District for the preceding fiscal year and for the current budget year;
- (iii) aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the end of the preceding fiscal year;
- (iv) description of amount of general fund revenues and expenditures which have been budgeted for the current fiscal year, together with audited actual budget figures for the preceding fiscal year;
- (v) the District's total revenue limit for the preceding fiscal year and for the current budget year;
- (vi) prior fiscal year total secured property tax levy and collections, showing current collections as a percent of the total levy;
- (vii) current fiscal year assessed valuation of taxable properties in the Improvement District, including assessed valuation of the top ten properties in the Improvement District; and
- (viii) the certification status (i.e. qualified, negative) of the District's most recent financial report.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (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 uncheduled 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, with a copy to the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

Section 6. 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 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. 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 Agent, with or without appointing a successor Dissemination Agent.

Section 9. 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 Sections 3(a), 4 or 5(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 Bonds, 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 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. 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 12. 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 save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: July 22, 2010

ANTIOCH UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Antioch Unified School District

Name of Bond Issue: \$265,000 aggregate principal amount of Antioch Unified School District (County of Contra Costa, California) General Obligation Bonds (School Facilities Improvement District No. 1), Election 2008, Series C-2

Date of Issuance: July 22, 2010

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by of the Resolution authorizing the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

ANTIOCH UNIFIED SCHOOL DISTRICT

By _____
Superintendent

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds 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 issuer of the Bonds (the "Issuer") nor the trustee, paying agent or fiscal agent appointed with respect to the Bonds (the "Trustee") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, Direct Participants or 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 "Bonds"). The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one Bond will be issued with respect to each \$500 million of principal amount and an additional Bond will be issued with respect to any remaining principal amount of such issue.

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. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 the notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying 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 the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor securities 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.