NEW ISSUE -- FULL BOOK-ENTRY **RATINGS: Moody's: "A1"; S&P: "AA-"**
(See "RATINGS" herein.)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. (See "TAX MATTERS" with respect to tax consequences relating to the Bonds.)

$11,999,980.85
UPLAND UNIFIED SCHOOL DISTRICT
(San Bernardino County, California)
Election of 2008 General Obligation Bonds, Series B
(Bank Qualified)

Dated: Date of Delivery **Due: August 1, as shown on inside front cover**

This cover page contains information for cursory reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.

The Upland Unified School District Election of 2008 General Obligation Bonds, Series B (the "Bonds"), in the aggregate principal amount of $11,999,980.85, are being issued by the Upland Unified School District (the "District") to renovate, repair, construct and equip certain District schools, sites and facilities. The Bonds were authorized at an election of the registered voters of the District held on February 5, 2008 (the "Authorization"), at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of not to exceed $103,000,000 principal amount of general obligation bonds.

The Bonds represent general obligations of the District, payable solely from *ad valorem* property taxes. The Board of Supervisors of San Bernardino County (the "County") is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates).

The 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 (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds.

The Bonds will be issued as capital appreciation bonds. The Bonds are dated the date of delivery of the Bonds and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2010. The Bonds are issuable in denominations of $5,000 maturity value or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by The Bank of New York Trust Company, N.A., as Bond Registrar and Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. (See "THE BONDS – Book-Entry Only System.")

The Bonds are subject to redemption prior to maturity as described herein.

MATURITY SCHEDULE
(see inside front cover)

The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. The Bonds, in book-entry form, will be available for delivery through the facilities of the Depository Trust Company in New York, New York on or about October 8, 2009.

George K. Baum & Company

Dated: September 24, 2009

MATURITY SCHEDULE

$2,050,913.60 Serial Bonds

Maturity (August 1)	Denominational Amount	Accretion Rate	Yield	Maturity Value
2022	$41,937.30	5.590%	5.590%	$85,000
2023	57,662.50	5.680	5.680	125,000
2024	64,584.00	5.770	5.770	150,000
2025	100,290.00	5.860	5.860	250,000
2027	32,911.80	6.040	6.040	95,000
2028	224,777.00	6.130	6.130	700,000
2040	1,465,310.00	6.650	6.650	11,000,000
2041	63,441.00	11.308	6.300	2,100,000

$9,949,067.25 Term Bonds

Maturity (August 1)	Denominational Amount	Accretion Rate	Yield	Maturity Value
2039	$9,949,067.25	6.530%	6.530%	$67,575,000

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement:

> "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their respective 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 the completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

PROFESSIONAL SERVICES

Underwriter

George K. Baum & Company
Sacramento, California

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
San Francisco, California

Bond Registrar, Transfer Agent and Paying Agent

The Bank of New York Trust Company, N.A.
Los Angeles, California

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$11,999,980.85
UPLAND UNIFIED SCHOOL DISTRICT
(San Bernardino County, California)
Election of 2008 General Obligation Bonds, Series B
(Bank Qualified)

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of Upland Unified School District, San Bernardino County, California, Election of 2008 General Obligation Bonds, Series B, in the principal amount of $11,999,980.85 (the "Bonds").

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

The District

The Upland Unified School District (the "District") was founded in 1907 as an elementary school district and unified with the Upland High School as a K-12 district on July 1, 1987. The District provides kindergarten through twelfth grade educational services to an area of approximately 15 square miles in the County of San Bernardino (the "County"). The District is located in the western portion of the County and serves most of the City of Upland, and a small portion of adjacent areas. The District operates one high school, one alternative high school, one adult school, two junior high schools and ten elementary schools. The District serves a population of approximately 12,170 students. The District's budgeted K-12 average daily attendance for fiscal year 2009-10 is 11,588 (exclusive of charter school population) and the District has a 2009-10 total assessed valuation of $7,128,139,782. See "THE DISTRICT."

The District is governed by a five-member Board of Trustees, each member of which is elected at large to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. The day-to-day affairs of the District are the responsibility of its Superintendent. Dr. Gary Rutherford is the Superintendent and Deo Persaud is the Assistant Superintendent, Business Services. See "THE DISTRICT."

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). See "THE BONDS – Security and Sources of Payment."

Purpose of Issue

The Bonds are being issued to renovate, repair, construct and equip certain District schools, sites and facilities (the "Project"), as authorized by the voters of the District at the election on February 5, 2008, and to pay all necessary legal, financial and contingent costs in connection with the issuance of the Bonds. See “THE BONDS – Application and Investment of Bond Proceeds – The Project.”

Description of the Bonds

General. The Bonds will be issued as capital appreciation bonds. The Bonds are payable at maturity or upon mandatory sinking fund redemption and will not pay interest on a current basis. The Maturity Value of a Bond is its Accreted Value at its maturity date. The “Accreted Value” of a Bond for any date is equal to the sum of its initial principal amount on the date of delivery (the “Denominational Amount”) and the interest accreting thereon between the delivery date thereof and such date.

Form, Registration and Denomination. The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth on the inside cover, under the book-entry only 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 Bonds. See “THE BONDS – Book-Entry Only System.” In event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See “THE BONDS – Registration, Transfer and Exchange of Bonds.”

Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 Maturity Value, as applicable, or any integral multiple thereof.

Redemption. The Bonds maturing on or before August 1, 2040 may be redeemed before maturity at the option of the District from any source of funds, on August 1, 2019 or on any date thereafter, as a whole or in part. The Term Bonds are subject to mandatory sinking fund redemption as further described herein. See “THE BONDS – Redemption.”

Payments. Each Bond accretes in value from its Denominational Amount on the date of delivery to its Maturity Value on the maturity thereof at the Accretion Rate per annum set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year commencing on February 1, 2010, and is payable at maturity or upon mandatory sinking fund redemption according to the amounts set forth in the table of accreted values as shown in APPENDIX E attached hereto. Payments of the Accreted Value of the Bonds will be made by The Bank of New York Trust Company, N.A., the designated paying agent, bond registrar, authenticating agent and transfer agent (the “Bond Registrar”), to DTC for subsequent disbursement through DTC Participants (defined in “THE BONDS” – Book-Entry Only System”) to the Beneficial Owners (defined in “THE BONDS” – Book-Entry Only System”) of the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), based on existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issued discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issued discount) on the Bonds is exempt from State of California personal income tax. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District. See "THE BONDS – Authority for Issuance."

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about October 8, 2009.

Continuing Disclosure

The District will covenant for the benefit of bondholders to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events, if material, in compliance with S.E.C. Rule 15c2-12(b)(5). The specific nature of the information to be made available and of the notices of material events required to be provided are summarized below under the captions "APPENDIX C – Form of Continuing Disclosure Certificate."

Bank Qualified

The District has designated the Bonds as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution's interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth will receive compensation from the District contingent upon the sale and delivery of the Bonds. The Bank of New York Trust Company, N.A., Los Angeles, California is acting as registrar, transfer agent and paying agent for the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS,

PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Superintendent, Upland Unified School District, 390 N. Euclid Avenue, Upland, California 91785, telephone: (909) 985-1864. The District may impose a charge for copying, mailing and handling.

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

Certain information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board of Trustees of the District on June 16, 2009 (the "Resolution"). The County has adopted a resolution pursuant to Section 15140(b) of the Education Code, which authorizes school districts and community college districts within the County to issue general obligation bonds on their own behalf.

The District received authorization at an election held on February 5, 2008 (the "2008 Authorization") to issue not to exceed $103,000,000 of general obligation bonds. On June 18, 2008, the District issued its Election of 2008 General Obligation Bonds, Series A in the aggregate principal amount of $26,532,404.20 pursuant to the 2008 Authorization. The Bonds represent the second series of bonds issued under the 2008 Authorization. After the issuance of the Bonds, $64,467,614.95 of the 2008 Authorization will remain.

Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of the Accreted Value of the Bonds upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be deposited by the County into the Upland Unified School District Election of 2008 General Obligation Bonds Debt Service Fund (the "Debt Service Fund"), which is segregated and maintained by the County and which is irrevocably pledged for the payment of Accreted Value of the Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County will maintain the Debt Service Fund pledged to the repayment of the Bonds, the Bonds are not a debt of the County. See "TAX BASE FOR REPAYMENT OF BONDS."

The moneys in the Debt Service Fund, to the extent necessary to pay the Accreted Value of the Bonds, as the same becomes due and payable, will be transferred by the County to the Bond Registrar which, in turn, shall pay such moneys to DTC to pay the Accreted Value of the Bonds. DTC will thereupon make payment of principal and interest of the Bonds to the DTC Participants who will thereupon make payments of principal and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The amount of the annual *ad valorem* taxes levied by the County to repay the 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 Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "TAX BASE FOR REPAYMENT OF BONDS."

Description of the Bonds

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Purchasers will not receive certificates representing their interests in the Bonds.

The Bonds are payable at maturity or upon mandatory sinking fund redemption, and will not pay interest on a current basis. The Bonds accrete in value from their date of delivery at the approximate accretion rates per annum set forth on the inside cover hereof, compounded semiannually on February 1 and August 1 of each year commencing on February 1, 2010. The Maturity Value of a Bond is its Accreted Value at its maturity date. Interest with respect to each Bond is represented by the amount each Bond accretes in value from its Denominational Amount to the date for which Accreted Value is calculated. The Accreted Value (the "Accreted Value") of a Bond is calculated by discounting on a 30-day month, 360 day year basis its Maturity Value on the basis of a constant interest rate (the "Accretion Rate") compounded semiannually on February 1 and August 1, of each year to the date for which an Accreted Value is calculated, and if the date for which Accreted Value is calculated is between February 1 and August 1, by pro-rating the Accreted Values to the closest prior or subsequent February 1 and August 1. See the maturity schedule on the inside cover page hereof and "APPENDIX E – Table of Accreted Values." The Bonds are issuable in denominations of $5,000 Maturity Value, or any integral multiple thereof, and mature on the dates and in the amounts set forth on the inside cover hereof.

The Accreted Value of the Bonds will be payable in lawful money of the United States of America to the registered owner thereof, upon the surrender thereof at the principal corporate trust office of the Bond Registrar.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

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

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

So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the Owners or Holders of the Bonds (other than under the caption "Tax Matters") will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

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

Bond Registrar

The Bank of New York Trust Company, N.A., located in Los Angeles, California, will act as the registrar, transfer agent, and paying agent for the Bonds (the "Bond Registrar"). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Bond Registrar will send any notice of prepayment or other notices to Owners only to DTC.

Neither the Bond Registrar, the District, nor the Underwriter of the Bonds have any 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 Bonds.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2040 may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, on August 1, 2019 or on any date thereafter, as a whole or in part, at a redemption price equal to the Accreted Value, as of the date fixed for redemption, of the Bonds called for redemption, without premium. The Bonds maturing on August 1, 2041 are not subject to redemption prior to their fixed maturity date.

