PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 14, 2010

NEW ISSUE -- FULL BOOK-ENTRY
BANK QUALIFIED

RATING: S&P: "AA-"
See "RATING"

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings, and the Refunding Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$15,370,000*
DUBLIN UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2010 General Obligation Refunding Bonds

Dated: Date of Delivery — Due: August 1, as shown below

Authority. The Dublin Unified School District (Alameda County, California) 2010 General Obligation Refunding Bonds (the "Refunding Bonds") are being issued by the Dublin Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on October 12, 2010 (the "Bond Resolution"). The Refunding Bonds are being issued to refund a series of general obligation bonds of the District. See "THE REFUNDING BONDS – Authority for Issuance" and "-Refinancing Plan."

Security. The Refunding Bonds are general obligations of the District. The Board of Supervisors of Alameda County has the power and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Refunding Bonds. There are currently other series of general obligation bonds of the District that are similarly secured by tax levies. All general obligation bonds are issued on a parity basis with one another. See "The REFUNDING BONDS-Security for the Refunding Bonds."

Redemption. The Refunding Bonds are not subject to redemption prior to maturity. See "THE REFUNDING BONDS – No Early Redemption."

Book-Entry Only. The Refunding 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 Refunding Bonds. See "APPENDIX F - Book-Entry-Only System."

Payments. Interest on the Refunding 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 Refunding Bond is registered. Payments of principal and interest on the Refunding Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Refunding Bonds. See "THE REFUNDING BONDS – Description of the Refunding Bonds."

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

KNN
public finance
A Division of Zions First National Bank

MATURITY SCHEDULE

(See Inside Cover)

This cover page contains information for general reference only. It is not a summary of all the provisions of the Refunding Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

The Refunding Bonds will be sold and awarded by competitive bid held Wednesday, October 20, 2010, as set forth in the Official Notice of Sale. The Refunding 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. Jones Hall is also serving as Disclosure Counsel to the District. It is anticipated that the Refunding Bonds in book-entry form will be available for delivery through the facilities of DTC on or about November __, 2010.

Dated: October __, 2010

---

* Preliminary, subject to change.

MATURITY SCHEDULE*

Base CUSIP†: _______

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2011	$1,375,000			
2012	1,115,000			
2013	1,155,000			
2014	1,300,000			
2015	1,520,000			
2016	1,705,000			
2017	1,840,000			
2018	1,980,000			
2019	1,190,000			
2020	1,060,000			
2021	1,130,000			

**Preliminary; subject to change.*

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Refunding 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 Refunding Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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 Bond 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 Refunding Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Refunding 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 Refunding Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

The Refunding Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exception from the registration requirements contained in such act. The Refunding Bonds have not been registered or qualified under the securities laws of any state.

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

DUBLIN UNIFIED SCHOOL DISTRICT

DISTRICT ADMINISTRATION

Dr. Stephen L. Hanke, *Superintendent*
Beverly Heironimus, *Assistant Superintendent, Business Services*

PROFESSIONAL SERVICES

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

PAYING AGENT

U.S. Bank National Association
Los Angeles, California

FINANCIAL ADVISOR

KNN Public Finance
A Division of Zions First National Bank
Oakland, California

TABLE OF CONTENTS

$15,370,000*
DUBLIN UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2010 General Obligation Refunding Bonds

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 Refunding Bonds to potential investors is made only by means of the entire Official Statement.

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of the Dublin Unified School District 2010 General Obligation Refunding Bonds (the "**Refunding Bonds**") in the principal amount of $15,370,000.

The District. The Dublin Unified School District (the "**District**") is located in the City of Dublin in the County of Alameda. The District was established in 1988 and comprises an area of approximately 15 square miles. The District operates six elementary schools, two middle schools, one high school, a continuation high school, an independent study program and an adult education program. Enrollment in the District for the 2010-11 school year was estimated to be 6,236 students. For general and financial information about the District, see APPENDIX B.

Purpose of Issue. The net proceeds of the Refunding Bonds will be used to refund the District's outstanding 2002 General Obligation Refunding Bonds, originally issued in the aggregate principal amount of $22,760,000, and currently outstanding in the aggregate principal amount of $16,605,000 (the "**2002 Bonds**"). See "THE REFUNDING BONDS -- Purpose of Issue" and "SOURCES AND USES OF FUNDS." The Refunding Bonds are issued on parity with any general obligation bonds of the District issued in the future.

Description of the Refunding Bonds. The Refunding Bonds are issued pursuant to a resolution of the Board of Trustees of the District adopted on October 12, 2010 (the "**Resolution**"). The Refunding Bonds will be dated their date of delivery (the "**Closing Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available 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 Refunding Bonds. See "APPENDIX F – The Book-Entry System."

No Early Redemption. The Refunding Bonds are not subject to optional redemption or mandatory sinking fund redemption prior to maturity.

Sources of Payment for the Refunding Bonds. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Refunding Bonds and the interest thereon, upon all property within the District subject to

* Preliminary, subject to change.

taxation, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The Refunding Bonds are not a debt of the County. See "THE REFUNDING BONDS – Security."

Legal Matters. Issuance of the Refunding 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, San Francisco, California, will serve as Disclosure Counsel to the District. Jones Hall, A Professional Law Corporation is also serving as disclosure counsel to the District. *Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Refunding Bonds.*

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

Professionals Involved in the Offering. All proceedings in connection with the issuance of the Refunding Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel. Jones Hall is also acting as disclosure counsel to the District. KNN Public Finance, A Division of Zions First National Bank, Oakland, California is serving as the District's financial advisor. Payment of the fees and expenses of Bond Counsel, disclosure counsel and the underwriter is contingent upon issuance of the Refunding Bonds.

Other Information. This Official Statement speaks only as of its date, and the information contained herein is subject to change. 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 Refunding Bonds are available from the Superintendent, Dublin Unified School District, 7471 Larkdale Avenue, Dublin, California 94568; telephone (925) 828-2551. The District may impose a charge for copying, mailing and handling.

THE REFUNDING BONDS

Authority for Issuance

The Refunding Bonds are being issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (collectively, the "**Bond Law**") and are authenticated and delivered pursuant to the Resolution. Pursuant to the Government Code, bonds issued for the purpose of refunding outstanding bonds previously authorized by voter approval, and that reduce the debt service obligation of taxpayers, do not require voter approval, either for issuance or the levy of *ad valorem* property tax sufficient to pay principal and interest due on the refunding bonds.

Purpose of Issue

The net proceeds of Refunding Bonds will be used to refund all of the 2002 Bonds, as described under "THE REFUNDING PLAN." The 2002 Bonds were issued to refinance general obligation bonds issued by the District to finance projects specified in the ballot measure approved by the District's voters on June 8, 1993, including the acquisition, construction, and rehabilitation of school facilities in the District.

Security

The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* taxes for the payment of the Refunding Bonds and the interest thereon upon all property within the 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 Refunding Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Refunding Bonds when due. Such taxes, when collected, will be deposited into a debt service fund for the Refunding Bonds (the "**Debt Service Fund**"), which is maintained by the County Treasurer-Tax Collector in an amount sufficient for the payment of principal of and interest on the Refunding Bonds when due. **Although the County is obligated to levy an *ad valorem* tax for the payment of the Refunding Bonds, the Refunding Bonds are not a debt of the County.**

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

The amount of the annual *ad valorem* tax levied by the County to repay the Refunding 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 Refunding 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 decrease in land values, a relocation out of the District or change to tax-exempt status 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. For further information regarding the District's tax base, tax rates, overlapping debt and other matters concerning taxation, see "SECURITY FOR THE REFUNDING BONDS."

Description of the Refunding Bonds

The Refunding Bonds shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof, and shall be initially issued and registered in the name of "Cede & Co.," as nominee of DTC. Purchasers will not receive physical certificates representing their interest in the Refunding Bonds. See "APPENDIX F – The Book-Entry System."

The Refunding Bonds mature on August 1, in the years and amounts set forth on the cover page hereof. Interest with respect to the Refunding Bonds accrues from the Closing Date, and is payable semiannually on February 1 and August 1 of each year (each, an "**Interest Payment Date**") commencing February 1, 2011. The Refunding Bonds will bear interest from the Interest Payment Date next preceding the date of authentication, 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 fifteenth (15th) day of the month preceding an Interest Payment Date, whether or not such day is a business day (the "**Record Date**"), in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated on or before the first Record Date, in which event it shall bear interest from its dated date; *provided, however*, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Refunding Bonds (including the final interest payment upon maturity or redemption) is payable by check of the Paying Agent mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least $1,000,000 aggregate principal amount of the Refunding Bonds, which written request is on file with the Paying Agent as of any Record Date, interest on such Refunding Bonds shall be paid on the succeeding Interest Payment Date to such account (within the United States) as shall be specified in such written request. Principal of and premium (if any) on the Refunding Bonds is payable in lawful money of the United States of America upon presentation and surrender at the Principal Office of the Paying Agent.

Each Refunding Bond delivered under the Resolution upon transfer of or in exchange for or in lieu of any other Refunding Bond shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such other Refunding Bond. Each such Refunding Bond shall bear interest from such date that neither loss nor gain in interest shall result from such transfer, exchange, or substitution.

Paying Agent

U.S. Bank National Association, Los Angeles, California will initially act as the registrar, transfer agent, and paying agent for the Refunding Bonds. As long as DTC is the registered owner of the Refunding Bonds and DTC's book-entry method is used for the Refunding Bonds, the Paying Agent will send any notice of redemption 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 Refunding Bonds called for redemption or of any other action premised on such notice. See "APPENDIX F – The Book-Entry System."

The Paying Agent, the District, the County, the Underwriter and the Financial Advisor of the Refunding 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 Refunding Bonds.

No Early Redemption

The Refunding Bonds are not subject to optional redemption or mandatory sinking fund redemption prior to maturity.

Defeasance

The Refunding Bonds may be paid by the District in any of the following ways:

(i) by paying or causing to be paid the principal or redemption price of and interest on such Refunding Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Resolution, and described following, to pay such Refunding Bonds); or

(iii) by delivering such Refunding Bonds to the Paying Agent for cancellation.

If there will be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay any Refunding Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to the Resolution and must be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Refunding Bonds and all unpaid interest thereon to maturity; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal and all unpaid interest to maturity on the Refunding Bonds to be paid, as such principal and interest become due,.

The District may at any time surrender to the Paying Agent any Refunding Bonds previously issued and delivered for cancellation, which the District may have acquired in any manner whatsoever, and such Refunding Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Registration, Transfer and Exchange of 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 Refunding Bonds.

If the book-entry system is discontinued, the person in whose name a Refunding Bond is registered on the Bond Register shall be regarded as the absolute owner of that Refunding

Bond. Payment of the principal of and interest on any Refunding Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided the Resolution.

Any Refunding Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Refunding Bond for cancellation at the Principal 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 District may charge a reasonable sum for each new Refunding Bond issued upon any transfer.

Whenever any Refunding Bond or Bonds shall be surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Refunding Bond or Bonds, for like aggregate principal amount.

Refunding Bonds may be exchanged at the Principal Office of the Paying Agent for a like aggregate principal amount of Refunding Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Refunding Bond issued upon any exchange (except in the case of any exchange of temporary Refunding Bonds for definitive Refunding Bonds).

THE REFUNDING PLAN

The net proceeds of the Refunding Bonds will be used to refund, on a current basis, all of the District's outstanding General Obligation Refunding Bonds issued in the original principal amount of $22,760,000 (the "**2002 Bonds**"). The 2002 Bonds were issued to fully refund the following series of bonds:

- General Obligation Bonds, Election of 1993, Series A (the "**1993 Series A Bonds**")
- General Obligation Bonds, Election of 1993, Series B (the "**1993 Series B Bonds**")
- General Obligation Bonds, Election of 1993, Series C (the "**1993 Series C Bonds**")

The 1993 Series A Bonds, the 1993 Series B Bonds and the 1993 Series C Bonds were issued pursuant to an election held within the District on June 8, 1993, which authorized the issuance of bonds in the maximum aggregate principal amount of $36,000,000.

Net proceeds of the Refunding Bonds will be used to redeem the 2002 Bonds at an optional redemption price equal to 100% of the outstanding par amount thereof, plus accrued interest, on the date of delivery of the Refunding Bonds. The District has other series of general obligation bonds outstanding in the aggregate principal amount of $170,335,908 (including the 2002 Bonds but not including the Refunding Bonds). See "DISTRICT FINANCIAL INFORMATION – General Obligation Bonds" and "DEBT SERVICE SCHEDULES."

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Refunding Bonds are as follows:

Sources of Funds:
Principal Amount of Refunding Bonds
Net Premium
Total Sources

Uses of Funds:
Refunding of 2002 Bonds
Total Costs of Issuance (1)
Total Uses

---
(1) Total Costs of Issuance include underwriter's discount, financial advisory fees, legal fees, printing costs and other miscellaneous expenses.