Mandatory Sinking Fund Redemption. The Term Bonds maturing on August 1, 2039, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2032, at a redemption price equal to the Accreted Value thereof, as of the date of such payment, without premium. The Accreted Value represented by such Bonds to be so redeemed and the dates therefor and the final payment date are as indicated in the following table:

Redemption Date (August 1)	Accreted Value
2032	$98,852.04
2033	411,448.89
2034	8,412,500.19
2035	8,835,474.69
2036	9,277,538.84
2037	9,739,363.47
2038	10,226,313.20
2039[1]	10,560,000.00
Total	$57,561,491.32

[1] Maturity.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Bond Registrar, upon written instruction from the District, will select the Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Bond Registrar will select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Bond Registrar will determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption. Notice of any redemption of Bonds will be mailed, postage-prepaid, not less than thirty nor more than forty-five days prior to the redemption date (i) to the Registered Owners thereof at the addresses appearing on the bond registration books of the Bond Registrar, (ii) to the Securities Depositories described below, and (iii) to one or more of the Information Services described below. Notice of redemption to the Securities Depositories and the Information Services will be given by registered mail, facsimile transmission or overnight delivery service. Each notice of redemption will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Bond Registrar, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

"Information Services" means Financial Information, Inc.'s "Called Bond Service," 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Mergent, Inc., 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and Standard and Poor's J.J. Kenny Information Services' "Called Bond Record," 55 Water Street, 45th Floor, New York, New York 10041.

"Securities Depositories" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-1000 or Fax (212) 855-7320.

The actual receipt by an Owner of any Bond or by any Information Service or Securities Depository of notice of such redemption will not be a condition precedent to redemption, and failure to receive such notice nor shall any defect in such notice affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest thereon on the date fixed for redemption.

The notice or notices required for redemption will be given by the Bond Registrar or its designee. A certificate by the Bond Registrar that notice of call and redemption has been given to owners of Bonds and to the appropriate Securities Depositories and Information Services shall be conclusive as against all parties, and no Bondowner whose Bond is called for redemption may object thereto or object to the cessation of interest on the fixed redemption date by any claim or showing that said Bondowner failed to actually receive such notice of call and redemption.

Payment of Redeemed Bonds. When notice of redemption has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is set aside for that purpose, as described below, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the notice of redemption with the form of assignment endorsed thereon executed in blank, said Bonds will be redeemed and paid at the redemption price thereof. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Bond Registrar will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by the Bond Registrar so as to be available therefor on such redemption date, and if notice of redemption thereof will have been given substantially as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Bond Registrar, in form satisfactory to it, and sufficient moneys shall be held by the Bond Registrar irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, in the case of Bonds, accrued interest with respect thereto to the date fixed for redemption, then such Bonds will no longer be deemed Outstanding and shall be surrendered to the Bond Registrar for cancellation.

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Bond Registrar to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

In the event that the book-entry only system as described above is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Bond Registrar, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Bond Registrar by check or draft mailed to the person whose name appears on the registration books of the Bond Registrar as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal amount, interest payments shall be wired to a bank and account number on file with the Bond Registrar as of the Record Date.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the principal office of the Bond Registrar, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Bond Registrar, accompanied by delivery of a written instrument of transfer in a form approved by the Bond Registrar, duly executed. Upon exchange or transfer, the Bond Registrar shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accreting interest at the same rate and maturing on the same date.

Neither the District nor the Bond Registrar will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable stated maturity date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with the Bond Registrar or with an independent escrow agent selected by the District an amount of cash which together with amounts then on deposit in the Debt Service Fund is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal, Accreted Value and interest and premium, if any; or

(b) Government Obligations: by irrevocably depositing with the Bond Registrar or with an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal, Accreted Value and interest represented thereby and prepayment premiums, if any) at or before their maturity date;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the District and the Bond Registrar with respect to all outstanding Bonds shall cease and terminate, except only the obligation of the Bond Registrar to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of the Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, or "prerefunded" municipal obligations rated in the highest rating category by Moody's Investors Service or Standard & Poor's. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed "AAA" by Standard & Poor's or "Aaa" by Moody's.

Application and Investment of Bond Proceeds

The Project. The District plans to use the proceeds from the Bonds to renovate, repair, construct and equip certain District schools, sites and facilities, as authorized by the voters of the District in the Authorization (collectively, the "Project").

Building Fund. The net proceeds of the sale of the Bonds shall be deposited in the Upland Unified School District Election of 2008 General Obligation Bonds Building Fund (the "Building Fund") and shall be applied only to finance the Project, as described above. Any interest earnings on moneys held in the Building Fund shall be retained in the Building Fund.

Debt Service Fund. Any premium or accrued interest received by the District on the sale of the Bonds shall be deposited in the Debt Service Fund. Any interest earnings on moneys held in the Debt Service Fund shall be retained in the Debt Service Fund. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Debt Service Fund or otherwise held in trust for the payment of the redemption price of the Bonds, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

Permitted Investments. In accordance with the Resolution and subject to federal tax restrictions, moneys in the Building Fund and Debt Service Fund shall be initially invested in the County administered pooled investment fund (the "County Pool"). See "COUNTY OF SAN BERNARDINO TREASURY POOL." Subsequently, such moneys may continue to be invested in the County Pool or invested, at the direction of the District in accordance with the Resolution and subject to federal tax restrictions, in any other lawful investment permitted by Sections 16429.1 and 53601 of the Government Code of the State of California (the "Government Code") or in shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Section 53635 of the Government Code, in the California Local Agency Investment Fund ("LAIF") or in a guaranteed investment contract with a financial institution or insurance company which has at the date of execution thereof one or more outstanding issues of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated not lower than the second highest rating category (without regard to subcategories) by Standard & Poor's Rating Service and Moody's Investors Service.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of the Bonds	$11,999,980.85
Original Issue Premium	228,417.00
Total Sources	$12,228,397.85
Uses of Funds	
Building Fund	$11,999,980.85
Costs of Issuance(1)	228,417.00
Total Uses	$12,228,397.85

(1) All costs of issuance, including Underwriter's discount.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Bonds (assuming no optional redemptions are made):

Year Ending (August 1)	Annual Principal Payment[1]	Annual Accreted Interest Payment[1]	Total Annual Debt Service
2010	--	--	--
2011	--	--	--
2012	--	--	--
2013	--	--	--
2014	--	--	--
2015	--	--	--
2016	--	--	--
2017	--	--	--
2018	--	--	--
2019	--	--	--
2020	--	--	--
2021	--	--	--
2022	$41,937.30	$43,062.70	$85,000.00
2023	57,662.50	67,337.50	125,000.00
2024	64,584.00	85,416.00	150,000.00
2025	100,290.00	149,710.00	250,000.00
2026	--	--	--
2027	32,911.80	62,088.20	95,000.00
2028	224,777.00	475,223.00	700,000.00
2029	--	--	--
2030	--	--	--
2031	--	--	--
2032[2]	22,820.65	76,031.39	98,852.04
2033[2]	89,074.15	322,374.74	411,448.89
2034[2]	1,707,868.00	6,704,632.19	8,412,500.19
2035[2]	1,682,102.75	7,153,371.94	8,835,474.69
2036[2]	1,656,337.50	7,621,201.34	9,277,538.84
2037[2]	1,630,572.25	8,108,791.22	9,739,363.47
2038[2]	1,605,543.15	8,620,770.05	10,226,313.20
2039[2]	1,554,748.80	9,005,251.20	10,560,000.00
2040	1,465,310.00	9,534,690.00	11,000,000.00
2041	63,441.00	2,036,559.00	2,100,000.00
Total	$11,999,980.85	$60,066,510.47	$72,066,491.32

(1) The Bonds are payable at maturity or upon mandatory sinking fund redemption as described herein, and interest on such Bonds is compounded semiannually on February 1 and August 1, commencing on February 1, 2010.
(2) Amounts shown represent mandatory sinking fund redemption payments of Accreted Value. See "THE BONDS – Redemption."

See "DISTRICT FINANCIAL INFORMATION – District Debt Structure – General Obligation Bonds" for a schedule of the combined debt service requirements for all of the District's outstanding general obligation bonds.

COUNTY OF SAN BERNARDINO TREASURY POOL

The following information has been provided by the Treasurer of the County, and the District takes no responsibility for the accuracy or completeness thereof. Further information may be obtained from the County Treasurer.

General

The following is a general description of the County's investment policy, current portfolio holdings, investment policies and practices, and valuation procedures. For the most part, the information has been adapted from material prepared by San Bernardino County for use as disclosure information on securities issues. The information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, nor has such information been audited by the District. All questions related to the County Treasury and the investment practices of the County Treasurer should be directed to the County Treasurer at 172 West Third Street, San Bernardino, California 92415-0360, telephone (909) 387-8308.

The County Treasurer is responsible for the investment of the funds of the County, all school districts and community college districts and certain special districts in the County, which are required under state law to be deposited into the County Treasury ("Involuntary Depositors"). In addition, certain agencies invest certain of their funds in the County Treasury on a voluntary basis ("Voluntary Depositors" and, together with the Involuntary Depositors, the "Depositors"). Deposits made by the County and the various local agencies are commingled in a pooled investment fund (the "Treasury Pool"). No particular deposits are segregated for separate investment.

The Treasury Pool is presently assigned the following ratings on its ability to meet its financial commitments:

- Standard & Poor's Ratings Group - "AAAf" (credit quality) and "S1+" (market risk)
- Moody's Investors Service - "Aaa" (credit quality) and "MR1" (market risk)
- Fitch Ratings - "AAA" (credit quality) and "V1+" (market risk)

These ratings reflect only the views of the respective rating agencies and any explanation of the significance of such ratings may be obtained from such rating agencies as follows: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10017 and Fitch Ratings, One State Street Plaza, New York, New York 10004.

Under State law, Depositors in the Treasury Pool are permitted to withdraw funds that they have deposited on 30 days notice. The County does not expect that the Treasury Pool will encounter liquidity shortfalls based on its current portfolio and investment guidelines or realize any losses that may be required to be allocated among all Depositors in the Treasury Pool.

The County has established a Treasury Oversight Committee as required by State law. The members of the Oversight Committee include the County Administrative Officer, two members of the public and the Superintendent of Schools or his designee. The role of the Oversight Committee is to review and monitor the Investment Policy that is prepared by the County Treasurer.

Investments of the Treasury Pool

Authorized Investments. Investments of the Treasury Pool are placed in those securities authorized by various sections of the California Government Code and the County's Investment Policy, which include: obligations of the United States Treasury; agencies of the United States Government; bonds, notes, warrants or certificates of indebtedness issued by agencies of and/or within the County; bankers acceptances; commercial paper of prime quality; certificates of deposit (both collateralized and negotiable); repurchase and reverse repurchase agreements; medium term corporate notes; and shares of beneficial interest in diversified management companies (mutual funds). Generally, investments in repurchase agreements cannot exceed a term of 180 days and the security underlying the agreement shall be valued at 102% or greater of the funds borrowed against the security and the value of the repurchase agreement shall be adjusted no less than quarterly.