DEBT SERVICE SCHEDULES

The following table shows the debt service schedule with respect to the Refunding Bonds, assuming no optional redemptions.

Period Ending (August 1)	Principal	Interest	Debt Service
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
Total			

The following table shows the debt service schedule with respect to all of the outstanding general obligation bonds of the District, assuming no optional redemptions.

Period Ending (Aug 1)	2005 Refunding Bonds	2004 Election Series A Bonds	2004 Election Series B Bonds	2004 Election Series C Bonds	2004 Election Series D Bonds	2004 Election Series E Bonds	2010 Refunding Bonds
2011	$1,203,207.50	$2,314,256.26	$2,712,525.00	$325,000.00	-	-	
2012	1,283,257.50	1,914,881.26	2,699,025.00	880,000.00	-	-	
2013	1,387,137.50	2,066,212.50	2,687,025.00	1,190,000.00	-	-	
2014	1,477,937.50	2,241,262.50	2,675,025.00	905,000.00	-	-	
2015	1,458,637.50	2,405,662.50	2,711,525.00	1,080,000.00	-	-	
2016	1,498,262.50	2,842,262.50	2,697,525.00	1,235,000.00	-	-	
2017	1,629,625.00	3,014,862.50	2,933,525.00	1,290,000.00	-	-	
2018	1,744,000.00	3,083,262.50	3,808,025.00	-	-	-	
2019	2,951,375.00	3,061,262.50	4,389,275.00	-	-	-	
2020	3,397,375.00	3,074,950.00	4,727,750.00	-	-	-	
2021	3,591,775.00	3,022,500.00	5,058,750.00	-	-	-	
2022	4,429,775.00	3,004,000.00	5,296,750.00	-	225,000.00	310,000.00	
2023	2,152,762.50	3,006,500.00	5,515,250.00	-	175,000.00	310,000.00	
2024	-	3,008,750.00	5,814,250.00	-	-	410,000.00	
2025	-	3,010,500.00	6,098,750.00	-	905,000.00	-	
2026	-	2,966,500.00	6,583,250.00	-	1,020,000.00	-	
2027	-	2,888,750.00	6,321,500.00	-	1,945,000.00	-	
2028	-	2,888,750.00	5,294,000.00	2,110,000.00	1,475,000.00	-	
2029	-	2,782,500.00	5,334,000.00	2,365,000.00	1,940,000.00	-	
2030	-	-	-	9,540,000.00	3,566,442.25	-	
2031	-	-	-	9,830,000.00	4,000,544.10	-	
2032	-	-	-	10,120,000.00	4,471,537.20	-	
2033	-	-	-	-	15,401,568.00	-	
2034	-	-	-	-	500,000.00	15,434,236.00	
2035	-	-	-	-	-	15,937,578.30	
2036	-	-	-	-	-	15,936,655.20	
2037	-	-	-	-	-	15,937,352.20	
2038	-	-	-	-	-	15,935,560.20	
2039	-	-	-	-	-	15,935,000.00	
2040	-	-	-	-	-	15,937,176.00	
2041	-	-	-	-	-	15,934,669.95	
2042	-	-	-	-	-	15,935,587.20	
2043	-	-	-	-	-	15,935,800.00	
2044	-	-	-	-	-	15,935,000.00	
Total	$28,205,127.50	$52,597,625.02	$83,357,725.00	$40,870,000.00	$35,625,091.55	$175,824,615.05	

SECURITY FOR THE REFUNDING BONDS

General

The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* taxes for the payment of the Refunding Bonds and the interest thereon upon all property within the District subject to taxation by the District without limitation as to 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 Refunding Bonds are outstanding in an amount sufficient to pay the principal and interest on the Refunding Bonds when due. Such taxes, when collected, will be deposited into the Debt Service Fund for the Refunding Bonds, which is maintained by the County and which is created by statute for the payment of principal of and interest on the Refunding Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Refunding Bonds, and the County will maintain the Debt Service Fund pledged to the repayment of the Refunding Bonds, the Refunding Bonds are not a debt of the County.

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

The amount of the annual *ad valorem* tax levied by the County to repay the Refunding 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 Refunding 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 decrease in land values, a relocation out of the District or change to tax-exempt status 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 June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Tax Collector/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 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 XIIIA 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" in Appendix B.

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. No reimbursement is made by the State for such exemptions.

Property within the District has a total taxable assessed valuation for fiscal year 2010-11 of $8,194,714,097. Shown in the following table are the assessed valuations for the District from 2005-06 through the 2010-11 fiscal year.

Table No. 1
DUBLIN UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Year 2006-07 through Fiscal Year 2010-11

Fiscal Year	Local Secured	Utility	Unsecured	Total
2006-07	$7,180,233,288	$1,016,256	$224,736,001	$7,405,985,545
2007-08	7,976,969,331	1,016,256	220,162,709	8,198,148,296
2008-09	8,387,779,912	1,016,256	218,156,134	8,606,952,302
2009-10	8,128,979,090	1,016,256	215,691,584	8,345,686,930
2010-11	7,990,405,147	1,019,152	203,289,798	8,194,714,097

Source: California Municipal Statistics, Inc.

The following table shows the average assessed value categories of single-family residential parcels in the District.

Table No. 2
DUBLIN UNIFIED SCHOOL DISTRICT
Average Per Parcel 2009-10 Assessed Valuation of Single Family Homes(1)
Fiscal Year 2009-10

	No. of Parcels	2009-10 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	8,416	$4,020,295,744	$477,697	$463,784

2009-10 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	750	8.912%	8.912%	$ 51,144,709	1.272%	1.272%
$100,000 - $199,999	607	7.212	16.124	92,040,082	2.289	3.562
$200,000 - $299,999	1,036	12.310	28.434	264,602,389	6.582	10.143
$300,000 - $399,999	935	11.110	39.544	326,071,020	8.111	18.254
$400,000 - $499,999	1,331	15.815	55.359	600,277,920	14.931	33.185
$500,000 - $599,999	1,017	12.084	67.443	560,533,846	13.943	47.128
$600,000 - $699,999	1,137	13.510	80.953	735,924,518	18.305	65.433
$700,000 - $799,999	547	6.500	87.452	406,002,937	10.099	75.532
$800,000 - $899,999	600	17.129	94.582	510,902,001	12.708	88.240
$900,000 - $999,999	251	2.982	97.564	236,060,749	5.872	94.111
$1,000,000 - $1,099,999	98	1.164	98.729	101,870,770	2.534	96.645
$1,100,000 - $1,199,999	60	0.713	99.442	68,113,489	1.694	98.340
$1,200,000 - $1,299,999	38	0.452	99.893	46,788,548	1.164	99.503
$1,300,000 - $1,399,999	1	0.012	99.905	1,350,000	0.034	99.537
$1,400,000 - $1,499,999	2	0.024	99.929	2,950,014	0.073	99.610
$1,500,000 - $1,599,999	2	0.024	99.952	3,069,591	0.076	99.687
$1,600,000 - $1,699,999	1	0.012	99.964	1,619,225	0.040	99.727
$1,700,000 - $1,799,999	0	0.000	99.964	0	0.000	99.727
$1,800,000 - $1,899,999	1	0.012	99.976	1,860,400	0.046	99.773
$1,900,000 - $1,999,999	0	0.000	99.976	0	0.000	99.773
$2,000,000 and greater	2	0.024	100.000	9,113,536	0.227	100.000
Total	8,416	100.000%		$4,020,295,744	100.000%	

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

The table below shows typical total tax rates per $100 of assessed valuation for fiscal years 2006-07 through 2010-11. Tax Rate Area 26-001 covers approximately 34% of the assessed value in the District.

Table No. 3
DUBLIN UNIFIED SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 26-001)
Fiscal Years 2006-07 through 2010-11

	2006-07	2007-08	2008-09	2009-10	2010-11
Countywide	1.0000	1.0000	1.0000	1.0000	1.0000
Dublin Unified School District	.0885	.0850	.0732	.0816	.1011
Chabot-Las Positas Com. Coll. District	.0159	.0164	.0183	.0195	.0211
Flood Zone 7 – State Water Project	.0151	.0150	.0169	.0203	.0250
Bay Area Rapid Transit	.0050	.0076	.0090	.0057	.0031
East Bay Regional Park District	.0085	.0080	.0100	.0108	.0084
Total Tax Rate	1.1330	1.1320	1.1274	1.1379	1.1587

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 XIIIA 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 XIIIA.

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 2010-11. Like many counties in California, the County has experienced a decline in property values and an increase in foreclosure rates since 2007. The 2010-11 assessment roll reflects assessments of more than 490,000 taxable properties including the 110,032 properties that were provided reduced assessments due to market value declines. Those reductions in assessed value, independently established by the Assessor's staff, totaled $17.2 billion. While there were annual assessment activities leading to positive roll growth this year, they were more than offset by the effect of the declining residential real estate market. Property assessments not affected by market value declines also experienced a modest .237% reduction due to the first-time-ever State provided "negative" inflation index The County is not able to provide Proposition 8 information that is specific to properties in the District. The fiscal year 2010-11 assessed value of taxable property in the District decreased by approximately 1.8% below the fiscal year 2009-10 secured assessed value.

Alternative Method of Tax Apportionment - "Teeter Plan"

The Board of Supervisors of the County, in 1994, 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 State Revenue and Taxation Code. Pursuant to the Teeter Plan, the County establishes a tax losses reserve fund and a tax resources account and each entity levying property taxes in the County may draw on the amount of uncollected taxes and assessments credited to its fund, in the same manner as if the amount credited had been collected.

The County is responsible for determining the amount of the tax levy on each parcel in the taxing entity, which is entered onto the secured real property tax roll. Upon completion of the secured real property tax roll, the County's Auditor-Controller determines the total amount of taxes and assessments actually extended on the roll for each fund for which a tax levy has been included, and apportions 100% of the tax and assessment levies to that fund's credit. Such moneys may thereafter be drawn against the taxing agency in the same manner as if the amount credited had been collected. The County determines which moneys in the County treasury (including those credited to the tax losses reserve fund) shall be available to be drawn on to the extent of the amount if uncollected taxes credited to each fund for which a levy has been included. When amounts are received on the secured tax roll for the current year, or for redemption of tax-defaulted property, Teeter Plan moneys are distributed to the apportioned tax resources accounts.

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 could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan 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, 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.

Although the County is entitled to draw on the full amount of taxes credited to the tax fund for a taxing entity in approximately October of each tax year, it has been the District's experience that it receives approximately 50% of the tax allocations for the year by December 31, an additional 45% by April 30 and the final 5% by June 30.

Historical secured tax levy collections and delinquencies in the District are summarized in the following table.

Table No. 4
DUBLIN UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2005-06 through 2009-10

Fiscal Year	Secured Tax Charge (1)	Amount Delinquent June 30	% Delinquent June 30
2005-06	$4,935,377	$ 82,062	1.66%
2006-07	6,323,956	185,793	2.94
2007-08	6,792,682	224,154	3.30
2008-09	6,077,531	221,170	3.64
2009-10	6,544,898	158,901	2.43

(1) All taxes collected by the County within the District.
Source: California Municipal Statistics, Inc.

Largest Secured Property Taxpayers in District

The following table shows the 20 largest secured property taxpayers in the District as determined by secured assessed valuation in fiscal year 2010-11.