Legislation that would modify the currently authorized investments and place restrictions on the ability of municipalities to invest in various securities is considered from time to time by the California State Legislature. Therefore, there can be no assurances that the current investments in the Treasury Pool will not vary significantly from the investments described herein.

The Investment Policy. The County's Investment Policy (the "Investment Policy") currently states the primary goals of the County Treasurer when investing public funds to be as follows: the primary objective is to safeguard the principal of the funds under the County Treasurer's control, the secondary objective is to meet the liquidity needs of the Treasury Pool Participants, and the third objective is to achieve a return on the funds under the control of the County Treasurer within the parameters of prudent risk management. The Investment Policy contains a goal that 40% of the Pool should be invested in securities maturing in one year or less, and the entire portfolio should maintain an effective duration of less than 1.5 years. With respect to reverse repurchase agreements, the Investment Policy provides for a maximum maturity of 92 days (unless the reverse repurchase agreement includes a written guarantee of a minimum earning or spread for the entire period of such agreement) and a limitation on the total amount of reverse repurchase agreements to 10% of the total investments in the Pool. Securities lending transactions are considered reverse repurchase agreements for purposes of this limitation.

Certain Information Relating to Treasury Pool

The following table reflects information with respect to the Treasury Pool as of the close of business on August 31, 2009. As described above, a wide range of investments is authorized by State law. Therefore, there can be no assurances that the investments in the Treasury Pool will not vary significantly from the investments described below. In addition, the value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described below. In addition, the values specified in the following tables were based upon estimates of market values provided to the County by a third party. Accordingly, there can be no assurance that if these securities had been sold on August 31, 2009, the Treasury Pool necessarily would have received the values specified.

San Bernardino County
Treasury Pool Summary
Month Ended August 31, 2009

Security Type	Par Value	Market Value	Market % of Portfolio	Yield to Maturity at Cost	Weighted Average Maturity
Bankers Acceptances	--	--	--	--	--
Certificates of Deposit	$320,000,000.00	$319,981,941.50	8.1%	0.25%	26
Collateralized Certificates of Deposit	--	--	--	--	--
Commercial Paper	315,050,000.00	314,942,456.70	8.0%	0.31%	45
Corporate Notes	96,234,000.00	96,268,718.05	2.4%	2.95%	27
Federal Agencies	2,640,484,000.00	2,687,074,484.22	68.3%	2.29%	455
Money Market Funds	186,000,000.00	186,000,000.00	4.7%	0.19%	1
Municipal Debt	--	--	--	--	--
Repurchase Agreements	--	--	--	--	--
TLGP Corp. Notes	75,000,000.00	75,527,800.00	1.9%	1.43%	567
U.S. Treasuries	255,000,000.00	258,451,200.00	6.6%	1.07%	846
Total Securities	$3,887,768,000.00	$3,938,246,600.47	100.0%	1.78%	384
Cash Balance	210,628,447.91	210,628,447.91			
TAGP/FDIC Now Balance	200,000,000.00	200,000,000.00			
Total Investments	$4,298,396,447.91	$4,348,875,048.38			
Accrued Interest	--	21,119,141.65			
Total Portfolio	$4,298,396,447.91	$4,369,994,190.03			

Neither the District nor the Underwriter has made an independent investigation of the investments in the Treasury Pool and has made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the County Treasurer, with the consent of the Treasury Oversight Committee and the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The Accreted Value of the Bonds is payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. (See "THE BONDS – Security and Sources of Payment") Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 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," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds of all members of the State legislature to change any State taxes for the purpose of increasing tax revenues.

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 relevant 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.

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

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

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.

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

Article XIIIB of the California Constitution

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. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to 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 such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

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

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "Propositions 98 and 111" below.

Article XIIIC and Article XIIID of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds 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 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.

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

Propositions 98 and 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). 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.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of General Fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget.

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:

a. 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.

b. 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.

c. 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.

d. 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.

e. 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 capital personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by fifty-five percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current one percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to one percent of the value of property. Property taxes may only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The fifty-five percent vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by fifty-five percent of the voters. These provisions require that such bonds may be issued only if the tax rate projected to be levied as the result of any single election would not exceed $60 (for a unified school district), $30 (for an elementary or high school district), or $25 (for a community college district), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor. See " – Article XIIIA of the Calfornia Constitution" above.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A

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

Future Initiatives

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

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.

***Ad Valorem* Property Taxation**

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as county, city and special district taxes. Assessed valuations are the same for both District and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located 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 assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. Each county levies and collects all property taxes for property falling within that county's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes are payable in two installments, due November 1 and February 1 respectively and become delinquent on December 10 and April 10 respectively. A 10% penalty attaches to any delinquent installment plus a $10 cost on the second installment. Property on the secured roll with delinquent taxes is sold to the State on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and is then subject to sale by the tax-collecting authority of the relevant county.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability of revenue from growth in tax bases to such entities may be affected by the establishment of redevelopment agencies which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values.

Assessed Valuations

The assessed valuation of property in the District is established by the tax assessing authority for the county in which such property is located, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed and re-assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS." Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Property within the District has a total assessed valuation for fiscal year 2009-10 of $7,128,139,782. Shown in the following table are the assessed valuations for the District for the period 2003-04 through 2009-10.

ASSESSED VALUATION
Fiscal Years 2003-04 through 2009-10
Upland Unified School District

Fiscal Year	Secured Valuation	Utility	Unsecured Valuation	Total Valuation
2003-04	$4,537,741,051	$1,851,858	$167,354,232	$4,706,947,141
2004-05	4,945,800,097	1,873,755	172,527,965	5,120,201,817
2005-06	5,500,463,172	1,063,469	169,520,190	5,671,046,831
2006-07	6,235,694,302	1,000,822	194,287,638	6,430,982,762
2007-08	6,845,159,775	152,754	216,807,310	7,062,119,839
2008-09	7,115,779,658	68,565	237,780,230	7,353,628,453
2009-10	6,873,129,743	68,555	254,941,484	7,128,139,782

Sources: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment."

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 appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an 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. 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. Such reductions are subject to yearly reappraisals and may be 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. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution."

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.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future will not significantly reduce the assessed valuation of property within the District.

Assessed Valuation and Parcels by Land Use

The following table is an analysis of the District's fiscal year 2008-09 secured assessed valuation by land use.

ASSESSED VALUATION AND PARCELS BY LAND USE
Upland Unified School District

	2008-09 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	$6,741,844	0.09%	19	0.09%
Commercial/Office	758,934,575	10.67	831	3.90
Industrial	293,767,934	4.13	321	1.51
Recreational	36,750,046	0.52	27	0.13
Government/Social/Institutional	34,495,830	0.48	73	0.34
Miscellaneous	9,252,558	0.13	157	0.74
Subtotal Non-Residential	$1,139,942,787	16.02%	1,428	6.70%
Residential:				
Single Family Residence	$4,577,711,015	64.33%	14,796	69.40%
Condominium/Townhouse	567,591,145	7.98	2,532	11.88
Mobile Home	30,289,826	0.43	670	3.14
Mobile Home Park	16,075,067	0.23	9	0.04
2-4 Residential Units	170,078,254	2.39	618	2.90
5+ Residential Units/Apartments	510,520,189	7.17	183	0.86
Subtotal Residential	$5,872,265,496	82.52%	18,808	88.21%
Vacant Parcels	$103,571,375	1.46%	1,085	5.09%
Total	$7,115,779,658	100.00%	21,321	100.00%

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

Alternative Method of Tax Apportionment

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies for which such county acts as the tax-levying or tax-collecting agency, or for which such county's treasury is the legal depository of the tax collections.

If the Teeter Plan remains in effect during the term of the Bonds, the District will receive 100% of the *ad valorem* property tax levied in the County to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County. The District can give no assurance that the Teeter Plan will remain in effect in its present form, or in any form, during the term of the Bonds.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1 for the County), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors of the County is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors of the County may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in such county if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event the Board of Supervisors of the County is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which such county acts as the tax-levying or tax-collecting agency.

Tax Rates

The following table summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical tax rate area within the District from 2003-04 to 2008-09.

SUMMARY OF *AD VALOREM* TAX RATES
Fiscal Years 2003-04 through 2008-09
Upland Unified School District

Typical Tax Rate per $100 Assessed Valuation (TRA 8-001)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Chaffey Community College District	.0139	.0108	.0293	.0167	.0192	.0209
Upland Unified School District	.0316	.0305	.0354	.0279	.0261	.0342
Metropolitan Water District	.0061	.0058	.0052	.0047	.0045	.0043
Total	1.0516%	1.0471%	1.0699%	1.0493%	1.0498%	1.0594%

Source: California Municipal Statistics, Inc.

Largest Property Owners

The following table lists the 20 largest local secured taxpayers in the District in terms of their 2008-09 secured assessed valuations.

UPLAND UNIFIED SCHOOL DISTRICT
Largest 2008-09 Local Secured Taxpayers

	Property Owner	Land Use	2008-09 Assessed Valuation	% of Total[(1)]
1.	Colonies-Pacific LLC	Commercial	$103,036,841	1.45%
2.	Granite SR Woodlane LLC	Apartments	41,718,000	0.59
3.	Rancho Monte Vista Apartment Homes	Apartments	37,862,080	0.53
4.	CT Retail Properties Finance II, LLC	Commercial	36,538,442	0.51
5.	Mountain Springs	Apartments	33,426,433	0.47
6.	Bill & Mary Matreyek Trust	Apartments	31,967,955	0.45
7.	NU-168 Apartments LLC	Apartments	29,838,987	0.42
8.	Pres-Mountain Grove LP	Office Building	25,682,274	0.36
9.	Broadstone Residential LLC	Apartments	24,137,280	0.34
10.	MG Parkview Apartments	Apartments	22,052,823	0.31
11.	Pacific Canyon Club LP	Apartments	21,369,186	0.30
12.	Norwalk Flallon LLC	Commercial	19,644,311	0.28
13.	Unison Investment Company, LLC	Apartments	17,301,597	0.24
14.	Foothill Ridge Properties LLC	Apartments	17,067,232	0.24
15.	Cable Development LLC	Industrial	17,021,427	0.24
16.	Walton CWCA Mountain Avenue 68 LLC	Industrial	16,320,000	0.23
17.	7th Street Apartments Investors LLC	Apartments	16,230,240	0.23
18.	AP-Upland Freeway Center LLC	Commercial	15,451,121	0.22
19.	Huntington Beach No. 2	Apartments	14,058,677	0.20
20.	Upland Tech LLC	Industrial	13,317,120	0.19
			$554,042,026	7.79%

(1) 2008-09 Local Secured Assessed Valuation: $7,115,779,658.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. as of October 1, 2009, for debt issued as of September 16, 2009. 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.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

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

The table includes reference to two bond issues associated with community facility districts within the District: (i) the District's $2,403,000 Community Facilities District No. 99-1 1999 Special Tax Bonds, which relate to two tracts of land totaling 44 acres within the District; and (ii) the District's $2,807,000 Community Facilities District No. 01-1 2002 Special Tax Bonds, which relate to approximately 300 single family home lots totaling approximately 70 acres. In each case, the bonds are secured by special taxes levied against the land to pay for certain school improvements.