Table No. 5
DUBLIN UNIFIED SCHOOL DISTRICT
Largest Secured Taxpayers
Fiscal Year 2010-11

	Property Owner	Primary Land Use	2010-11 Assessed Valuation	% of Total (1)
1.	Istar CTL Dublin LLC	Office Building	$ 103,000,000	1.29%
2.	SR Structured Lot Options I LLC	Residential Land	102,755,228	1.29
3.	Dublin Corporate Center 1, 2 & 3 LP	Office Building	87,521,917	1.10
4.	Avalon Dublin Station LP	Apartments	84,406,681	1.06
5.	Bere Island Properties I LLC	Apartments	83,224,142	1.04
6.	Behringer Harvard Waterford Place REIT	Apartments	78,150,770	0.98
7.	Tishman Speyer Archstone Smith Emerald	Apartments	77,368,249	0.97
8.	Bit Holdings Sixty-Three, Inc.	Shopping Center	71,208,094	0.89
9.	Kaiser Foundation Hospitals	Commercial Land	62,784,487	0.79
10.	Sorrento Dublin Ranch I LP	Residential Land	58,185,567	0.73
11.	BJP ROF Jordan Ranch LLC	Commercial	49,352,629	0.62
12.	Park Sierra LLC	Apartments	49,222,078	0.62
13.	Wells REIT II Emerald Point LP	Office Building	47,513,400	0.59
14.	Ironhorse Dublin LP	Apartments	45,471,600	0.57
15.	Loja Waterford LLC	Shopping Center	42,866,940	0.54
16.	Walton CWCA Sierra 18 LLC	Light Industrial	42,036,165	0.53
17.	PFRS Dublin Corp.	Shopping Center	40,787,019	0.51
18.	RT Dublin Properties LLC	Office Building	38,500,000	0.48
19.	Stockbridge BHV Emerald Place Land Co.	Commercial Land	38,204,022	0.48
20.	Stanforth Holding Co. LLC	Commercial Land	36,429,414	0.46
			$1,238,988,402	15.51%

(1) 2010-11 Local Secured Assessed Valuation: $7,990,405,147.
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 October 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. 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 No. 6
DUBLIN UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of October 1, 2010

2010-11 Assessed Valuation: $8,194,714,097

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 10/1/10	
Bay Area Rapid Transit District	1.883%	$ 7,793,078	
Chabot-Las Positas Community College District	10.607	48,242,685	
Dublin Unified School District	**100.**	**170,335,908**	(1)
East Bay Regional Park District	2.912	4,953,312	
City of Dublin 1915 Act Bonds	100.	385,000	
California Statewide Communities Development Authority 1915 Act Bonds	100.	1,080,015	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$232,789,998	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Alameda County General Fund Obligations	4.858%	$20,355,311	
Alameda County Pension Obligations	4.858	8,666,032	
Alameda-Contra Costa Transit District Certificates of Participation	0.067	25,102	
Chabot-Las Positas Community College District Certificates of Participation	10.607	476,785	
City of Pleasanton Certificates of Participation	0.004	951	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$29,524,181	
COMBINED TOTAL DEBT		$262,314,179	(2)

(1) Excludes refunding general obligation 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 2010-11 Assessed Valuation:
Direct Debt ($170,335,908) 2.08%
Total Direct and Overlapping Tax and Assessment Debt 2.84%
Combined Total Debt 3.20%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: $0

Source: California Municipal Statistics, Inc.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and the Refunding Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the “**Code**”) such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Code), a deduction for federal income tax purposes is allowed for 80 percent of that portion of such financial institution's interest expense allocable to interest payable on the Refunding Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Refunding Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Refunding Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Refunding Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount is disregarded.

Under the Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Refunding Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Refunding Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Refunding Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Refunding Bonds who purchase the Refunding Bonds after the initial offering of a substantial amount of such maturity. Owners of such Refunding Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Refunding Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Refunding Bonds under federal individual and corporate alternative minimum taxes.

Under the Code, original issue premium is amortized on an annual basis over the term of the Refunding Bond (said term being the shorter of the Refunding Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Refunding Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Refunding Bond is amortized each year over the term to maturity of the Refunding Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of Premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Refunding Bonds.

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

Owners of the Refunding Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Refunding Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Refunding Bonds other than as expressly described above.

CERTAIN LEGAL MATTERS

Continuing Disclosure

The District will covenant for the benefit of owners of the Refunding Bonds to provide certain financial information and operating data relating to the District by not later than nine months after the end of the District's fiscal year (which date would be the March 31 following the current end of the District's fiscal year on June 30), commencing with the report for the 2009-10 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events, if material. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in "APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE," attached to this Official Statement. These covenants have been made in order to assist the Underwriter (as defined below) in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**").

The District has complied with all of its material obligations under existing continuing disclosure undertakings during the past five years.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Refunding Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Refunding 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 Refunding Bonds.

UNDERWRITING

The Refunding Bonds are being purchased by ____________ (the "**Underwriter**"). The Underwriter has agreed to purchase the Refunding Bonds at a price of $________ which is equal to the initial principal amount of the Refunding Bonds plus original issue premium of $________ less Underwriter's discount of $________. The notice of sale relating to the Refunding Bonds provides that the Underwriter will purchase all of the Refunding 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 the Refunding 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.

RATING

Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies ("**S&P**") has assigned a rating of "AA-" to the Refunding Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P, at the following address: Standard & Poor's Rating Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any credit rating given to the Refunding Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Refunding Bonds.

ADDITIONAL INFORMATION

The references herein to the Resolution 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 said documents. Copies of the documents mentioned under this heading are available from the District.

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 from upon written request to the District. The District may impose a charge for copying, mailing and handling.

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 Refunding Bonds.

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

DUBLIN UNIFIED SCHOOL DISTRICT

By: ___________________________________
Superintendent

APPENDIX A

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

DUBLIN UNIFIED SCHOOL DISTRICT

COUNTY OF ALAMEDA

DUBLIN, CALIFORNIA

FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2009

AND

INDEPENDENT AUDITOR'S REPORT

DUBLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

TABLE OF CONTENTS

DUBLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

TABLE OF CONTENTS
(Continued)

PERRY-SMITH
THE POWER OF CONFIDENCE

Perry-Smith LLP
400 Capitol Mall | Suite 1200
Sacramento, CA 95814
www.perry-smith.com
916.441.1000

INDEPENDENT AUDITOR'S REPORT

Governing Board
Dublin Unified School District
Dublin, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dublin Unified School District, as of and for the year ended June 30, 2009, which collectively comprise Dublin 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 Dublin Unified School District as of June 30, 2009, and the respective changes in financial position 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 2, 2009 on our consideration of Dublin 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.

Management's Discussion and Analysis is not a required part of the 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise Dublin 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 Dublin Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Perry-Smith LLP

Sacramento, California
December 2, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

This section of Dublin Unified School District's annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Dublin Unified School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Activities* are agency funds, which only report a balance sheet and do not have a measurement focus.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Dublin Unified School District.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- The District managed to maintain the state recommended reserve for economic uncertainty of 3 percent in spite of unprecedented state revenue reductions this past year.
- The enrollment growth at the medium level was over 271 students at 5% growth.
- Special education expenditures continue to increase beyond Federal, State and local resources, our encroachment percentage is at 6.581 % at year end and totals $2,256,102.
- The Districts base revenue limit was reduced $1,334.43 per Average Daily Attendance, from $7,269.54 to $5,935.29.
- The Districts revenue loss from the state was $7.4 million, this past year.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The *Statement of Net Assets* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include *all* assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the *overall health* of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Assets* and the *Statement of Activities*, the District activities are presented as follows:

Governmental activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the Federal government and the State of California.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities. 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.

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were $279,902,353 and $218,551,124 for the fiscal years ended June 30, 2009 and 2008, respectively. Of this amount, $2,919,011 and ($1,579,957) were unrestricted for each respective year. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

Table 1

	2009 Governmental Activities	2008 Governmental Activities
Current and other assets	$69,746,937	$97,744,187
Capital assets	$365,261,804	$281,961,541
Total Assets	**$435,008,741**	**$379,705,728**
Current liabilities	$ 11,973,270	$ 16,832,870
Long-term debt	$143,133,118	$144,321,734
Total Liabilities	**$155,106,388**	**$161,154,604**
Net Assets		
Invested in capital assets, net of related debt	$222,290,718	$205,479,458
Restricted	$ 54,692,624	$ 14,651,623
Unrestricted	$ 2,919,011	($1,579,957)
Total Net Assets	**$279,902,353**	**$218,551,124**

Unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. It means that if we had to pay off all of our bills *today* including all of our non-capital liabilities (compensated absences as an example). We will need to closely monitor our expenditures in the future and adhere strictly to the budget to increase the net assets.

Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	2009 Governmental Activities	2008 Governmental Activities
Revenues:		
Program revenues		
Charges for services	$1,944,426	$2,146,711
Operating grants and contributions	$11,168,674	$11,830,238
Capital grants and contributions	$127,541	$78,026
General Revenue:		
Federal and State aid	$17,071,849	$15,925,362
Property taxes	$29,442,442	$30,302,316
Other general revenues	$64,575,369	$655,377
Total Revenues	**$124,330,301**	**$60,948,030**
Expenses:		
Instruction and instruction related	$37,703,118	$36,233,328
Student support services	$4,261,314	$4,208,685
Administration	$2,593,248	$2,710,870
Maintenance and operations	$11,288,102	$9,895,503
Other	$7,133,290	$6,699,681
Total Expenses	**$62,979,072**	**$59,748,067**
Change in Net Assets	**$61,351,229**	**$1,199,963**

Governmental Activities

As reported in the Statement of Activities on page 11, the cost of all of our governmental activities was $62,979,072 and $59,748,067 for 2009 and 2008, respectively. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $29,442,442 and $30,302,316 for 2009 and 2008 because the cost was paid by those who benefited from the programs $1,944,426 and $2,146,711 for 2009 and 2008 or by other governments and organizations who subsidized certain programs with grants and contributions $11,168,674 and $11,830,238 for 2009 and 2008. We paid for the remaining "public benefit" portion of our governmental activities with State funds and with other revenues, like interest and general entitlements.

In Table 3, we have presented the net cost (total cost less revenues generated by the activities) of each of the District's seven largest functions - regular program instruction, guidance and counseling, school administration, pupil transportation, administration, maintenance and operations, and other services as well as each program's *net* cost. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	2009 Net Cost of Services	2008 Net Cost of Services
Instruction	$25,442,596	$22,313,963
Guidance and counseling	$1,213,331	$1,307,700
School Administration	$3,263,762	$3,462,290
Pupil Transportation	$304,390	$233,956
Administration	$2,161,633	$2,536,108
Maintenance and operations	$9,173,747	$9,242,277
Other	$8,178,972	$6,596,798
Net Cost (Revenue) of Governmental Activities	**$49,738,431**	**$45,693,092**

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $59,234,594, which is a decrease of $23,284,217 from last year.

The primary reasons for this decrease:

a. Our General Fund is our principal operating fund. The fund balance in the General Fund increased from $3,965,340 to $7,809,599. This increase is due primarily to growth in average daily attendance from the adopted budget, entitlement carryover balances, flexibility transfers, receipt of federal stimulus funding at year end and State Budget Adoption changes from May Revision.

b. Our Building Fund balances collectively decreased from $64,099,141 to $41,335,873. This decrease is primarily due to the capital projects program increase.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted as the books were closed in September 2009. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided for the General Fund in our annual report.

- Significant revenue revisions were made to the 2008/09 Budget primarily due to the State reductions in revenue funding.
- Actual expenditures decreased from the original budget by $1,655,885 due to due to the state economic environment uncertainty and unprecedented mid-year budget reductions.

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had $281,961,541 in a broad range of capital assets, including land, buildings, and furniture and equipment, net of accumulated depreciation. This amount represents a net increase (including additions, deductions and depreciation) of $30,942,620 or 12.33 percent from last year.

Table 4

	2009 Governmental Activities	2008 Governmental Activities
Land	$207,622,043	$143,122,043
Construction in progress	$20,467,306	$106,056,056
Building and improvements	$136,405,471	$32,039,027
Equipment	$766,984	$744,415
Total Assets	**$365,261,804**	**$281,961,541**

This year's major additions included:

Green Elementary	$23,025,953	$5,141,930
Dublin High School, Phase I	$4,014,510	$20,960,735
Dublin High School, Phase II	$6.046.351	$1,723,174
Fallon Middle School	$41,525,198	$40,859
Elementary Modernization	$6,231,983	$1,828,314
Valley High, Phase I	$257,241	$1,875,642
Valley High, Phase II	$2,835,267	$233,653
Kolb Elementary	$171,758	$245,267
	$84,108,261	**$31,989,574**

This year's major additions of $84,108,261 included school modernization at various sites. No debt was issued for these additions. Land for Fallon Middle School and Green Elementary was recognized in 2008-2009. More detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $142,971,086 million in bonds outstanding versus 144,091,142 million last year. Those bonds consisted of:

Table 5

	2009 Net Cost of Services	2008 Net Cost of Services
Current Interest Bonds	$139,318,934	$141,128,934
Capital Appreciation	$1,200,403	$389,904
Premium	$2,451,749	$2,572,304
Total Assets	**$142,971,086**	**$144,091,142**

The District's general obligation bond rating was increased to "AA-". The State limits the amount of general obligation debt that District's can issue to 2.5 percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $142,971,086 million is significantly below this $207,218,374 million statutorily - imposed limit.

Other obligations include compensated absences payable and early retirement incentives. We present more detailed information regarding our long-term liabilities in Note 5 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2008-2009 ARE NOTED BELOW:

The District continued to maintain the state recommended 3% reserve in spite of unprecedented budget reductions from the State.. State Budget uncertainty during the year prompted notable decreases in expenditures and assisted in generating a surplus at year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2009/2010 year, the District Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Average Daily attendance will grow by 187 ADA.
2. Developer Fee collections are based on approximate number of housing units to be constructed in Eastern Dublin.
3. Federal income updates will be approximately the same as current year.
4. State income updates will be reduced by 4.97% according to May 2008 revision from the state made when more information from the state is received.
5. Major expenditure reductions of approximately $5.3 million, including three furlough days for certificated and classified staff, all three bargaining groups teachers, classified and leadership.