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STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Upland Unified School District

2009-10 Assessed Valuation:	$7,128,139,782
Redevelopment Incremental Valuation:	922,772,333
Adjusted Assessed Valuation:	$6,205,367,449

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable (1)	Debt 10/1/09
Metropolitan Water District	0.351%	$1,029,922
Chaffey Community College District	11.257	18,518,025
Upland Unified School District	**100.000**	**56,479,696**(1)
Upland Unified School District Community Facilities District No. 99-1	100.000	2,160,000
Upland Unified School District Community Facilities District No. 01-1	100.000	2,551,000
City of Upland Community Facilities District No. 2003-1	100.000	1,660,000
City of Upland Community Facilities District No. 2003-2, I.A. No. 1	100.000	22,340,000
City of Upland Community Facilities District No. 2003-2, I.A. No. 2	100.000	19,050,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$123,788,643
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
San Bernardino County General Fund Obligations	5.138%	$36,766,500
San Bernardino County Pension Obligations	5.138	33,312,767
San Bernardino County Flood Control District General Fund Obligations	5.138	5,893,800
Chaffey Community College District General Fund Obligations	11.257	1,421,834
Upland Unified School District Certificates of Participation	**100.000**	**1,310,000**(2)
City of Upland General Fund Obligations	95.667	1,492,405
West Valley Vector Control District Certificates of Participation	0.061	2,211
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$80,199,517
COMBINED TOTAL DEBT		$203,988,160(2)

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

Ratios to 2009-10 Assessed Valuation:
Direct Debt ($56,479,696).. 0.79%
Total Direct and Overlapping Tax and Assessment Debt............ 1.74%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($57,789,696) 0.93%
Combined Total Debt 3.28%

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

Source: California Municipal Statistics, Inc.

THE DISTRICT

General Information

The Upland Unified School District (the "District") was founded in 1907 as an elementary school district and unified with the Upland High School as a K-12 district on July 1, 1987. The District provides kindergarten through twelfth grade educational services to an area of approximately 15 square miles in the County of San Bernardino (the "County"). The District is located in the western portion of the County and serves most of the City of Upland, and a small portion of adjacent areas.

The District operates one high school, one alternative high school, one adult school, two junior high schools and ten elementary schools. The District serves a population of approximately 12,170 students. The District's budgeted K-12 average daily attendance for fiscal year 2009-10 is 11,588 (exclusive of charter school population) and the District has a 2009-10 total assessed valuation of $7,128,139,782. Excerpts from the District's audited financial statements for the fiscal year ended June 30, 2008 are included as APPENDIX A.

Administration

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

Board Member	Office	Term Expires
Mr. P. Joseph Lenz	President	November 2010
Mr. Michael J. Varela	Vice President	November 2010
Mr. Steve Frazee	Clerk	November 2012
Ms. Linda Angona	Member	November 2012
Mr. Wesley Fifield	President	November 2010

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Brief biographies of the Superintendent and Assistant Superintendent, Business Services follow:

Garrett Rutherford, Ed.D., Superintendent. Dr. Rutherford is in his fifth year as Superintendent of the District. Prior to assuming the superintendency, he was Superintendent of the Huntington Beach City School District for three years. Before that he was Assistant Superintendent of Educational Services in the Westminster School District from 1999 to 2001 and was Director of Curriculum and Instruction at the District from 1996 to 1999. During his twenty-nine years in the profession, Dr. Rutherford has had administrative and teaching assignments at all levels, kindergarten through twelfth grades. He earned a Doctorate in Organizational Leadership from the University of LaVerne in 1994, a Masters in Education from California State University, Los Angeles and a Bachelor of Arts Degree from Pepperdine University. Dr. Rutherford has also served as an adjunct faculty member in graduate programs at California State University, Long Beach, the University of LaVerne and Whittier College.

Deo Persaud, Assistant Superintendent, Business Services. Deo Persaud was recently appointed as the Assistant Superintendent, Business Services of the District and began his term in that position on July 1, 2009. Prior to his arrival at the District, Mr. Persaud served as the Associate Superintendent of the Operational and Business Services Division of the Fresno Unified School District since 2006. He has also served as Executive Director of Purchasing and Technology Services for the Dallas Independent School District for seven years. Mr. Persaud holds a Masters Degree in Business Management and Operations as well as a Bachelors of Science in Aeronautical Science from Embry Riddle Aeronautical University. He is currently completing his Ph.D. course work in Business Administration at Northcentral University.

Average Daily Attendance

The pupil- teacher ratio is approximately 24:1 for K and grades 1 through 3 (and 9th grade English), 29:1 for grades 4 through 6, and 24:1 for grades 7 through 12. The District has fully implemented class size reduction in grades K-3 and in grade 9 English classes.

District average daily attendance ("A.D.A.") and revenue limit per A.D.A. for the past ten years and a projection for 2009-10 are shown in the following table.

AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT
Upland Unified School District

Fiscal Year	Average Daily Attendance[1]	Revenue Limit per A.D.A.[2]
1999-00	11,647	$4,031.65
2000-01	11,620	4,472.92
2001-02[2]	11,660	4,654.04
2002-03	11,694	4,739.92
2003-04	11,723	4,682.98
2004-05	11,698	4,966.35
2005-06	11,740	5,177.35
2006-07	11,679	5,557.54
2007-08	11,659	5,809.81
2008-09	11,588	6,138.81[3]
2009-10[4]	11,588	6,399.81

(1) Excludes Charter School A.D.A.
(2) The projected Revenue Limit for 2001-02 and thereafter has been adjusted for the elimination of excused absences in calculating A.D.A.
(3) Estimated.
(4) Budgeted.
Source: The District.

Labor Relations

In fiscal year 2008-09, the District employed 623 certificated employees and 403 classified employees. Current employees are represented by the bargaining units noted below:

BARGAINING UNITS
Upland Unified School District

Name of Bargaining Unit	Number of Employees Represented	Current Contract Expiration Date
Upland Teachers Association	592	June 30, 2011[1]
California School Employees Association	379	June 30, 2010

(1) Pending ratification.
Source: The District.

Pension Plans

STRS and PERS. The District participates in the State of California Teacher's Retirement System ("STRS"). This plan covers basically all fulltime certificated employees. The District's contribution to STRS was $3,974,147 for fiscal year 2006-07, $3,078,330 for fiscal year 2007-08, an estimated $3,950,118 for fiscal year 2008-09, and is budgeted to be $3,740,930 for fiscal year 2009-10.

The District also participates in the State of California Public Employees' Retirement System ("PERS"). This plan covers all classified personnel who are employed four or more hours per day. Both systems are operated on a statewide basis. The District's contribution to PERS was $1,007,624 for fiscal year 2006-07, $1,073,508 for fiscal year 2007-08, an estimated $1,003,620 for fiscal year 2008-09, and is budgeted to be $960,832 for fiscal year 2009-10.

The District is currently required by statute to contribute 8.25% of eligible salary expenditures to STRS, while participants contribute 8% of their respective salaries. STRS has a substantial statewide unfunded liability. Since this liability has not been broken down by each school district, it is impossible to determine the District's share. The District is required to contribute to PERS at an actuarially determined rate, which is 9.428% of eligible salary expenditures for fiscal year 2008-09, while participants contribute 7% of their respective salaries.

Other Postemployment Benefits

The District provides postemployment health care benefits, in accordance with District employment contracts, to eligible employees who retire from the District on or after attaining age 55 (to age 65) with at least 10 years of service to the District. As of June 30, 2008, 97 employees meet those eligibility requirements. The District contributes 100% of the amount of premiums incurred by retirees and their dependents. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis. During fiscal year 2007-08, expenditures of $1,172,391 were recognized for retirees' health care benefits. District expenditures for such benefits are estimated to be $976,578 for fiscal year 2008-09 and are budgeted to be $1,313,240 for fiscal year 2009-10.

The District commissioned an actuarial study by SMART Business Advisory and Consulting, LLC dated July 1, 2007, with respect to its accrued liability in connection with such postemployment benefits. The study concluded that the unfunded actuarial accrued liability with respect to such postemployment benefits as of July 1, 2007 was $20,216,651 and the annual required contribution ("ARC") for the year ending June 30, 2008, was $2,464,264. The ARC is the annual amount that would be necessary to fund postemployment health care benefits in accordance with the Governmental Accounting Standards Board's Statements No. 43 and 45; the ARC is expected to increase each year based on covered payroll.

Insurance

The District's basic property, crime, general liability and automobile insurance is administered by the Alliance of Schools for Cooperative Insurance Programs ("ASCIP"), a joint powers public agency. The District pays a premium to ASCIP which in turn self-funds basic coverage levels and purchases excess liability coverage for property and crime coverage from commercial carriers. Excess liability coverage is purchased through the Schools Excess Liability Fund ("SELF"), a public entity risk pool joint powers authority. Excess property and crime coverage is purchased by ASCIP for all pool members. District coverage is subject to varying deductible levels. The District also obtains worker's compensation insurance through ASCIP which covers all worker's compensation medical-related issues.

The relationships between the District and SELF and ASCIP are such that neither SELF nor ASCIP is a component unit of the District for financial reporting purposes.

The District believes its coverages are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for insured claims are adequate.

DISTRICT FINANCIAL INFORMATION

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

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the General Fund which accounts for all financial resources not requiring a special type of fund. The District's fiscal year begins on July 1 and ends on June 30.

Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2008, and prior fiscal years are on file with the District and available for public inspection at the Assistant Superintendent, Business Services of the District, 390 N. Euclid Avenue, Upland, California 91785, telephone: (909) 985-1864. Excerpts from the District's audited financial statements for the year ended June 30, 2008 are included for reference in APPENDIX A hereto.

For fiscal years ended June 30, 2003 and later, the District implemented Government Accounting Standard Board Statement Nos. 34 and 35. Among the changes implemented under these revised accounting rules is a change in the financial reporting format. While historical total revenue and expenditures figures are comparably consistent to prior years, the breakdown of revenues and expenditures follows functional categories rather than object-oriented categories. The following table reflects the District's general fund revenues, expenditures and changes in fund balance for fiscal years 2003-04 through 2007-08 under the revised reporting format.

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2003-04 Through 2007-08[1]
Upland Unified School District

	Audited 2003-04	Audited 2004-05	Audited 2005-06	Audited 2006-07	Audited 2007-08
REVENUES					
Revenue Limit Sources					
State Apportionments	$37,731,673	$43,908,879	$48,536,923	$55,112,154	$57,806,907
Local Sources	19,481,417	15,104,872	13,734,303	11,345,931	11,807,434
Revenue Limit Transfers	163,717	188,382	265,644	313,253	(1,219,100)
Total Revenue Limit Sources	57,376,807	59,202,133	62,536,870	66,771,338	68,395,241
Federal Revenues	3,974,224	4,245,680	5,067,762	5,124,101	4,757,215
Other State Revenues	8,238,945	9,252,802	10,623,911	14,636,785	12,831,938
Other Local Revenues	5,584,759	5,342,329	7,274,910	6,479,105	6,665,049
Total Revenues	75,174,735	78,042,944	85,503,453	93,011,329	92,649,443
EXPENDITURES					
Instruction	49,752,021	50,407,639	53,071,062	61,969,103	62,046,197
Instruction-related Services:					
Supervision of Instruction	1,586,827	1,397,493	1,518,004	2,070,925	2,261,090
Instructional Library, Media and Technology	770,451	719,903	711,466	749,387	766,957
School Site Administration	4,817,339	4,637,993	5,414,031	5,397,027	5,514,869
Pupil Services:					
Home-to-School Transportation	1,166,661	1,226,893	1,147,959	1,303,145	1,628,265
Food services	57,706	59,351	70,045	598	533
All Other Pupil Services	2,902,250	2,726,111	2,730,561	3,413,235	3,502,087
General Administration:					
Data processing	545,534	650,896	948,163	899,615	944,813
All Other General Administration	2,381,513	2,468,961	3,228,343	3,343,828	3,272,015
Plant services	6,090,378	6,063,269	7,399,853	7,994,847	8,593,755
Facility Acquisition and Construction	85,844	37,652	123,547	11,916	23,064
Ancillary Services	224,225	344,812	359,834	365,233	375,372
Community Services	833,293	770,497	890,728	892,150	917,732
Other Outgo	3,248,993	2,474,051	2,960,392	2,744,732	1,516,125
Total Expenditures	74,463,035	73,985,521	80,573,988	91,155,741	91,362,874
Excess (Deficiency)of Revenues Over Expenditures	711,700	4,057,423	4,929,465	1,855,588	1,286,569
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	221,026	387,375	--	215,042	477,795
Proceeds from Sale of Capital Leases	--	--	--	8,611	(618,300)
Other Sources	--	205,738	--	--	--
Operating Transfers out	(1,113,721)	(1,369,057)	(690,176)	(615,749)	--
Total Other Financing Sources (Uses)	(892,695)	(775,944)	(690,176)	(392,096)	(140,505)
Excess (Deficiency) of Revenues Over Expenditures And Other Sources (Uses)	(180,995)	3,281,479	4,239,289	1,463,492	1,146,064
Fund Balance – July 1, as originally reported	9,797,438	9,616,443	13,065,809	17,305,098	18,768,590
Adjustment for Restatement	--	167,887	--	--	500,104[2]
Fund Balance – July 1, as restated	9,797,438	9,784,330	13,065,809	17,305,098	19,268,694
Fund Balance – June 30	$9,616,443	$13,065,809	$17,305,098	$18,768,590	$20,414,758

(1) For unaudited general fund revenues, expenditures and changes in fund balance for fiscal year 2008-09, see " – General Fund Budget" below.
(2) See "APPENDIX A – Excerpts from the 2007-08 Audited Financial Statements of the District," Note 19.
Source: The District.

Budget Process

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

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

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

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

Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. 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 two sequent fiscal years.

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.

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General Fund Budget

The District's general fund adopted budgets and its audited actual results for the fiscal years ending June 30, 2006, June 30, 2007, and June 30, 2008, are set forth in the following table.

GENERAL FUND BUDGET AND ACTUAL RESULTS
FISCAL YEARS ENDING JUNE 30, 2006, 2007, AND 2008
Upland Unified School District

	2005-06 Adopted Budget	2005-06 Actual	2006-07 Adopted Budget	2006-07 Actual	2007-08 Adopted Budget	2007-08 Actual
REVENUES						
Revenue Limit Sources						
State Apportionments	$48,536,923	$48,536,923	$53,277,750	$55,112,154	$57,131,770	$57,806,907
Local Sources	13,871,106	13,734,304	13,501,450	11,345,931	11,640,838	11,807,434
Revenue Limit Transfers	265,644	265,644	294,864	313,253	(813,143)	(1,219,100)
Total Revenue Limit Sources	62,673,673	62,536,871	67,074,064	66,771,338	67,959,465	68,395,241
Federal Revenues	6,818,710	5,225,407	4,788,309	5,124,101	4,569,073	4,757,215
Other State Revenues	10,643,131	10,623,911	9,312,713	14,636,785	12,109,496	12,831,938
Other Local Revenues	7,365,634	7,117,264	4,571,657	6,479,105	4,709,125	6,665,049
Total Revenues	87,501,148	85,503,453	85,746,743	93,011,329	89,347,159	92,649,443
EXPENDITURES						
Instruction	60,662,039	53,071,062	57,224,174	61,969,103	60,905,098	62,046,197
Instruction-related Services:						
Supervision of Instruction	2,230,349	1,518,004	2,038,306	2,070,925	1,961,565	2,261,090
Instructional Library, Media and Technology	728,402	711,466	676,482	749,387	725,470	766,957
School Site Administration	5,489,240	5,414,031	5,391,371	5,397,027	5,427,293	5,514,869
Pupil Services:						
Home-to-School Transportation	1,149,618	1,147,959	1,069,225	1,303,145	1,178,149	1,628,265
Food services	86,133	70,045	16,895	598	8,461	533
All Other Pupil Services	2,862,615	2,730,561	2,848,992	3,413,235	3,659,703	3,502,087
General Administration:						
Data processing	1,026,713	948,163	952,478	899,615	970,651	944,813
All Other General Administration	3,595,804	3,228,343	3,336,717	3,343,828	3,338,996	3,272,015
Plant services	9,923,300	7,399,853	7,738,730	7,994,847	8,036,830	8,593,755
Facility Acquisition and Construction	1,889,977	123,547	82,619	11,916	--	23,064
Ancillary Services	334,713	359,834	310,014	365,233	330,436	375,372
Community Services	1,021,296	890,728	960,952	892,150	918,974	917,732
Other Outgo	2,967,732	2,960,392	2,587,649	2,744,732	1,418,614	1,516,125
Total Expenditures	93,967,931	80,573,988	85,234,604	91,155,741	88,880,240	91,362,874
Excess (Deficiency)of Revenues Over Expenditures	(6,466,783)	4,929,465	512,139	1,855,587	466,919	1,286,569
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	--	--	300,215	215,042	300,215	477,795
Proceeds from Sale of Capital Leases	--	--	--	8,611	--	--
Other Sources	--	--	--	--	--	--
Operating Transfers out	(690,176)	(690,176)	(689,346)	(615,749)	(610,315)	(618,300)
Total Other Financing Sources (Uses)	(690,176)	(690,176)	(389,131)	(392,096)	(310,100)	(140,505)
Excess (Deficiency) of Revenues Over Expenditures And Other Sources (Uses)	(7,156,959)	4,239,289	123,008	1,463,492	156,819	1,146,064
Fund Balance – July 1, as previously reported		13,065,809		17,305,098		18,768,590
Adjustment for Restatement		--		--		500,104
Fund Balance – July 1, as restated		13,065,809		17,305,098		19,268,694
Fund Balance – June 30		$17,305,098		$18,768,590		$20,414,758

Source: The District.

The District's general fund adopted budgets for the fiscal years ending June 30, 2009 and June 30, 2010, and its unaudited actual results for the fiscal year ending June 30, 2009 are set forth in the following table.

GENERAL FUND BUDGET AND ACTUAL RESULTS
FISCAL YEARS ENDING JUNE 30, 2009 and 2010
Upland Unified School District

	2008-09 Adopted Budget	2008-09 Unaudited Actuals[1]	2009-10 Adopted Budget
REVENUES			
Revenue Limit Sources	$68,093,160	$66,099,970	$61,345,346
Federal Sources	4,641,724	8,545,489	8,221,145
Other State Sources	11,596,531	11,656,375	11,005,850
Other Local Sources	3,922,024	4,823,975	3,877,203
TOTAL REVENUES	88,253,439	91,125,809	84,449,544
EXPENDITURES			
Certificated Salaries	47,761,774	48,467,551	45,701,960
Classified Salaries	11,805,079	11,413,452	11,303,831
Employee Benefits	19,251,687	17,824,155	19,282,727
Books & Supplies	4,194,465	3,748,822	5,226,576
Services & Other Operating Expenses	6,296,119	7,191,975	6,694,946
Capital Outlay	113,080	129,345	91,377
Other Outgo	1,476,780	1,447,116	1,719,384
Transfers of Direct Support/Indirect Costs	(10,000)	(61,997)	(60,000)
TOTAL EXPENDITURES	90,888,984	90,160,419	89,960,801
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,635,545)	965,390	(5,511,257)
OTHER FINANCING SOURCES/(USES)			
Operating Transfers In	196,218	476,716	273,218
Operating Transfers Out	(503,986)	--	--
Other Sources/(Uses)	--	--	--
TOTAL OTHER FINANCING SOURCES/(USES)	(307,768)	476,716	273,218
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(2,943,313)	1,442,106	(5,238,039)
Fund Balance at beginning of year	19,550,690	20,412,515[2]	13,651,628
Fund Balance at end of year	$16,607,377	$21,854,621	$8,413,589

(1) Unaudited actual results as of September 8, 2009.
(2) As restated. Reflects a reduction of $2,242 for prior year grant adjustment.
Source: The District.

State Funding of Education

Most California school districts receive a significant portion of their funding from State appropriations. As a result, decreases in State revenues significantly affect appropriations made by the Legislature to school districts.

Annual State apportionments of basic and equalization aid to school districts are computed based on a revenue limit per unit of average daily attendance ("A.D.A."). Prior to fiscal year 1998-99, daily attendance numbers included students who were absent from school for an excused absence, such as illness. Effective in fiscal year 1998-99, only actual attendance is be counted in A.D.A.

This change was essentially fiscally neutral for school districts which maintained the same excused absence rate. The rate per student was recalculated to provide the same total funding to school districts in the base year as would have been received under the old system. Currently, school districts which can improve their actual attendance rate will receive additional funding.

Generally, these apportionments of basic and equalization aid amount to the difference between a district's revenue limit and its property tax allocation. The 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 all California school districts of the same type. See "THE DISTRICT – Average Daily Attendance" for the District's A.D.A. and revenue limit per A.D.A. for the past ten years, as well as projected figures for fiscal year 2009-10.

Revenue Sources

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 revenues, (3) other State revenues and (4) other local revenues. Each of these revenue sources is described below.