Expenditures are based on the following forecasts:

	Enrollment
Grades kindergarten through fifth	3,125
Grades six through eight	1,273
Grades nine through twelve	1,553

The new items specifically addressed in the budget are:

1. Step and column are implemented for all bargaining units.
2. There is not a cost of living allowance salary rate adjustment for bargaining units and leadership.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors 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 any additional financial information, contact the Assistant Superintendent, Business Services,, at Dublin Unified School District, 7471 Larkdale Avenue, Dublin, California, 94568-1599, or e-mail at heironimusbeverly@dublin.k12.ca.us.

BASIC FINANCIAL STATEMENTS

DUBLIN UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 62,288,739
Accounts receivable	6,462,100
Prepaid expenses	932,679
Stores inventory	63,419
Capital assets, net of accumulated depreciation (Note 4)	365,261,804
Total assets	435,008,741
LIABILITIES	
Accounts payable	6,664,026
Tax Revenue Anticipation Notes (TRANS) payable	5,124,653
Deferred revenue	184,591
Long-term liabilities (Note 5):	
Due within one year	2,905,056
Due after one year	140,228,062
Total liabilities	155,106,388
NET ASSETS	
Invested in capital assets, net of related debt	222,290,718
Restricted (Note 6)	54,692,624
Unrestricted	2,919,011
Total net assets	$ 279,902,353

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

DUBLIN UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets: Governmental Activities
Governmental activities (Note 4):					
Instruction	$ 32,825,436	$ 7,512	$ 7,247,787	$ 127,541	$ (25,442,596)
Instruction-related services:					
Supervision of instruction	1,162,978	3,221	291,061		(868,696)
Instructional library, media and technology	383,287	187	38,465		(344,635)
School site administration	3,331,417	1,763	65,892		(3,263,762)
Pupil services:					
Home-to-school transportation	457,472		153,082		(304,390)
Food services	1,436,013	1,041,500	273,175		(121,338)
All other pupil services	2,367,829	3,075	400,330		(1,964,424)
General administration:					
Data processing	679,661				(679,661)
All other general administration	1,913,587	52,352	379,263		(1,481,972)
Plant services	11,288,102	646,918	1,467,437		(9,173,747)
Ancillary services	280,192				(280,192)
Interest on long-term liabilities	6,409,589				(6,409,589)
Other outgo	443,509	187,898	852,182		596,571
Total governmental activities	$ 62,979,072	$ 1,944,426	$ 11,168,674	$ 127,541	(49,738,431)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	22,918,224
Taxes levied for debt service	6,524,218
Federal and state aid not restricted to specific purposes	17,071,849
Interest and investment earnings	289,272
Miscellaneous	64,809,088
Special and extraordinary items	(522,991)
Total general revenues	111,089,660
Change in net assets	61,351,229
Net assets, July 1, 2008	218,551,124
Net assets, June 30, 2009	$ 279,902,353

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

DUBLIN UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2009

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 8,061,331	$ 43,270,713	$ 6,671,478	$ 4,113,184	$ 62,116,706
Cash on hand and in banks	111,790			35,243	147,033
Cash in revolving fund	25,000				25,000
Accounts receivable	6,143,597	217,516	19,035	81,952	6,462,100
Due from other funds	195,203			286,494	481,697
Prepaid expenses	11,718				11,718
Stores inventory	32,593			30,826	63,419
Total assets	$ 14,581,232	$ 43,488,229	$ 6,690,513	$ 4,547,699	$ 69,307,673
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 1,436,158	$ 2,152,333		$ 693,647	$ 4,282,138
TRANS payable	5,124,653				5,124,653
Deferred revenue	184,591				184,591
Due to other funds	26,231	23		455,443	481,697
Total liabilities	6,771,633	2,152,356		1,149,090	10,073,079
Fund balances	7,809,599	41,335,873	$ 6,690,513	3,398,609	59,234,594
Total liabilities and fund balances	$ 14,581,232	$ 43,488,229	$ 6,690,513	$ 4,547,699	$ 69,307,673

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

DUBLIN UNIFIED SCHOOL DISTRICT

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

June 30, 2009

Total fund balances - Governmental Funds		$ 59,234,594
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 $386,948,905 and the accumulated depreciation is $21,687,101 (Note 4).		365,261,804
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	$ (139,318,934)	
Accreted interest	(1,200,403)	
Premium on refinancing	(2,451,749)	
Early retirement incentive	(162,032)	(143,133,118)
In governmental funds, debt issuance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issuance costs are amortized over the life of the debt.		920,961
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.		(2,381,888)
Total net assets - governmental activities		$ 279,902,353

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

DUBLIN UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Revenue limit sources:					
State apportionment	$ 13,815,344			$ 179,307	$ 13,994,651
Local sources	22,793,224				22,793,224
Total revenue limit	36,608,568			179,307	36,787,875
Federal sources	3,276,565			251,415	3,527,980
Other state sources	5,653,422			168,521	5,821,943
Other local sources	4,217,078	$ 1,238,214	$ 6,621,180	2,139,022	14,215,494
Total revenues	49,755,633	1,238,214	6,621,180	2,738,265	60,353,292
Expenditures:					
Certificated salaries	27,018,139			115,332	27,133,471
Classified salaries	6,970,971	796,795		1,298,434	9,066,200
Employee benefits	6,064,490	197,396		376,424	6,638,310
Books and supplies	1,471,347	2,447,706		1,462,438	5,381,491
Contract services and operating expenditures	4,293,183	1,268,123		769,468	6,330,774
Capital outlay		19,077,462		134,415	19,211,877
Other outgo	419,869			1,901,459	2,321,328
Debt service:					
Principal retirement			1,810,000		1,810,000
Interest			5,744,058		5,744,058
Total expenditures	46,237,999	23,787,482	7,554,058	6,057,970	83,637,509
Excess (deficiency) of revenues over (under) expenditures	3,517,634	(22,549,268)	(932,878)	(3,319,705)	(23,284,217)
Other financing sources (uses):					
Operating transfers in	504,322			1,697,425	2,201,747
Operating transfers out	(177,697)	(214,000)		(1,810,050)	(2,201,747)
Total other financing sources (uses)	326,625	(214,000)		(112,625)	
Net change in fund balances	3,844,259	(22,763,268)	(932,878)	(3,432,330)	(23,284,217)
Fund balances, July 1, 2008	3,965,340	64,099,141	7,623,391	6,830,939	82,518,811
Fund balances, June 30, 2009	$ 7,809,599	$ 41,335,873	$ 6,690,513	$ 3,398,609	$ 59,234,594

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

DUBLIN 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		$ (23,284,217)
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).	$ 21,912,444	
Donated capital assets are not reported in governmental funds, but are recorded at fair value as increases capital assets in the statement of net assets (Note 4).	64,500,000	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(2,589,190)	
Proceeds from the disposal of capital assets are reported as revenue for entire proceeds in governmental funds, but in the statement of activities, only the resulting gain or loss is reported (Note 4).	(522,991)	
Debt issue costs are recognized as expenditures in the period they are incurred in the governmental funds, but are amortized over the life of the debt in the statement of net assets.	122,154	
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).	1,810,000	
Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net assets.	24,413	
Accreted interest is not recorded in the governmental funds until it becomes due, but increases the long-term liabilities in the statement of net assets (Note 5).	(810,499)	
Amortization of debt issuance premiums or discounts for the period are (Note 5):	120,555	
In the statement of activities, expenses related to early retirement incentive 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).	68,560	84,635,446
Change in net assets of governmental activities		$ 61,351,229

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

DUBLIN UNIFIED SCHOOL DISTRICT

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

MAJOR FUND - GENERAL FUND

For the Year Ended June 30, 2009

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Revenue limit sources:				
State apportionment	$ 13,689,551	$ 13,833,585	$ 13,815,344	$ (18,241)
Local sources	22,786,602	22,793,165	22,793,224	59
Total revenue limit	36,476,153	36,626,750	36,608,568	(18,182)
Federal sources	957,200	3,362,650	3,276,565	(86,085)
Other state sources	5,913,262	6,088,409	5,653,422	(434,987)
Other local sources	3,457,506	4,431,994	4,217,078	(214,916)
Total revenues	46,804,121	50,509,803	49,755,633	(754,170)
Expenditures:				
Certificated salaries	27,343,129	27,126,023	27,018,139	107,884
Classified salaries	7,285,066	7,191,890	6,970,971	220,919
Employee benefits	6,380,541	6,277,350	6,064,490	212,860
Books and supplies	1,498,898	1,954,583	1,471,347	483,236
Contract services and operating expenditures	4,770,619	5,143,945	4,293,183	850,762
Other outgo	615,631	527,179	419,869	107,310
Total expenditures	47,893,884	48,220,970	46,237,999	1,982,971
(Deficiency) excess of revenues (under) over expenditures	(1,089,763)	2,288,833	3,517,634	1,228,801
Other financing sources (uses):				
Operating transfers in	300,000	300,000	504,322	204,322
Operating transfers out			(177,697)	(177,697)
Total other financing sources (uses)	300,000	300,000	326,625	26,625
Net change in fund balances	(789,763)	2,588,833	3,844,259	1,255,426
Fund balance, July 1, 2008	3,965,340	3,965,340	3,965,340	
Fund balance, June 30, 2009	$ 3,175,577	$ 6,554,173	$ 7,809,599	$ 1,255,426

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

DUBLIN UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

June 30, 2009

ASSETS	
Cash on hand and in banks (Note 2)	$ 382,938
LIABILITIES	
Due to student groups	382,938
NET ASSETS	
Net assets	$ -

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

DUBLIN UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dublin 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 accounting principles generally accepted in the United States of America 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 Governing Board 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.

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 now include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a change in the fund financial statements to focus on the major funds.

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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Government-Wide Financial Statements (Continued)

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 is specifically identified by function and 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.

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 five 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 specified purposes. This classification includes the Adult Education, Cafeteria, Deferred Maintenance and Special Reserve Funds.

3 - Capital Projects Funds:

The Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities and equipment. This classification includes the Building, Capital Facilities and County School Facilities Funds.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation - Fund Accounting (Continued)

A - Governmental Fund Types (Continued)

4 - Debt Service Fund:

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

B - Fiduciary Fund Type

1 - Agency Funds:

Agency Funds are used to account for assets of others for which the District has an agency relationship with the activity of the fund. This classification consists of the Student Body Fund.

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 the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

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

Budgets and Budgetary Accounting

By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Governing Board complied with these requirements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

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

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 2 - 50 years depending on asset types.

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 a operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for all STRS employees and certain PERS employees, when the employee retires.

Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash, prepaid expenses and stores inventory reflect the portion of net assets represented by revolving fund cash, prepaid expenses 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 restrictions for special revenues and capital projects represent the portion of net assets restricted for special purposes and capital outlay, respectively. The restriction for debt service represents the portion of net assets available for the retirement of long-term liabilities.

Deferred Revenue

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of basic 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 January 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Alameda 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.

Elimination 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 and investments at June 30, 2009 consisted of the following:

	Governmental Activities	Fiduciary Activities
Pooled Funds:		
Cash in County Treasury	$ 62,116,706	
Deposits:		
Cash on hand and in banks	147,033	$ 382,938
Cash in revolving fund	25,000	
Totals	$ 62,288,739	$ 382,938

2. CASH AND INVESTMENTS (Continued)

Pooled Funds

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

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 Treasurer's Pooled Investment Fund 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 Alameda County Treasurer may invest in derivative securities. However, at June 30, 2009 the Alameda County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Deposits - Custodial Credit Risk

Cash balances held in banks and in revolving funds are insured up to $100,000 by the Federal Depository Insurance Corporation (FDIC). At June 30, 2009, the carrying amount of the District's accounts was $554,971 and the bank balances were $577,265. Of the bank balances, $250,000 was insured by the FDIC and $327,265 was uninsured, but collateralized.

Interest Rate Risk

The District allows investments with Federal Government Issues that have a maturity date of five years or less. At June 30, 2009, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

The District may invest as permitted by state law all or part of the special revenue fund of the District or any surplus monies not required for immediate District operations. Such investments shall be limited to securities in Government Code 16430, 53601, and 53635. At June 30, 2009, the District had no significant credit risk.