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

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

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

The revenue limit sources constituted approximately 71.8% of general fund revenues in fiscal year 2006-07, 73.8% of such revenues in fiscal year 2007-08, an estimated 72.5% of such revenues in fiscal year 2008-09, and are budgeted to be 72.6% of such revenues in fiscal year 2009-10.

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 the free and reduced lunch program. The federal revenues, most of which are restricted, constituted approximately 5.5% of general fund revenues in fiscal year 2006-07, 5.1% of such revenues in fiscal year 2007-08, an estimated 9.4% of such revenues in fiscal year 2008-09, and are budgeted to be 9.7% of such revenues in fiscal year 2009-10.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues. These other State revenues are primarily restricted revenues funding items such as the Class Size Reduction Program, Educational Technology Assistance Grants, mandated cost reimbursements and instructional materials, among others. Other State revenues constituted approximately 15.7% of general fund revenues in fiscal year 2006-07, 13.8% of such revenues in fiscal year 2007-08, an estimated 12.8% of such revenues in fiscal year 2008-09, and are budgeted to be 13.0% of such revenues in fiscal year 2009-10.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as leases and rentals, interest earnings, interagency services, and other local sources. Other local revenues constituted approximately 7.0% of general fund revenues in fiscal year 2006-07, 7.2% of such revenues in fiscal year 2007-08, an estimated 5.3% of such revenues in fiscal year 2008-09, and are budgeted to be 4.6% of such revenues in fiscal year 2009-10.

Developer Fees. The District maintains a Capital Facilities Fund, separate and apart from the General Fund, to account for developer fees collected by the District. The District's developer fees may be utilized for any capital purpose related to growth. The following table of developer fee revenues reflects the collection of fees from fiscal year 1999-00 through fiscal year 2008-09.

DEVELOPER FEES
Fiscal Years 1999-00 to 2007-08
Upland Unified School District

Year	Fees
1999-00	$615,417
2000-01	298,534
2001-02	303,699
2002-03	1,035,588
2003-04	1,029,088
2004-05	931,585
2005-06	1,112,482
2006-07	378,601
2007-08	1,548,517
2008-09(1)	115,809

(1) Projected.
Source: The District

Redevelopment Revenue. The District has redevelopment pass-through agreements with the Upland Redevelopment Agency. The District received $300,749 of such revenues for fiscal year 2006-07, $202,641 of such revenues for 2007-08, and has budgeted to receive $273,218 of such revenues for 2008-09. These amounts are deposited directly into a special fund of the District (not the General Fund). The District currently applies such amounts to lease payments on its outstanding certificates of participation. See "DISTRICT FINANCIAL INFORMATION – District Debt Structure" herein.

There can be no assurance that the California electorate will not at some future time adopt other initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State of California resulting in a reduction of amounts legally available to the District.

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2008, is shown below:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
General Obligation Bonds	$32,559,669	$26,532,404	$625,000	$58,467,073
Other Postemployment Benefits	3,406,190	--	941,926	2,464,264
Certificates of Participation	1,955,000	--	210,000	1,745,000
Community Facilities Districts(1)	5,023,000	--	99,000	4,924,000
Capital Lease Agreements	96,793	--	37,426	59,367
Totals	$43,040,652	$26,532,404	$1,913,352	$67,659,704

(1) Debt service with respect to the bonds of these districts is paid from the proceeds of special taxes levied against land within the respective districts. See "TAX BASE FOR REPAYMENT OF BONDS – Statement of Direct and Overlapping Debt."

General Obligation Bonds. The District received authorization at an election held on June 6, 2000, by a two thirds majority of the votes cast by eligible voters within the District to issue not to exceed $36,000,000 of general obligation bonds (the "2000 Authorization"). In September 2000, the District issued $12,000,000 of such bonds pursuant to the 2000 Authorization (the "2000 Bonds"). In August 2001, the District issued an additional $15,999,914 of such bonds pursuant to the 2000 Authorization (the "2001 Bonds"). In April 2005, the District issued an additional $7,999,699 of such bonds pursuant to the 2000 Authorization (the "2005 Bonds").

In June 2008, the District issued its Election of 2008 General Obligation Bonds, Series A in the aggregate principal amount of $26,532,404.20 (the "2008 Bonds") pursuant to the 2008 Authorization.

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The annual debt service requirements on all of the District's outstanding general obligation bonded debt, including the Bonds, is shown in the table below:

Year Ending (August 1)	2000 Bonds Debt Service	2001 Bonds Debt Service	2005 Bonds Debt Service	2008 Bonds Debt Service	Election of 2008 Series B Debt Service	Total Annual Debt Service
2010	$615,482.50	$1,408,873.75	$303,156.26	$780,275.00	--	$3,107,787.51
2011	651,032.50	1,414,373.75	326,406.26	980,275.00	--	3,372,087.51
2012	664,220.00	1,407,873.75	408,593.76	1,023,775.00	--	3,504,462.51
2013	726,095.00	1,399,873.75	392,193.76	1,150,650.00	--	3,668,812.51
2014	759,032.50	1,398,928.75	421,193.76	1,292,175.00	--	3,871,330.01
2015	764,345.00	1,380,153.75	603,331.26	1,083,275.00	--	3,831,105.01
2016	783,345.00	1,494,593.75	542,393.76	1,071,025.00	--	3,891,357.51
2017	809,695.00	1,524,593.75	549,193.76	1,157,900.00	--	4,041,382.51
2018	843,357.50	1,509,868.75	585,193.76	1,214,900.00	--	4,153,320.01
2019	773,795.00	1,529,756.25	733,793.76	1,273,650.00	--	4,310,995.01
2020	786,382.50	1,532,206.25	820,487.50	1,339,250.00	--	4,478,326.25
2021	816,820.00	1,498,375.00	892,137.50	1,411,250.00	--	4,618,582.50
2022	843,880.00	1,524,181.25	783,812.50	1,471,250.00	$85,000.00	4,708,123.75
2023	882,700.00	1,560,631.25	793,812.50	1,551,250.00	125,000.00	4,913,393.75
2024	922,470.00	1,601,956.25	863,812.50	1,625,000.00	150,000.00	5,163,238.75
2025	1,032,920.00	1,592,643.75	828,812.50	1,717,500.00	250,000.00	5,421,876.25
2026	--	--	2,342,000.00	3,702,500.00	--	6,044,500.00
2027	--	--	2,000,000.00	3,885,000.00	95,000.00	5,980,000.00
2028	--	--	1,500,000.00	4,075,000.00	700,000.00	6,275,000.00
2029	--	--	--	7,275,000.00	--	7,275,000.00
2030	--	--	--	7,625,000.00	--	7,625,000.00
2031	--	--	--	8,020,000.00	--	8,020,000.00
2032	--	--	--	100,000.00	98,852.04	198,852.04
2033	--	--	--	7,600,000.00[1]	411,448.89	8,011,448.89
2034	--	--	--	--	8,412,500.19	8,412,500.19
2035	--	--	--	--	8,835,474.69	8,835,474.69
2036	--	--	--	--	9,277,538.84	9,277,538.84
2037	--	--	--	--	9,739,363.47	9,739,363.47
2038	--	--	--	--	10,226,313.20	10,226,313.20
2039	--	--	--	--	10,560,000.00	10,560,000.00
2040	--	--	--	--	11,000,000.00	11,000,000.00
2041	--	--	--	--	2,100,000.00	2,100,000.00
Totals	$12,675,572.50	$23,778,883.75	$15,690,325.10	$62,425,900.00	$72,066,491.32	$186,637,172.67

[1] Final maturity is April 1, 2033.

Certificates of Participation. In 2001, the District caused the execution and delivery of refunding certificates of participation (the "2001 Certificates") in the aggregate principal amount of $2,865,000. The annual requirements to amortize the principal with respect to the 2007 Certificates are as follows:

Year Ending (August 1)	Certificate Principal	Certificate Interest	Total Semi-Annual Certificate Payments
2010	$235,000.00	$56,181.26	$291,181.25
2011	245,000.00	46,193.76	291,193.75
2012	255,000.00	36,393.76	291,393.75
2013	575,000.00	25,875.00	600,875.00
Total	$1,310,000.00	$164,643.78	$1,474,643.75

Capital Leases. The District's minimum lease payment obligations on various long-term lease-purchase agreements as of June 30, 2008 are as follows:

Year Ending June 30	Lease Payment
2009	$41,148
2010	20,574
Total	$61,722

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the General Fund of the District. The Bonds are payable solely from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.

The 2009 Budget Act. On February 19, 2009, the Legislature passed a series of bills (the "2009 Budget Act") designed as a comprehensive solution to the State's budget deficit, which had been projected to grow to approximately $41.6 billion between fiscal years 2008-09 and 2009-10. On March 13, 2009, the Legislative Analyst's Office (the "LAO") released a report analyzing the provisions of the 2009 Budget Act (the "2009 Budget Act Report"). The following information has been adapted from the 2009 Budget Act Report.

According to the LAO, the 2009 Budget Act is a valid budget for fiscal year 2009-10, adopted nearly five months ahead of the State constitutional budgetary deadline. The 2009 Budget Act, however, contains provisions that are designed to achieve solutions in both fiscal years 2008-09 and 2009-10.

For fiscal year 2008-09, the 2009 Budget Act assumes year-end revenues of approximately $91.7 billion and expenditures of approximately $94.1 billion. The 2009 Budget Act also eliminates the $1.7 billion reserve projected by the 2008-09 Budget, projecting that the State will end fiscal year 2008-09 with a $3.4 billion deficit. For fiscal year 2009-10, the 2009 Budget Act projects total revenues of $97.7 billion and authorizes expenditures of $92.2 billion, allowing the State to build up a $2.1 billion reserve. The LAO generally concurs with the 2009 Budget Act's forecast for year-end 2008-09 revenues. For 2009-10, however, the LAO projects year-end revenues that are approximately $8 billion less than those assumed by the 2009 Budget Act, reflecting recent negative developments in the State's economic condition. Consequently, the LAO projects that the State will end the 2009-10 fiscal year with a $6 billion deficit. The LAO notes the need for additional budgetary solutions in fiscal year 2009-10 beyond those contained in the 2009 Budget Act.

To address the projected $41.6 billion deficit, the 2009 Budget Act includes $15.7 billion in expenditure reductions, $12.5 billion in revenue increases, and $5.4 billion in borrowings. Approximately $6 billion of theses solutions will be subject to voter approval at a May 19, 2009 state election. The 2009 Budget Act also projects the receipt of approximately $8.5 billion in stimulus funds from the federal government as part of the American Recovery and Reinvestment Act of 2009 ("ARRA"), signed into law by the President of the United States on February 17, 2009. Of the solutions included in the 2009 Budget Act, approximately $2.8 billion of expenditure reductions and tax increases can be "triggered off"—meaning they will not go into effect—if the State receives at least $10 billion in combined federal funding pursuant to ARRA during fiscal years 2008-09 and 2009-10.

The 2009 Budget Act includes the following major expenditure reductions:

- *No COLAs.* $1.2 billion in combined spending-related savings for fiscal years 2008-09 and 2009-10 by suspending cost-of-living adjustments ("COLA") for various programs, including Supplemental Security Income ("SSI"), State Supplementary Payment ("SSP"), California Work Opportunities and Responsibilities to Kids ("CalWORKs") and Medi-Cal, as well as trial courts and the University of California and California State University systems.

- *Deferred Spending.* The 2009 Budget Act also defers approximately $500 million in costs for expenses the State will face in future years, including approximately $200 million in tribal revenues to the General Fund that would otherwise have been used to pay off prior transportation loans. The 2009 Budget Act also defers approximately $91 million in mandate reimbursements to local governments.

- *Health.* $184 million in savings in fiscal year 2009-10 by eliminating certain optional Medi-Cal benefits and reducing reimbursements rates to public hospitals by 10%. This provision may be triggered off by the receipt of sufficient federal stimulus funds. The 2009 Budget Act also assumes $160 million in savings from reductions to reimbursement rates for developmental health service providers.

- *Social Services.* $74 million in savings in fiscal year 2009-10 for In-Home Supportive Service ("IHSS") expenditures from the reduction of IHSS provider wages, as well as $4 million in savings by eliminating state assistance with Medi-Cal co-payments for new IHSS participants. The 2009 Budget Act also achieves $147 million in savings by reducing CalWORKs grants by 4% and $268 million in savings by reducing SSI/SSP grants by 2.3%. All of these Social Services reductions can be triggered off by the receipt of sufficient federal stimulus funds.

- *Transportation.* $460 million in combined savings in fiscal years 2008-09 and 2009-10 for transportation services expenditures by reducing state funding of the State Transit Assistance program in fiscal year 2008-09 and eliminating such funding in fiscal year 2009-10.

- *Employee Compensation.* $1.2 billion in combined savings for fiscal years 2008-09 and 2009-10, realized primarily from the continued implementation of monthly one and two-day furloughs for state employees.

- *Higher Education Savings.* $232 million in unallocated reductions for higher education funding, as well as an additional $100 million unallocated reduction for fiscal year 2009-10 that may be triggered off by the receipt of sufficient federal stimulus funds.

- *Other Reductions.* The 2009 Budget Act also includes (i) a $171.4 million reduction in judiciary expenditures in fiscal year 2009-10 that may be triggered off by the receipt of sufficient federal stimulus funds, and (ii) $580 million in unspecified correctional services reductions.

The 2009 Budget Act reduces total Proposition 98 funding in fiscal year 2008-09 to $50.7 billion, including $35 billion in General Fund support, and which is approximately $7.3 billion below the level set by the 2008-09 Budget. The bulk of this reduction—approximately $2.4 billion—represents cuts to K-14 programs. Major components of this reduction include (i) $287 million through elimination of the

COLA included as part of the 2008-09 budget, (ii) $944 million of K-12 and county office of education revenue limit payments and (iii) $944 million from K-12 categorical programs. The balance of the reductions in Proposition 98 funding are comprised of deferrals and funding swaps. The 2009 Budget Act defers $3.2 billion in K-14 payments to June 2009; this deferral is composed of $2.3 billion from K-12 principal apportionment programs, $570 million from K-3 class size reduction, and $340 million from California community college apportionments. Finally, the 2009 Budget Act retires existing Proposition 98 settle-up obligations ($1.1 billion) and uses special funds to directly support the Home-to-School Transportation program ($619 million).

For fiscal year 2009-10, the 2009 Budget Act provides for $54.9 billion in Proposition 98 funding, including $39.5 billion in General Fund support, representing an increase of $4.2 billion from the level set for 2008-09. However, $4.6 billion of this funding will be used to backfill programs for one-time solutions enacted as part of the 2008-09 Budget. To accommodate this backfill, as well as fund $253 million in new growth and baseline adjustments, the 2009 Budget Act maintains the programmatic cuts set for 2008-09 and makes additional cuts of $702 million to K-12 and child care programs. Specifically, these additional cuts reflect reductions of (i) $268 million to K-12 and county office of education revenue limit payments, (ii) $268 million to K-12 categorical programs, (iii) $53 million to reimbursement rates and family fees for child care providers and (iv) $114 million through elimination of the High Priority Schools Grant Program.

As mentioned above, the 2009 Budget Act assumes an additional $12.5 billion in revenues, including $1.5 billion in fiscal year 2008-09 and $11 billion in fiscal year 2009-10, through the enactment of the following major revenue and borrowing solutions:

- *Sales Tax.* $5.8 billion from a temporary one-cent increase in the state sales tax, including $1.2 billion of additional revenue for fiscal year 2008-09 and $4.6 billion of such revenues for fiscal year 2009-10. The increased tax becomes effective April 1, 2009 and is set to lapse on July 1, 2011.

- *Vehicle License Fees.* $2 billion from a temporary increase in vehicle license fees, including $346 million in additional revenues for fiscal year 2008-09 and $1.7 billion of such revenues in fiscal year 2009-10. This increase is set to lapse on July 1, 2011.

- *Personal Income Tax*. $1.8 billion from a temporary increase of 0.125% in each personal income tax rate. The 2009 Budget Act also provides for $1.8 billion from an additional personal income tax increase of 0.125% that may be triggered off if sufficient federal stimulus funds are received. This tax increase is set to lapse after tax year 2010.

- *Reduction of Dependent Tax Credit.* $1.4 billion from a temporary reduction in the value of dependent credit for income tax purposes. This reduction is set to lapse after tax year 2010.

Additional information regarding the 2009 Budget Act is available from the LAO's website: www.lao.ca.gov.

Amendments to 2009 Budget Act. On July 28, 2009, the Governor signed into law a series of amendments to the 2009 Budget Act (the "2009 Budget Amendments"). The following information has been adapted from both the Department of Finance and LAO reports on the 2009 Budget Amendments.

The 2009 Budget Amendments are designed to address the State's budget deficit, which grew to approximately $60 billion since the adoption of the 2009 Budget Act. As a result of the deteriorating state and national economies, the 2009 Budget Amendments lower projected General Fund revenues for fiscal year 2009-10 by $3 billion. Further, the 2009 Budget Amendments project $89.5 billion of General Fund revenues and authorize $84.6 billion of expenditures. The State is now expected to end the 2009-10 fiscal year with a $500 million reserve.

The 2009 Budget Amendments include measures for both fiscal year 2008-09 and 2009-10, and are in addition to those implemented as part of the 2009 Budget Act. Specifically, the 2009 Budget Amendments include $18 billion in expenditure reductions, $3.5 billion in revenue increases, and $2.2 billion in borrowings. The LAO notes that year-to-year comparisons of revenues and expenditures are difficult due to the variety of one-time solutions.

The 2009 Budget Amendments include the following major features. In formulating many of the expenditure reductions, the Department of Finance notes that General Fund costs would be significantly higher but for the receipt of federal stimulus funding:

- *K-14 Education*. For fiscal years 2008-09 and 2009-10, total reductions of $6.1 billion in Proposition 98 funding, as further discussed herein. These reductions have been partially offset by the receipt of federal stimulus funds—including $2.8 billion pursuant to ARRA—for fiscal years 2008-09 and 2009-10. The State expects to maintain the minimum spending levels required for the continued receipt of ARRA stimulus funds.

- *Higher Education*. For fiscal years 2008-09 and 2009-10, reductions of $1 billion for each of the University of California ("UC") and California State University ("CSU") systems. When combined with the reductions approved as part of the 2009 Budget Act, and factoring in the receipt of federal stimulus funds and new fee revenues, the UC and CSU systems have experienced an 8% cut in base funding.

- *Student Fees.* The 2009 Budget Amendments authorize an increase of enrollment fees at California Community Colleges by $6 per unit, which is expected to generate $80 million in additional revenue. Student fees are also increased in the UC and CSU systems by 9.3% and 32%, respectively. These increases are expected to generate $166 million and $366 million, respectively, in additional revenues.

- *Cal Grant.* The 2009 Budget Amendments fully fund Cal Grant programs for fiscal year 2009-10, and reduce General Fund expenditures by $32 million by borrowing a like amount from the Student Loan Operating Fund.

- *Proposition 1A Suspension.* The 2009 Budget Amendments authorize the borrowing of $1.9 billion from city, county and special district property taxes pursuant to Proposition 1A. These funds will be shifted to county-level supplemental revenue augmentation funds and used to fund judicial, correctional, Medi-Cal and education expenses otherwise borne by the General Fund. These funds must be repaid with interest by June 30, 2013. To alleviate the impact on local governments, the enabling legislation authorizes the creation of joint powers authorities to issue bonds against the state's repayment obligation.

- *Redevelopment Shift*. The 2009 Budget Amendments require $1.7 billion to be shifted from redevelopment agency revenues in fiscal year 2009-10, and $350 million in fiscal year 2010-11. These revenues will be used to fund courts, prisons, the Medi-Cal system, as well as offset reduced General Fund Proposition 98 funding.

- *Corrections/Rehabilitation.* $788 million in fiscal year 2009-10 reductions to the California Department of Corrections and Rehabilitation resulting from a combination of operational savings, program reductions, and policy reforms. When added to the reductions approved by the 2009 Budget Act, total reductions are approximately $1.2 billion. The 2009 Budget Amendments also assume $50 million in savings from limiting reimbursement rates paid to private contractors providing health care to inmates outside of prison.

- *Medi-Cal.* The 2009 Budget Amendments assume $1 billion in General Fund savings from the receipt of federal funds that were either past due or authorized through federal waivers. The 2009 Budget Amendments also assume unspecified reductions to the Medi-Cal program amounting to approximately $323 million. The LAO notes that the manner in which these savings would be achieved has not been determined.

- *Supplemental Security Income/State Supplementary Payment.* $108 million in reductions to SSI/SSP program for fiscal year 2009-10 by reducing grants for individuals by $5 per month and grants for couples to $72 per month.

- *CalWORKs.* $510 million in reductions to the CalWORKs program for fiscal year 2009-10, primarily from a reduction in county block grant allocations for welfare-to-work and child care services.

- *In Home Supportive Services.* $264 million in reductions for IHSS expenditures for fiscal year 2009-10 consisting primarily of (i) reforms designed to reduce or prevent fraud, (ii) elimination of the State's share-of-cost contribution, and (iii) eliminating or reducing domestic and related services for all but the most severely disabled recipients.

- *Regional Center and Developmental Center Programs.* $284 million in reductions for developmental services in fiscal year 2009-10. The bulk of the expected savings consist of a $234 million cost containment target set for the statewide developmental services system. The Department of Finance notes that proposals are being developed by the Legislature to achieve this savings.