Concentration of Credit Risk

The District limits investments with Federal Government Issues which may not exceed 1/5 of the investable fund, Time Certificates of Deposit which may not exceed $100,000 per financial institution and State of California Issues which may not exceed 1/5 of the investable fund. 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. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables

Individual fund interfund receivable and payable balances at June 30, 2009 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 195,203	$ 26,231
Building		23
Non-Major Funds:		
Adult Education	1,231	124,206
Cafeteria	25,023	70,997
Capital Facilities	255,740	4,500
County School Facilities	4,500	255,740
Totals	$ 481,697	$ 481,697

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 Deferred Maintenance Fund to replace revenue that was placed in the General Fund as a result of the flexibility provision.	$ 177,697
Transfer from the Building Fund to the Deferred Maintenance Fund for required State match.	214,000
Transfer from the Adult Education Fund to the General Fund to cover costs as a result of the flexibility provision.	124,193
Transfer from Adult Education the to the General Fund Fund to cover indirect cost.	9,132
Transfer from the Cafeteria Fund to the General Fund to cover indirect costs.	70,997
Transfer from the Special Reserve Fund to the General Fund to decrease a reserve set aside for state budget cuts.	300,000
Transfer from the County School Facilities Fund to the Capital Projects Fund for a refund from DSA due to cancelled project.	1,305,728
	$ 2,201,747

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	$143,122,043	$ 64,500,000		$207,622,043
Improvement of sites	2,397,758	1,304,003		3,701,761
Buildings	48,779,828	105,971,845	$ 1,707,641	153,044,032
Equipment	1,894,917	225,346	6,500	2,113,763
Work-in-process	106,056,056	21,687,098	107,275,848	20,467,306
Totals, at cost	302,250,602	193,688,292	108,989,989	386,948,905
Less accumulated depreciation:				
Improvement of sites	(2,177,777)	(61,406)		(2,239,183)
Buildings	(16,960,782)	(2,325,007)	(1,184,650)	(18,101,139)
Equipment	(1,150,502)	(202,777)	(6,500)	(1,346,779)
Total accumulated depreciation	(20,289,061)	(2,589,190)	(1,191,150)	(21,687,101)
Capital assets, net	$281,961,541	$191,099,102	$107,798,839	$365,261,804

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 2,422,734
Site administration	809
Food services	4,406
Data processing	127,942
General administration	2,152
Plant services	31,147
Total depreciation expense	$ 2,589,190

5. LONG-TERM LIABILITIES

General Obligation Bonds

On February 1, 2002, the District issued 2002 General Obligation Refunding Bonds totaling $22,760,000. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 4.0% to 4.75% and are scheduled to mature through 2022.

On March 22, 2005, the District issued 2005 General Obligation Bonds, Election of 2004 Series "A" totaling $39,500,000. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 3.0% to 5.0% and are scheduled to mature through 2029.

5. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

On September 13, 2005, the District issued 2005 Refunding General Obligation Bonds, totaling $21,030,000 to advance refund the Series 1994, 1998 and 1999 General Obligation Bonds. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 3.5% to 6.0% and are scheduled to mature through 2023.

On July 17, 2007, the District issued 2004 General Obligation Bonds, Election of 2004 Series "B" totaling $50,000,000. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 4.0% to 5.0% and are scheduled to mature through 2029.

On July 17, 2007, the District issued 2004 General Obligation Bonds, Election 2004 Series "C" totaling $14,998,934. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 5.11% to 5.38% and are scheduled to mature through 2032.

The following is a schedule of outstanding General Obligation Bonds:

Series	Balance July 1, 2008	Current Year Proceeds	Current Year Refunded	Current Year, Maturities	Balance June 30, 2009
2002	$ 19,665,000			$ (910,000)	$ 18,755,000
2005	35,570,000			(725,000)	34,845,000
2006	20,895,000			(75,000)	20,820,000
2008	64,998,934			(100,000)	64,898,934
Totals	$ 141,128,934	$ -	$ -	$ (1,810,000)	$ 139,318,934

The General Obligation Bonds are scheduled to mature as follows:

Year Ending June 30,	Principal	Interest	Total
2010	$ 2,735,000	$ 5,657,673	$ 8,392,673
2011	2,247,792	5,564,618	7,812,410
2012	2,797,776	5,529,088	8,326,864
2013	3,059,740	5,572,894	8,632,634
2014	3,600,249	5,590,178	9,190,427
2015-2019	26,116,173	25,664,650	51,780,823
2020-2024	43,475,000	16,396,169	59,871,169
2025-2029	37,967,403	8,086,847	46,054,250
2030-2034	17,319,801	22,458,449	39,778,250
	$ 139,318,934	$ 100,520,566	$ 239,839,500

5. LONG-TERM LIABILITIES (Continued)

Early Retirement Incentive

The District has entered into various early retirement incentive agreements during the past three years. The District has obligations under the STRS golden handshake program of $86,006 that will be paid off over the next five years. Additional incentive agreements amounting to $76,026 include providing payments of $50,000 for each eligible individual over the next two to four years.

Schedule of 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	$ 141,128,934		$ 1,810,000	$ 139,318,934	$ 2,735,000
Accreted interest	389,904	$ 810,499		1,200,403	
Premium on refinancing	2,572,304		120,555	2,451,749	120,555
Early retirement incentive	230,592		68,560	162,032	49,501
Totals	$ 144,321,734	$ 810,499	$ 1,999,115	$ 143,133,118	$ 2,905,056

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Early Retirement Incentive are made from the Fund for which the related employee worked.

6. RESTRICTED NET ASSETS

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

	Governmental Activities
Revolving cash	$ 25,000
Prepaid expenses	932,679
Stores inventory	63,419
Unspent categorical program revenues	2,277,358
Special revenues	577,810
Capital projects	44,125,845
Debt service	6,690,513
	$ 54,692,624

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 $652,163, $763,481 and $783,786, respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

Plan Description

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

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2008-2009 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2007, 2008 and 2009 were $2,013,986, $2,195,314 and $2,212,454, respectively, and equal 100% of the required contributions for each year.

8. JOINT POWERS AGREEMENTS

Alameda County Schools Insurance Group

The District is a member with other school districts of a Joint Powers Authority, Alameda County Schools Insurance Group (ACSIG). ACSIG arranges for and provides workers' compensation insurance for its members. The following is a summary of financial information for ACSIG at June 30, 2008 (the most recent information available):

Total assets	$ 39,936,164
Total liabilities	$ 45,964,256
Total net assets	$ (6,028,092)
Total revenue	$ 116,440,255
Total expenses	$ 117,545,978

Schools Excess Liability Fund

The District is also a member with other school districts of a Joint Powers Authority, School Excess Liability Fund (SELF), for the purpose of providing excess insurance coverage. The following is a summary of the financial information for SELF at June 30, 2009:

Total assets	$ 209,217,000
Total liabilities	$ 161,555,000
Total net assets	$ 47,662,000
Total revenues	$ 26,645,000
Total expenses	$ 27,701,000

The relationship between Dublin Unified School District and the Joint Powers Authorities is such that the Joint Powers Authorities are not a component unit of the District for financial reporting purposes.

9. COMMITMENTS AND 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.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial position.

10. 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.

APPENDIX B

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

General Information

The District is located in the City of Dublin in the County of Alameda. The District was established in 1988 and comprises an area of approximately 15 square miles. The District operates 6 elementary schools, 2 middle schools, 1 high school, a continuation high school, an independent study program and an adult education program. Average Daily Attendance in the District for the 2009-10 school year was 5,803 students and for 2010-11 is estimated to be 6,017 sstudents. The District currently has 317.9 certificated and 154.4 classified employees.

Alameda County is located on the east side of the San Francisco Bay and extends from the Cities of Berkeley and Albany in the north to the City of Fremont in the south. It is the sixth most populous county in the State, with most of its population concentrated in a highly urbanized area between the San Francisco Bay and the East Bay Hills.

Governing Board

The District is governed by a five-member Board of Trustees, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board of Trustees, together with their office and the date their term expires, are listed below :

Name	Office	Term Expires
David Haubert	President	2010
Dan Cunningham	Vice President	2012
Jennifer Henry	Trustee	2010
Amy Miller	Trustee	2012
Greg Tomlinson	Trustee	2012

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

Enrollment

Enrollment in the District during the past six years and for the current year is shown below.

Table 1
DUBLIN UNIFIED SCHOOL DISTRICT
Enrollment

Fiscal Year	Enrollment
2004-05	4,602
2005-06	4,912
2006-07	5,201
2007-08	5,556
2008-09	5,739
2009-10	5,933
2010-11[1]	6,236

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

Employee Relations

In the fall of 1974, the California State Legislature enacted a public school employee collective bargaining law known as the Rodda Act which became effective in stages. This law provides that employees are to be divided into appropriate bargaining units which are to be represented by an exclusive bargaining agent.

The teachers of the District have selected the Dublin Teacher's Association as their exclusive bargaining agent. They are currently operating under a contract which will expire on June 30, 2011.

The California School Employees Association has been selected as the exclusive bargaining agent for classified personnel and such personnel are covered by a contract that expired on June 30, 2010.

Pension Plans

The District participates in the State of California Teachers Retirement System (**"STRS"**). This plan covers basically all full-time certificated employees. Active plan members are required to contribute 8.0% of their salaries and the District is required to contribute an actuarially determined rate. The required employer contribution rate for fiscal year 2009-10 was 8.25% of annual payroll. The District's contribution to STRS for fiscal year 2009-10 was $2,241,941 and was estimated to be $2,339,083 in fiscal year 2010-11. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools.

The District also participates in the State of California Public Employees Retirement System (**"PERS"**). This plan covers all classified personnel who are employed more than four hours per day. Active plan members are required to contribute 7.0% of their salaries, and the District is required to contribute at an actuarially determined rate. The required employer contribution rate for fiscal year 2009-10 was 10.707% of annual payroll. The District's contribution to PERS for fiscal year 2009-10 was $684,547 and was estimated to be $802,608 in fiscal year 2010-11. In order to receive PERS benefits, an employee must be at least 50 years old and have provided five years of service to California schools.

See Note 7 of the District's fiscal year 2008-09 audited financial statements for more information about the District's retirement programs.

Other Post-Employment Benefits

The District does not pay for post-employment health care benefits for retired employees. Retirees can pay for continued health care services on their own; the District's only liability is the cost of the monthly service charge imposed by PERS.

DISTRICT FINANCIAL INFORMATION

The following selected financial information provides a brief overview of the District's finances. This financial information has been extracted from the District's audited financial statements and, in some cases, from unaudited information provided by the District. The most recent audited financial statements of the District with an unqualified auditor's opinion is included as "APPENDIX A – Audited Financial Statements of the District for Fiscal Year 2008-09."

Financial Statements and Accounting Practices

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 State of California Education Code, is to be followed by all California school districts.

Measurement Focus and Basis of Accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met.

Governmental and fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenses generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenses, as well as expenses related to the compensated absences and claims and judgments, are recorded only when payment is due.

The District's fiscal year begins on July 1 and ends on June 30.

Financial Statements. The District's independent auditor for fiscal year 2008-09 is Perry Smith LLP, Sacramento, California. The District's audited financial statements for the year ended June 30, 2009 are included as Appendix A. The District has not requested, and the auditor has not provided, any review or update to such financial statements for inclusion in this Official Statement, and the District has not requested, and the auditor has not given, the auditor's consent to include the audited financial statement in this Official Statement.

The following table shows the audited fund balance, revenues and expenses statements for the District for the fiscal years 2006-07 through 2008-09, as well as unaudited actuals from the District's 2010-11 unaudited actuals for fiscal year 2009-10.

Table 2
DUBLIN UNIFIED SCHOOL DISTRICT
General Fund - Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2006-07 through 2008-09 (audited); 2009-10 (unaudited actuals)

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 Unaudited(1)
Revenue				
Revenue limit sources	$32,959,063	$35,872,384	$36,608,568	$33,703,733
Federal sources	976,708	964,604	3,276,565	1,462,895
Other state sources	7,205,548	6,094,470	5,653,422	5,602,452
Other local sources	3,580,747	4,049,450	4,217,078	4,870,067
Total revenue	44,722,066	46,980,908	49,755,633	45,639,148
Expenses (2)				
Certificated salaries	24,520,122	26,729,335	27,018,139	26,938,018
Classified salaries	6,619,198	7,239,984	6,970,971	7,428,720
Employee benefits	5,241,247	5,935,972	6,064,490	6,277,771
Books and supplies	1,661,733	1,379,972	1,471,347	1,258,910
Contract services and operating exp.	4,855,242	4,641,104	4,293,183	4,433,332
Other outgo	560,811	497,968	419,869	454,513
Direct support/Indirect costs	--	--	--	(66,225)
Total Expenses	43,458,353	46,424,335	46,237,999	46,725,040
Revenues over(under) expenditures	1,263,713	556,573	3,517,634	(1,085,892)
Other Financing Sources (Uses)				
Transfers in	89,296	--	504,322	186,135
Transfers out	(100,000)	--	(177,697)	(1,702,131)
Total Other Financing sources (uses)	(10,704)	--	326,625	(1,515,996)
Net Change in Fund Balances	1,253,009	556,573	3,844,259	(2,601,888)
Fund Balance – beginning of year	2,155,758	3,408,767	3,965,340	7,809,599
Fund Balance at end of year	$3,408,767	$3,965,340	$7,809,599	$5,207,711

(1) Unaudited actuals report projected year totals.
(2) As shown in the District's 2010-11 Adopted Budget.
Source: Dublin Unified School District

District Budget Process

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

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

The District has never had an adopted budget disapproved by the county superintendent of schools, and has never received a "negative" certification of an Interim Financial Report pursuant to AB 1200.

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

The President of the Board of Trustees of the District designated a "Positive Certification" for the District's 2009-10 Second Interim Report.

Fiscal Year 2009-10 Budget. The District adopted its fiscal year 2009-10 budget in June 2009. In order to address reductions in State funding of education (see "State Funding Revenue Limitations" and "State Funding of Education" below), the District expects to take the following actions in 2010-11: On March 9, 2010, the Board approved a Budget Reduction Plan that calls for revenue enhancements and reductions totaling more than $2 million for the 2010-2011 school year. The reductions could go as high as an ongoing reduction of $7 million in 2011-2012. The plan includes a request for additional support from parents in the form of donations, assistance from the City of Dublin, and a shift in priorities for Dublin Partners In Education. It also includes a request for furlough days from employees, a reduction in the instructional year, and a slight raise in class size at grades K-3 and in middle and high school. It is structured in priority order so that important programs can be reinstated if the budget pictures changes.

Fiscal Year 2010-11 Budget. The District's 2010-11 Adopted Budget reflected, on the revenue side, an increase in Average Daily Attendance to 6,017; a State revenue limit deficit of 18.3555%; a cost of living adjustment for K-12 revenue limit programs of negative 0.39%; and a reduction in State categorical revenues of 0.38%, along with prior year reductions of 15.4% and 4.90%.

On the expenditure side, step and column increases are provided for all eligible employees and a 0% cost of living increase was used; a tentative agreement with Dublin Teachers Association for reduction of 2 days in the 2010-11 school year; class size reduction has been modified for all grades; and a decrease of 0.75 FTE teachers.

Over the course of the year the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The following table compares the District's budgeted and audited revenues and expenses for fiscal year 2009-10 and the District's Adopted Budget revenues and expenses for fiscal year 2010-11.

Table 3
DUBLIN UNIFIED SCHOOL DISTRICT
Comparison of Budgeted and Audited Results for Fiscal Year 2009-10 and Adopted Budget for Fiscal Year 2010-11

	2009-10 Budget	2009-10 Unaudited Actuals	2010-11 Adopted Budget
Revenue			
Revenue Limit Sources	$34,870,560	$33,703,733	$34,776,193
Federal Revenue	1,430,959	1,462,895	1,108,824
State Revenue	5,166,955	5,602,452	5,109,170
Other Local Revenue	4,729,095	4,870,067	4,767,788
Total Revenue	46,197,569	45,639,148	45,761,975
Expenditures			
Certificated Salaries	26,997,869	26,938,018	27,883,358
Classified Salaries	7,527,390	7,428,720	7,685,088
Employee Benefits	6,506,250	6,277,771	6,912,473
Books & Supplies	998,919	1,258,910	1,041,441
Services & Other Oper. Expenses	5,504,798	4,433,332	5,345,946
Other outgo	501,416	454,513	287,208
Debt service	(72,185)	(66,225)	(51,317)
Total Expenditures	47,964,457	46,725,040	49,104,197
Revenues over(under) expenditures	(1,766,888)	(1,085,892)	(3,342,222)
Other Financing Sources (Uses)			
Transfers in	--	186,135	376,303
Transfers out	155,785	(1,702,131)	(51,310)
Total Other Financing sources (uses)	(155,785)	(1,515,996)	324,993
Net Change in Fund Balances	(1,922,673)	(2,601,888)	(3,017,229)
Fund Balance, July 1	7,809,600	7,809,599	5,207,711
Fund Balance, June 30	$5,886,927	$5,207,711	$2,190,482

Source: Dublin Unified School District

State Funding 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 (**"ADA"**). 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.

"Basic aid" is the minimum general purpose aid guaranteed by the State's constitution for each school district in California. The amount is $120 per student (using ADA) or $2,400 per district, whichever number is greater. A basic aid district is one whose local property taxes meets or exceeds its revenue limit. A basic aid district keeps the money from local property taxes and still receives the constitutionally guaranteed state basic aid funding. However, in fiscal year 2002-03, the State eliminated the $120 per student basic aid due to budget constraints and such basic aid has not been reinstated in subsequent budgets.

Out of California's nearly 1,000 elementary, high school, and unified school districts, typically 60 are basic aid districts. However, this number changes from year to year as local property tax revenues and enrollments fluctuate. A district can be a revenue limit district one year and basic aid the next. The District is not a basic aid district.

A schedule of the District's ADA and total revenue limit income received by the District during the past 10 fiscal years is set forth below under "Sources of Revenue."

For more information on State funding to schools, see "State Funding of Education" below.

Sources of Revenue

The District categorizes its General Fund revenues into four sources: (1) revenue limit sources (consisting of a mix of State and local revenues); (2) federal sources; (3) other State sources; and (4) other local sources. Each of these 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, the revenue limits are calculated for each school district by multiplying (1) the ADA for such district by (2) a base revenue limit per unit of ADA. 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. In fiscal year 2008-09, Revenue Limit Sources accounted for approximately 74% of total General Fund revenues, in fiscal year 2009-10 they were estimated to be approximately 73%.

Funding of the District's revenue limit is accomplished by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amount to the difference between the District's revenue limit and its local property tax revenues. See "State Funding of Education" below.

The following table shows the District's revenue limit per unit of average daily attendance and revenue limit per average daily attendance over the period 2004-05 through 2009-10.

Table 4
DUBLIN UNIFIED SCHOOL DISTRICT
Average Daily Attendance
Fiscal Years 2004-05 through 2009-10

Fiscal Year	ADA(1)	Base Revenue Limit Per ADA
2004-05	4,477	$5,909
2005-06	4,761	6,120
2006-07	5,024	6,428
2007-08	5,285	6,680
2008-09	5,564	7,009
2009-10(2)	5,751	7,270

(1) Includes K-12, special education and continuation students, but excludes adult education and ROP.
(2) Projected.
Source: Dublin Unified School District.

The District categorizes its general fund revenues into four primary sources:

Table 5
DUBLIN UNIFIED SCHOOL DISTRICT
District Revenue Sources

	Percentage of Total District General Fund Revenues		
Revenue Source	Audited 2007-08	Audited 2008-09	Estimated 2009-10
Revenue limit sources (1)	76.4%	73.6%	72.9%
Federal revenues	2.1	6.6	3.8
Other State revenues	13.0	11.4	12.1
Other local revenues	8.6	8.5	11.2

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

Federal Revenues*.* The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Drug Free Schools, Education for Economic Security, and Child Nutrition Programs.

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 (**"Other State Revenues"**). These Other State Revenues are primarily restricted revenues which fund items such as the Special Education Master Plan, home to school transportation, instructional materials and mentor teachers.

Other Local Revenues*.* In addition to property taxes, the District receives additional local revenues from items such as the leasing of property owned by the District, fees collected for providing bus transportation for children and interest earnings.

State Funding of Education

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% 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 nor the County 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 State 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 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 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.

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' 1% share of the sales tax imposed on taxable transactions within their jurisdiction are redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for schools, the legislation provides for schools to receive other state general fund revenues. It is expected that the swap of sales taxes for property taxes would terminate once the deficit financing bonds were repaid, which is currently expected to occur in approximately 9 to 13 years.

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

January 9, 2009. The Governor submitted his proposed 2009-10 Budget (the "**2009-10 Proposed Budget**") to the State Legislature. The 2009-10 Proposed Budget assumed that, without corrective action, the State would face a deficit of $39.6 billion at the end of 2009-10. The 2009-10 Proposed Budget proposed $41.7 billion in budgetary solutions to close the gap and establish a $2.2 billion reserve, including: the issuance of $4.7 billion in revenue anticipation warrants, capturing savings in K-14 education through spending reductions, accounting changes and cost deferrals and raising $5 billion in proceeds with the securitization of lottery revenues. Many of the Governor's proposals required voter approval to be implemented.

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

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

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

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

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

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

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

The $15.3 billion in additional spending cuts include:

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

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

- $2 billion borrowed from county property tax collections under provisions of Proposition 1A approved by the voters in 2004, but the State must repay counties with interest within three years.
- $1.7 billion shift from redevelopment agencies into State funds in exchange for extending the number of years the agencies could collect tax increment.
- $1 billion in revenues to be generated by selling a portion of the State Compensation Insurance Fund's workers compensation insurance portfolio.

- $1.2 billion in savings from a one-time deferment of state worker paychecks for one day, moving them into the next fiscal year.

- $1.7 billion in revenues by requiring taxpayers who make quarterly estimated payments to pay more in the first six months. This will result in lower revenues in the first half of the next fiscal year.

- $600 million in revenues by increasing income tax withholdings from paychecks. This allows the State to grab more tax revenue earlier but will result in lower revenue later due to higher tax refunds or less taxes owed.

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

The approved budget amendments discarded plans to take $1 billion in gasoline tax revenues from local governments and failed to approve $100 million in revenue from oil leases to be sold in the Santa Barbara Channel. Instead, the Legislature intended that the $1.1 billion difference was to be made up from 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 Package. However, Proposition 98 general fund savings are $5.3 billion in 2009-10 because of the property tax shift of $850 million from redevelopment agencies to schools.

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

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

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

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

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

Redevelopment Agencies. The approved budget amendments include taking $2.05 billion in redevelopment funds ($1.7 billion in 2009-10 and $350 million in 2010-11), to be deposited in county "Supplemental" Educational Revenue Augmentation Funds ("**SERAF**") in order to meet the State's Proposition 98 obligations to schools. The structure for taking redevelopment revenue is similar to last year's budget trailer bill, AB 1389, which attempted to take $350 million. The Department of Finance will determine each agency's SERAF payment by November 15 of each year, calculated based on half of each agency's net tax increment (net of pass-throughs) and half on gross tax income. Payments are due by May 10 of the applicable year and agencies that do not make their payment by this date must increase their housing set aside to 25% for the remainder of the redevelopment project area's life. The increased housing set-aside lasts until the required payments have been made and means that an agency could not adopt a new redevelopment plan, amend an existing plan to add territory, issue bonds, further encumber funds or expend any moneys derived from any source except to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on agency administration for the preceding fiscal year.

The California Redevelopment Association (**"CRA"**) filed a lawsuit to challenge the State's taking redevelopment funds approved in the budget amendments. The CRA was successful in overturning the ERAF shift authorized by AB 1389 last year. On May 4, 2010, the Superior Court ruled that the 2009 SERAF Legislation is constitutional. However, the CRA has announced that it will appeal the judgment of the Superior Court and that it will seek a temporary stay of the judgment from the California Court of Appeal pending the appeal.

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

Governor's Proposed Budget. The Governor submitted his proposed 2010-11 Budget (the "**2010-11 Proposed Budget**") to the State Legislature on January 8, 2010. The 2010-11 Proposed Budget assumed that, without corrective action, the State would face a deficit of $19.9 billion, comprised of a shortfall of $6.6 billion from the 2009-10 fiscal year, a 2010-11 shortfall of $12.3 billion and a proposed reserve of $1 billion. The 2010-11 Proposed Budget proposed initial spending reductions of $8.5 billion. Proposed reductions included program eliminations, further reductions to various health and human services programs, a $2.4 billion reduction to the anticipated level of funding for Proposition 98, substantial changes to employee compensation, and reductions to the Department of Corrections and Rehabilitation. In addition, the 2010-11 Proposed Budget relied on $6.9 billion in additional federal funding and proposed an additional $4.6 billion in spending reductions if the federal funding was not received. The 2010-11 Proposed Budget also included $2.4 billion in increased revenues and external borrowing to meet cash needs during the fiscal year. The Governor called the Legislature to a special session to adopt $8.9 billion of the proposed $19.9 billion in budget solutions.

LAO Report. On January 12, 2010, the LAO commented on the 2010-11 Proposed Budget, stating that the Governor's estimate of an $18.9 billion budget shortfall was reasonable but was $3.1 billion smaller than the shortfall estimated by the LAO and would be exacerbated by various lawsuits. The LAO also noted that the Governor's plan relied heavily on federal relief, which the State was unlikely to receive in the amounts requested.

Special Session Legislation. On March 11, 2010, the California Legislature adjourned the special session called by the Governor. The Legislature adopted a package of bills to reduce the deficit by more than $4 billion. The Governor vetoed two bills that contained a majority of the deficit reductions. Enacted special session legislation eliminated the gasoline sales tax offset by an increase in the per gallon excise tax on gasoline, resulting in an estimated reduction to the budget problem of $1.4 billion. Additionally, the Legislature passed legislation designed to provide more flexibility in managing cash by allowing the State to delay approximately $5 billion of scheduled payments to schools, universities and local governments.

May 2010 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. The Governor's May 2010 Budget Revision estimated a general fund budget gap of $19.1 billion, $7.7 billion for the 2009-10 fiscal year, $10.2 billion for the 2010-11 fiscal year, and a modest reserve of $1.2 billion. The May Revision proposed $12.4 billion in spending reductions and alternative funding solutions, borrowing and fund shifts totaling approximately 10% of the solutions and new revenues, representing 5% of the package solutions. Major spending reduction proposals included reductions of $4.3 billion of Proposition 98 spending, including the elimination of need-based, subsidized childcare, reductions of $2.1 billion by reducing State employees pay and staffing and shifting pension costs to employees, and the elimination of the CalWORKs program, which provides cash grants and welfare-to-work services, representing $1.2 billion in savings.

LAO Report. On May 18, 2010, the LAO published its comments on the May Revision stating that the Governor's estimate of the budget shortfall was reasonable. However, the LAO Report advised 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 urged the Legislature to suspend the Proposition 98 minimum guaranty. The LAO predicted that even if the Legislature approved all of the painful cuts and realized the savings assumed by the Governor's May Revision, a multibillion-dollar operating deficit between $4 billion and $7 billion would be likely to persist in future years.

Governor Declares Financial State of Emergency; Legislative Session Ends Without Budget Passage. On July 28, 2010, the Governor declared a financial state of emergency and ordered 150,000 State workers to take three furlough days per month. The legislative session ended on August 31, 2010 and lawmakers voted on two competing budget proposals. Both budget plans failed on party-line votes.

The Democrat's budget proposal included tax proposals of approximately $4.5 billion from an oil severance tax, delaying corporate tax breaks and income tax increase paired with reduced sales tax. It cut spending by $8.3 billion, by suspending Proposition 98 and funding schools at approximately $3 billion less than required under Prop. 98. The plan also included a tax swap that would increase some of the personal income tax rates and the vehicle license fee rate and lower the State's sales tax rate, to raise $1.8 billion in revenues in 2010-11 and $2.2 billion in 2011-12. Had the Democrat's proposal passed the Legislature, the Governor was not expected to sign it.

The Governor issued an order on July 1, 2010 reducing over 200,000 State employees' pay to the federal minimum wage until the budget impasse was resolved. On July 16, 2010 a Sacramento County Superior Court judge denied the administration's request for a temporary restraining order that would have forced the State Controller to begin paying the minimum wage. The State Controller said he would not follow the order unless told to do so by a court. On August 25, 2010, the Sacramento County Superior Court sided with the State Controller, ruling that the challenge to the governor's minimum wage order has enough merit to require a full hearing. The hearing is not expected to take place before November 2010.

On August 23, 2010, in an effort to conserve cash and delay the need to issue IOUs, State officials began delaying school payments of $2.5 billion a month in September through December. This comes after a $2.5 billion deferral in July.

On August 18, 2010, the California Supreme Court issued a stay of the temporary restraining order of the Alameda County Superior Court issued on August 9, 2010, which would have prohibited the Governor from imposing three furlough days on State workers. As a result of the stay, furloughs of State workers were to continue until arguments in a larger case about their legality could be heard on September 8, 2010. The court is expected to issue its ruling on the matter within 90 days of the hearing date. Unless courts deem the Governor's action illegal and order the State to pay for lost wages, State employees will not recover furlough wages

In November 2010 voters will vote on several amendments that could affect the budget process. Proposition 22 would put local government and transportation funds out of reach of State legislators. Proposition 26 would require a two-thirds supermajority in the legislature to pass many fees, levies, charges and tax revenue allocations that under existing rules can be enacted by a simple majority vote. Proposition 25 would lower the vote threshold for lawmakers to pass the State budget from two-thirds to a simple majority.

2010-11 Budget Passes 100 Days Late. The Legislature passed the $87.5 billion 2010-11 Budget on the morning of October 8, 2010 and the Governor signed it that night, exercising his line-item veto authority to reduce spending by $963 million in order to raise the reserve level from $375 million to $1.3 billion. Total 2010-11 Budget expenditure reductions are $8.4 billion. The 2010-11 Budget assumes federal funds of $5.4 billion and other solutions of almost $5.5 billion.

<u>Expenditure Reductions</u>.

Budget and Pension Reform. The Legislature approved a measure to place a budget reform constitutional amendment before the voters at a future statewide election, intended to increase the State's budgetary reserves and stabilize the State's financial health over time. The measure would double the maximum size of the Budget Stabilization Account and provide more stringent deposit requirements.

The 2010-11 Budget Package includes legislation proposed by the Governor to decrease pension benefits for State employees hired in the future. Pension reform rolls back retirement formulas used to calculate pension payments, permanent increases in pension contributions, and is designed to prevent pension spiking and improve transparency of the State's pension liabilities and costs.

Proposition 98 – K-14 Education. The Legislature suspended Proposition 98 minimum guaranty to provide $49.7 billion in spending on K-14 Education in 2010-11. Settle-up funds of $300 million are provided in the 2010-11 Budget to meeet the State's outstanding 2009-10 Proposition 98 settle-up obligation. In addition, related budget bills provide K-12 education with $1.5 billion in special one-time federal funding. The 2010-11 Budget Package defers $1.9 billion in additional K-14 payments to July 2011.

Employee Compensation, Health and Social Services, Criminal Justice. The 2010-11 Budget provides $1.6 billion in personnel cost reductions from savings from recent agreements with unions and reductions, anticipated reductions from future union agreements, and the administration's "workforce cap" which consists of reductions in hiring and reduced operating costs from the workforce cap. The 2010-11 Budget provides $300 million in reductions to the In-Home Supportive Services Program and $187 million in savings to Medi-Cal. The 2010-11 Budget package assumes a total of $1.1 billion in General Fund savings within the Department of Corrections.

Federal Funding. The 2010-11 Budget package assumes that the federal government will provide federal funding or approval for certain reductions in State costs or service levels resulting in the ability to reduce General Fund costs by $5.4 billion. About $1.3 billion has been approved by the Congress and the President. Most of the federal funding assumed in the 2010-11 Budget has yet to be approved by Congress.

Revenue-Related Solutions. The 2010-11 Budget extends for two additional tax years the previously enacted temporary suspension of businesses' ability to use net operating losses to reduce tax liabilities, projected to increase State revenues by $1.2 billion in 2010-11 and by $400 million in 2011-12. The budget plan assumes $1.2 billion in one-time revenue from the sale of 11 State office properties. The Budget plan includes $2.7 billion of loans, loan repayment extensions, transfers and fund shifts from special funds.

LAO Report. The LAO estimates that well over two-thirds of the 2010-11 Budget solutions are one-time or temporary in nature, meaning that California will continue to face sizable annual budget problems in 2011-12 and beyond.

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, or the Owners of the Series A Bonds to provide State budget information to the District or the owners of the Series A Bonds. Although they believe the State sources of information listed above are reliable, the District does not assume any responsibility for the accuracy of the State Budget information set forth or referred to in this Official Statement or incorporated herein.

2010 Legal Challenge to State Funding of Education

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 - State Funding of Education and Recent State Budgets."

On May 20, 2010, a plaintiff class of numerous current California public school students and the Alameda Unified, Alpine Union, Del Norte County Unified, Folsom Cordova Unified, Hemet Unified, Porterville Unified, Riverside Unified, San Francisco Unified, and Santa Ana Unified School Districts, together with the California Congress of Parents, Teachers & Students, the Association of California School Administrators and the California School Boards

Association filed suit in Alameda County Superior Court challenging the system of financing for public schools in California as unconstitutional. In *Maya Robles-Wong, et al. v. State of California*, plaintiffs seek declaratory and injunctive relief, including a permanent injunction compelling the State to abandon the existing system of public school finance. The District cannot predict the outcome of the *Robles-Wong* litigation, however, if successful, the lawsuit could result in a change in how school finance is implemented in the State of California.

Short-Term Borrowing

The District is in the process of issuing tax and revenue anticipation notes for fiscal year 2010-11.

Long-Term Borrowing

General Obligation Bonds. As of October 1, 2010, the general obligation bonds listed below are outstanding under the 1993 Authorization and the 2004 Authorization. See "PLAN OF FINANCE – Debt Service Schedule" in the body of this Official Statement.

DUBLIN UNIFIED SCHOOL DISTRICT
General Obligation Bonds Outstanding

Dated Date	Series	Amount of Original Issue	Outstanding October 1, 2010
February 6, 2002	2002 G.O. Refunding Bonds	$22,760,000.00	$16,605,000
March 22, 2005	Election of 2004, Series A	39,500,000.00	33,220,000
September 28, 2005	2005 G.O. Refunding Bonds	21,030,000.00	20,425,000
July 16, 2007	Election of 2004, Series B	50,000,000.00	49,100,000
July 16, 2007	Election of 2004, Series C	14,998,934.15	14,986,142
October 21, 2009	Election of 2004, Series D	9,235,858.25	9,235,858.
October 21, 2009	Election of 2004, Series E	26,763,908.00	26,763,908
Total		$184,288,700.40	$170,335,908

All debt service payments on the outstanding general obligation bonds, including refunding bonds, are payable from an *ad valorem* tax levied and collected by the County on assessed property in the District.

Long-Term Lease Obligation. The District has no outstanding capital lease obligations.

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Refunding Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. 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 County 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 County to levy taxes for payment of the Refunding Bonds. The tax levied by the County for payment of the Refunding Bonds was approved by the District's voters in compliance with all applicable laws.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

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

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

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

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

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed two percent per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the two percent inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. The "recapture" provision described above continues to be employed in determining the full cash value of property for property tax purposes.

Unitary Property

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

Constitutional Appropriations Limitation

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

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

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

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

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

Article XIIIB will not impact the District's ability to pay debt service on the Refunding Bonds.

Article XIIIC and Article XIIID of the California Constitution

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

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

Proposition 218 does not affect the *ad valorem* property taxes to be levied by the County to pay debt service on the Refunding Bonds.

Proposition 62

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

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Santa Barbara County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 62 does not affect the *ad valorem* property taxes to be levied by the County to pay debt service on the Refunding Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of General Fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the General Fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

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

Proposition 111

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

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

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

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

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

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

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

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 39, 62, 98 and 111 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF DUBLIN AND ALAMEDA COUNTY

General

The County of Alameda (the "County") is located on the east side of the San Francisco Bay, south of the City of Oakland and approximately ten miles west of the City of San Francisco. Access to San Francisco is provided by the San Francisco Bay Bridge.

The northern part of Alameda County has direct access to San Francisco Bay and the City of San Francisco. It is highly diversified with residential areas, as well as traditional heavy industry, the University of California at Berkeley, the Port of Oakland, and sophisticated manufacturing, computer services and biotechnology firms. The middle of the County is also highly developed including older established residential and industrial areas. The southeastern corner of the County has seen strong growth in residential development and manufacturing. Many high-tech firms have moved from neighboring Silicon Valley in Santa Clara County to this area. The southwestern corner of the County has seen the most development in recent years due to land availability. Agriculture and the rural characteristics of this area are disappearing as the region maintains its position as the fastest growing residential, commercial and industrial part of the County.

Population

The following table lists population estimates for the County and the State for the last five calendar years, as of January 1.

ALAMEDA COUNTY
Population Estimates
Calendar Years 2006 through 2010 as of January 1

	2006	**2007**	**2008**	**2009**	**2010**
Alameda	74,419	75,077	74,015	74,736	75,409
Albany	16,648	16,722	16,152	16,898	17,021
Berkeley	105,206	106,110	106,498	107,250	108,119
Dublin	**41,827**	**43,592**	**46,859**	**47,953**	**48,821**
Emeryville	8,520	9,137	9,712	10,096	10,227
Fremont	209,779	211,162	213,124	215,787	218,128
Hayward	146,136	147,501	148,935	150,983	153,104
Livermore	81,295	82,646	83,451	84,470	85,312
Newark	43,407	43,587	43,793	44,064	44,380
Oakland	410,613	414,516	419,095	425,368	430,666
Piedmont	10,979	11,029	11,079	11,173	11,262
Pleasanton	67,728	68,567	69,324	70,145	70,711
San Leandro	80,928	81,273	81,841	82,531	83,183
Union City	71,024	72,124	73,269	74,030	75,054
Unincorporated County	138,801	139,554	140,572	142,265	143,460
County Total	1,507,310	1,522,597	1,537,719	1,557,749	1,574,857

Source: State Department of Finance estimates (as of January 1).

Employment and Industry

The unemployment rate in the Oakland-Fremont-Hayward MD was 11.5% in August 2010, down from a revised 11.7% in July 2010, and above the year-ago estimate of 11.3%. This compares with an unadjusted unemployment rate of 12.4% for California and 9.5% for the nation during the same period. The unemployment rate was 11.7% in Alameda County, and 11.3% in Contra Costa County

OAKLAND-FREMONT-HAYWARD METROPOLITAN DIVISION
ALAMEDA, ALAMEDA COUNTIES
Civilian Labor Force, Employment and Unemployment; Employment by Industry
(Annual Averages)

	2005	2006	2007	2008	2009
Civilian Labor Force (1)	1,251,000	1,257,500	1,272,700	1,287,800	1,288,600
Employment	1,188,000	1,202,500	1,213,000	1,208,500	1,153,000
Unemployment	63,000	55,000	59,800	79,200	135,600
Unemployment Rate	5.0%	4.4%	4.7%	6.2%	10.5%
Wage and Salary Employment: (2)					
Agriculture	1,600	1,500	1,500	1,400	1,500
Mining and Logging	1,100	1,200	1,200	1,200	1,200
Construction	72,800	73,300	71,700	64,900	53,500
Manufacturing	95,600	95,800	94,400	93,100	82,500
Wholesale Trade	48,600	48,800	48,700	47,600	43,900
Retail Trade	112,100	113,300	113,300	109,400	102,000
Transportation, Warehousing, Utilities	34,300	35,000	37,300	35,900	33,100
Information	30,700	30,100	29,000	27,800	25,200
Finance and Insurance	50,800	49,400	45,400	40,700	37,100
Real Estate and Rental and Leasing	18,700	18,200	17,000	16,500	15,400
Professional and Business Services	150,600	154,900	158,000	162,200	148,500
Educational and Health Services	118,500	121,800	124,200	128,700	130,000
Leisure and Hospitality	83,000	85,600	88,000	89,100	85,200
Other Services	35,600	35,900	36,200	36,100	34,300
Federal Government	17,300	17,300	17,100	17,100	17,200
State Government	46,200	45,800	44,500	39,100	38,900
Local Government	116,500	118,900	122,300	121,100	118,500
Total, All Industries (3)	1,033,700	1,046,900	1,049,700	1,031,800	967,900

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

The following table shows the major employers in the County as of January 2010, listed in alphabetical order.

ALAMEDA COUNTY
Major Employers (Listed alphabetically)
2010

Employer Name	Location	Industry
Alameda County Law Enforcement	Oakland	Sheriff
Alameda County Sheriff Dept	Pleasanton	Sheriff
Alta Bates Medical Ctr Inc	Berkeley	Hospital
Bayer Corp	Berkeley	Drug Millers (Mfrs)
Berkeley Coin & Stamp	Berkeley	Coin Dealers Supplies & Etc
Children's Hospital & Research	Oakland	Physicians & Surgeons
Clorox Co.	Oakland	Specialty Clng Plshng/Sanitation (Mfrs)
Cooper Vision Inc.	Pleasanton	Contact Lenses
East Bay Water	Oakland	Transit Lines
EMC Corporation	Oakland	Computer storage Devices
Fairmont Hospital	San Leandro	Hospitals
Kaiser Permanente Hospital	Hayward	Hospitals
Kaiser Permanente Medical Ctr	Oakland	Hospitals
Lawrence Berkeley National Lab	Berkeley	Physicians & Surgeons
Lawrence Livermore Natl Lab	Livermore	Laboratories-Testing
New United Motor Manufacturing	Fremont	Automobile & Truck Brokers (Whls)
Oracle	Pleasanton	Computer-Software Developers
Residential & Student Svc Prog	Berkeley	Giftwares-Manufacturers
Transportation Dept-California	Oakland	State Government-Transportation Programs
UC Berkeley Extension	Berkeley	Schools-Universities & Colleges Academic
University Of Cal-Berkeley	Berkeley	Schools-Universities & Colleges Academic
Washington Hospital Healthcare	Fremont	Hospital
Waste Management Inc	Oakland	Garbage Collection
Western Digital Corp	Fremont	Computer Storage Devices (Manufacturers)

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2010 2nd Edition.

Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2005 through 2009.

CITY OF DUBLIN
Total Building Permit Valuations
(Valuations in Thousands)

	2005	2006	2007	2008	2009
Permit Valuation					
New Single-family	$61,893.3	$55,224.0	$14,206.6	$59,133.2	$53,438.2
New Multi-family	144,538.0	156,320.9	23,629.0	322.7	5,900.8
Res. Alterations/Additions	4,403.3	4,615.9	3,604.1	3,024.1	3,328.1
Total Residential	210,834.7	216,160.8	41,439.7	62,489.9	62,667.1
New Commercial	21,099.0	37,871.8	20,815.6	1,100.0	0.0
New Industrial	0.0	2,375.0	0.0	0.0	0.0
New Other	7,884.7	2,223.5	1,367.4	654.1	2,162.6
Com. Alterations/Additions	9,625.2	18,100.7	10,164.7	12,670.2	11,040.3
Total Nonresidential	38,608.9	60,580.9	32,347.8	14,424.3	13,202.9
New Dwelling Units					
Single Family	171	163	38	139	122
Multiple Family	804	774	80	2	19
TOTAL	975	937	118	141	141

Source: Construction Industry Research Board, Building Permit Summary.

ALAMEDA COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	2005	2006	2007	2008	2009
Permit Valuation					
New Single-family	$518,955.9	$545,570.9	$424,009.7	$238,743.0	$227,982.5
New Multi-family	482,928.9	626,797.5	315,894.0	201,122.3	96,518.0
Res. Alterations/Additions	392,480.2	357,113.0	339,842.5	285,782.4	229,873.2
Total Residential	$1,394,365.0	$1,529,481.4	$1,079,746.3	$725,647.7	554,373.7
New Commercial	199,562.0	237,780.4	219,825.1	197,181.1	72,055.6
New Industrial	55,382.4	23,350.6	65,661.4	60,200.0	89,535.4
New Other	105,370.0	93,070.1	102,269.9	95,640.7	45,100.3
Com. Alterations/Additions	413,425.1	461,992.7	503,015.7	457,412.5	391,295.8
Total Nonresidential	$773,739.6	$816,193.8	$890,772.1	$810,434.3	597,987.1
New Dwelling Units					
Single Family	1,518	1,681	1,340	761	802
Multiple Family	2,898	4,035	1,911	1,296	536
TOTAL	4,416	5,716	3,251	2,057	1,338

Source: Construction Industry Research Board, Building Permit Summary.

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 City, the County of Alameda, the State and the United States for the period 2005 through 2009.

CITY OF DUBLIN; COUNTY OF ALAMEDA
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 Dublin	$ 980,668	$66,800
	Alameda County	34,772,822	52,295
	California	720,798,106	44,681
	United States	5,894,663,364	40,529
2006	City of Dublin	$1,109,393	$68,854
	Alameda County	35,772,898	53,171
	California	764,120,963	46,275
	United States	6,107,092,244	41,255
2007	City of Dublin	$1,225,700	$70,965
	Alameda County	37,572,278	54,688
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Dublin	$ 1,328,505	$73,169
	Alameda County	38,889,500	55,987
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Dublin	$ 1,367,535	$77,181
	Alameda County	40,053,865	57,997
	California	844,823,319	49,736
	United States	6,571,536,768	43,252

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

Commercial Activity

Total taxable transactions during the first three quarters of calendar year 2009 in the City were reported to be $735,832,000, a 17.0% decrease over the total taxable transactions of $886,303,000 reported during the first three quarters of calendar year 2008. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the County is presented in the following table. Annual figures are not yet available for 2009.

CITY OF DUBLIN
Taxable Transactions
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 Transaction s**
2004	547	$1,057,945	1,024	$1,260,667
2005	551	1,093,766	1,014	1,288,421
2006	553	1,093,115	1,027	1,265,108
2007	554	1,101,836	1,047	1,272,977
2008	592	995,482	1,070	1,164,352

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

Total taxable transactions during the first three quarters of calendar year 2009 in the County were reported to be $14,916,683,000, a 17.4% decrease over the total taxable transactions of $18,051,880,000 reported during the first three quarters of calendar year 2008. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the County is presented in the following table. Annual figures are not yet available for 2009.

COUNTY OF ALAMEDA
Taxable Transactions
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 Transaction s**
2004	20,800	$14,343,842	42,939	$22,996,365
2005	20,688	15,228,482	42,792	24,242,981
2006	20,090	15,656,414	41,951	25,223,384
2007	19,554	15,664,940	42,014	25,831,140
2008	20,186	14,547,749	41,783	23,862,947

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

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[closing date]

Board of Trustees
Dublin Unified School District
7471 Larkdale Avenue
Dublin, California 94568

OPINION: $____________ Dublin Unified School District, 2010 General Obligation Refunding Bonds

Members of the Board of Trustees:

We have acted as bond counsel to the Dublin Unified School District (the "District") in connection with the issuance by the District of its Dublin Unified School District (Alameda County, California), 2010 General Obligation Refunding Bonds in the aggregate principal amount of $___________ (the "Refunding Bonds"), pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"), a resolution of the Board of Trustees of the District (the "Board") adopted on October 12, 2010 (the "Resolution"). 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 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 school district with the power to enter into the Resolution, to issue the Refunding Bonds and to perform its obligations under the Resolution.

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

3. The Refunding Bonds have been duly authorized, executed and delivered by the District and are valid and binding general obligations of the District, and the Board of Supervisors of Alameda County is obligated under the laws of the State of California to cause to

be levied a tax without limit as to rate or amount upon the taxable property in the District for the payment when due of the principal of and interest on the Refunding Bonds.

4. Interest on the Refunding Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings, and the Refunding Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code") such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Code), a deduction for federal income tax purposes is allowed for 80 percent of that portion of such financial institution's interest expense allocable to interest payable on the Refunding Bonds. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Code which must be satisfied subsequent to the issuance of the Refunding Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Resolution and in other instruments relating to the Refunding Bonds to comply with each of such requirements; and the District has full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Refunding Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Refunding Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Refunding Bonds.

5. The interest on the Refunding Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Refunding Bonds and the enforceability of the Refunding Bonds and the Resolution 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.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF
CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Dublin Unified School District (the "District") in connection with the issuance of the Dublin Unified School District 2010 General Obligation Refunding Bonds (the "Refunding Bonds"). The Refunding Bonds are being issued under a Resolution adopted by the Board of Trustees of the District on October 12, 2010 (the "Bond Resolution"). The District hereby 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 Refunding Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means KNN Public Finance, A Division of Zions First National Bank, Oakland, California, 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.

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

"*Participating Underwriter*" means E. J. De La Rosa & Co., Inc., the original underwriter of the Refunding Bonds, required to comply with the Rule in connection with offering of the Refunding 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, not later than the Annual Report Date, commencing March 31, 2011 with the report for the 2009-10 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report 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 Annual Report Date, 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).

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Participating Underwriter.

(c) With respect to each 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 District's Annual Report shall contain or incorporate by reference the following documents and information:

(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 the District's audited financial statements are not available by 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, the Annual Report shall contain information showing:

(i) the average daily attendance in District schools on an aggregate basis for the preceding fiscal year;

(ii) 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;

(iii) 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;

(iv) the District's total revenue limit for the preceding fiscal year;

(v) prior fiscal year total secured property tax levy and collections, showing current collections as a percent of the total levy, if the District is not a participant in the Teeter Plan; and

(vi) current fiscal year assessed valuation of taxable properties in the District, and top ten taxpayers for the current fiscal year.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material 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) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Refunding 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 unscheduled bond calls.
(9) Defeasances.
(10) Release, substitution, or sale of property securing repayment of the securities.
(11) Rating changes.

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

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the

Dissemination Agent 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 Refunding Bonds pursuant to the applicable Bond 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 Refunding Bonds. If such termination occurs prior to the final maturity of the Refunding 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 Refunding 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 Refunding 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 Refunding Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Refunding 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, the Participating Underwriter or any holder or beneficial owner of the Refunding 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 Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 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 Refunding Bonds.

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

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: November __, 2010

DUBLIN UNIFIED SCHOOL DISTRICT

By: ________________________________
Superintendent

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Dublin Unified School District (the “District”)

Name of Bond Issue: Dublin Unified School District (Alameda County, California) 2010 General Obligation Refunding Bonds

Date of Issuance: November __, 2010

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

Dated: __________________

DUBLIN UNIFIED SCHOOL DISTRICT

By: ________________________________
Its: ________________________________

APPENDIX F

THE BOOK-ENTRY SYSTEM

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

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Refunding Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Refunding Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Refunding Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this 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 "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each 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 certificate will be issued with respect to each $500 million of principal amount, and an additional certificate 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 Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. Issuer 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.

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