- *COLAs.* The 2009 Budget Amendments eliminate automatic COLAs for the CalWORKs and SSI/SSP programs, beginning in fiscal year 2010-11. COLAs for long-term care providers, including skilled nursing facilities, are frozen, resulting in a reduction of $76 million in General Fund expenditures.

- *Transportation.* The 2009 Budget Act includes several fund shifts and borrowings related to transportation funding, including (i) the use of $562 million in spillover gasoline sales tax revenues from 2009-10 to reimburse the General Fund for regional center transportation and debt service funding, (ii) redirection of $225 million in Public Transportation Account funds for regional center transportation and debt service funding, (iii) an interfund loan of $135 million from the State Highway Account to the General Fund, which loan must be repaid with interest in three years, and (iv) transfer of $70 million in unrestricted motor vehicle account revenues to the General Fund.

- *Resources and Environmental Protection*. The 2009 Budget Amendments include $14 million in reductions to General Fund support for state park operations, as well as $62 million in loans from resource-related special funds to the General Fund.

- *State Operations*. The 2009 Budget Amendments include a series of expenditure reductions related to State operations, including (i) the deferral of $900 million in state employee paychecks to the next fiscal year by moving the June 30, 2010 payday to July 1, 2010, (ii) the imposition of a third monthly furlough day for certain state employees, which the 2009 Budget Amendments assume will yield $425 million in savings, (iii) $100 million in reductions to information technology budgets, (iv) $50 million in assumed savings from the consolidation, reorganization or elimination of various state boards and committees; and (v) $150 in assumed savings from changes in PERS rates and fees.

- *Other Reductions*. Other reductions include (i) $168.6 million in fiscal year 2009-10 for state trial courts, (ii) $178.6 million in fiscal year 2009-10 for the Healthy Families Program.

- *Revenue Increases.* The 2009 Budget Amendments include the following measures designed to increase State revenues: (i) an increase of 10% in the state wage withholding, effective as of October 1, 2009, which is expected to increase revenues by $1.7 billion in fiscal year 2009-10, (ii) alteration to the amount of estimated taxes that individuals and corporations must submit to the state each quarter that is expected to increase revenues by $610 million in fiscal year 2009-10, and (iii) the sale of a portion of the State Compensation Insurance Fund which is expected to yield increased revenues of $1 billion in fiscal year 2009-10.

- *Gubernatorial Vetoes*. Prior to signing the 2009 Budget Amendments, the Governor used his veto power to further reduce expenditures. These vetoes included (i) $6 million in financial aid administration for the Cal Grant program, (ii) $80 million in county funding for child welfare services, (iii) virtually all funding for the Williamson Act Open Space program, (iv) $55 million of departmental funding for certain scheduled pay increases, (v) $50 million for developmental services funding, and (vi) $300 million in healthcare spending. Representatives of groups affected by these reductions have publicly expressed their intent to judicially challenge the Governor's veto power over these expenditures.

The 2009 Budget Amendments reduce Proposition 98 funding to $49.1 billion in fiscal year 2008-09, a change of $1.6 billion from the levels set by the 2009 Budget Act. This reduction is achieved primarily by reverting unallocated categorical programs funding that had not been distributed at the end of the 2008-09 fiscal year to the General Fund. The 2009 Budget Amendments also create a future funding obligation, or "maintenance factor," of $11.2 billion as a result of the reductions in Proposition 98 funding for fiscal year 2008-09. Payments with respect to this funding obligation will be required in future fiscal years until repaid in full.

For fiscal year 2009-10, the 2009 Budget Amendments reduce Proposition 98 funding to $50.4 billion, a change of $4.5 billion from the funding levels set by the 2009 Budget Act. This figure reflects a total reduction in Proposition 98 funding of $5.3 billion, which is offset by $850 million in redevelopment revenues shifted from certain state agencies, as discussed above. The bulk of this reduction consists primarily of (i) $2.1 billion in reductions to school district and county office of education revenue limit payments, (ii) $80 million in reductions to basic aid school district categorical programs, (iii) $580 million in reductions to ongoing California Community College funding, and (iv) a deferral of $1.7 billion in school district revenue limit payments and $115 million community college apportionments from the 2009-10 fiscal year to August of the 2010-11 fiscal year. As a cash management measure, the 2009 Budget Amendments also defer approximately $2 billion in K-12 apportionments from the first few months of the 2009-10 fiscal year to December 2009 and January 2010.

Future Actions. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the current budget deficit. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. Continued State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds is not included as an adjustment in the calculation of alternative minimum taxable income.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX B.

LEGAL MATTERS

Continuing Disclosure

The District has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than eight months following the end of the District's fiscal year (the District's fiscal year ends on June 30), commencing with the report for the 2008-09 fiscal year (which is due not later than March 1, 2009), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and the notices of material events will be filed in accordance with the requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and to be contained in the notices of material events is described in the form of Continuing Disclosure Certificate attached hereto as APPENDIX C. These covenants have been made in order to assist the Underwriter in complying with the Rule. The District has, in the past, failed to file certain of its required annual reports in a timely manner as required by its prior continuing disclosure obligations. The District has since filed all such reports and is current with respect to all filings required under its prior continuing disclosure obligations.

Bank Qualified

The District has designated the Bonds as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution's interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Legality for Investment in California

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

Absence of Material Litigation

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

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX B.

Financial Statements

Portions of the financial statements with supplemental information for the year ended June 30, 2008, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated October 17, 2008 of Jeanette L. Garcia & Associates, (the "Auditor"), are included in this Official Statement as Appendix A. In connection with the inclusion of portions of the financial statements and the report of the Auditor thereon in Appendix A to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's ("S&P"), a Division of The McGraw-Hill Companies, have assigned ratings of "A1" and "AA-," respectively, to the Bonds.

Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trader Center at 250 Greenwich, New York, New York 10007 and Standard & Poor's, 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 such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

UNDERWRITING

The Bonds are being purchased by George K. Baum & Company (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $11,999,980.85, which is equal to the initial principal amount of the Bonds of $11,999,980.85, plus original issue premium of $228,417.00, less the Underwriter's discount of $131,999.79 and less $96,417.21 of original issue premium to be retained by the Underwriter to pay costs of issuance associated with the Bonds. The Contract of Purchase for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

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

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Some of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District's Board of Trustees.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only 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, beneficial or otherwise, of any of the Bonds.

UPLAND UNIFIED SCHOOL DISTRICT

By /s/ Garrett Rutherford, Ed.D.
Superintendent

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APPENDIX A

EXCERPTS FROM THE 2007-08 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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UPLAND UNIFIED SCHOOL DISTRICT

SAN BERNARDINO COUNTY
UPLAND, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2008

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

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UPLAND UNIFIED SCHOOL DISTRICT
OBJECTIVES OF THE ANNUAL AUDIT
JUNE 30, 2008

The audit had the following objectives:

- To determine whether the financial statements of the District present fairly its financial position and the results of its financial operations in accordance with accounting principles generally accepted in the United States of America;
- To assess the adequacy of the District's internal accounting control structure and procedures for financial accounting and reporting purposes and for compliance with certain rules and regulations related to Federal financial assistance programs;
- To determine whether Federal and State financial reports are presented fairly and in accordance with the terms of the applicable agreements;
- To determine whether the District has complied with laws and regulations that would have a material effect on the financial statements and on each major Federal financial assistance program;
- To determine whether the District has met the specified State compliance issues; and
- To make recommendations related to any deficiencies or conditions noted in the course of the audit.

The annual audit is not designed to:

- Detect small scattered instances of theft, embezzlement, or other dishonest acts;
- Provide information on whether the District is operating with economy, efficiency or effectiveness; or
- Evaluate the results of the programs run by the District.

Financial Section

JLG

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Jeanette L. Garcia, CPA

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

Board of Trustees
Upland Unified School District
Upland, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Upland Unified School District (the District) as of and for the year ended June 30, 2008, which collectively comprise the 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 opinions 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 the 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 opinions.

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 the Upland Unified School District as of June 30, 2008, and the respective changes in financial position, thereof 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 October 17, 2008, on our consideration of Upland 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 considered in assessing the results of our audit.

Member:

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

The Management's Discussion and Analysis on pages 3 through 10 and budgetary comparison information is not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Upland Unified School District's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Upland Unified School District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the basic financial statements of Upland Unified School District. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedules listed in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Jeanette L Garcia + Associates

October 17, 2008

INTRODUCTION

The discussion and analysis of Upland Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of the analysis is to look at the District's financial performance as a whole; readers should also review the auditor's letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance.

The Upland Unified School District is located in Upland, California and serves 12,168 students in grades K-12. There are ten elementary schools, two intermediate schools, one high school, one continuation school and one adult school. The 627 certificated and the 351 classified employees provide for the needs of the District's students.

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

- This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Upland Unified School District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.
- The "Statement of Net Assets" and "Statement of Activities" provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. "Fund Financial Statements" provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all special revenue funds and other non-major funds presented in total in two columns.
- The major funds for Upland Unified School District are the General Fund and the Building Fund.
- The Management Discussion and Analysis Statement is provided to assist our citizens, taxpayers and investors in reviewing the District's finances.

FINANCIAL HIGHLIGHTS

- The Upland Unified School District's Government-wide Statement of Net Assets shows Total Net Assets of $94,358,049, the result of assets of $173,329,491 less liabilities of $78,971,442.
- General Revenues accounted for $81,422,346 in revenue or 79% or all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $21,367,134 or 21% of total revenues of $102,789,480.
- The District had $101,644,460 in expenses related to governmental activities; of which $21,367,134 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily state revenue limit sources and property taxes) of $102,789,480 were adequate to provide the remaining $80,277,326 required for these programs. This resulted in a positive change in Total Net Assets of $1,145,020.
- The General Fund reported a positive fund balance of $20,414,758.

REPORTING THE DISTRICT AS A WHOLE

- THE STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" "The Statement of Net Assets" and "The Statement of Activities" report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. However, the Upland Unified School District's goal is to provide services to our students, not to generate profits as commercial entities do. The reader will need to consider other non-financial factors as well as factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the "Statement of Net Assets" and the "Statement of Activities," all of the District's activities are governmental activities:

  - Governmental Activities – All of the School District's programs and services are reported here, including instruction, pupil services including transportation and food services, administration, plant services, facilities acquisition and construction, interest on the long-term debt and other services.
  - Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. Upland Unified School District does not have any of these types of activities at this time.

- 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 statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

- GOVERNMENTAL FUNDS

Most of the District's activities are reported in governmental funds, which focus on how money flows in to and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements. Governmental funds include most of the primary funds of the District.

- FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses an agency fund to account for resources held for student activities and groups. These funds include Associated Student Body funds. The District is also the trustee or fiduciary for the Scholarship Funds, which are accounted for as Private Purpose Trust Funds.

The Upland Unified School District is the trustee, or fiduciary, for its student activity funds. All of the School 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 Upland Unified School District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

- NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

- THE SCHOOL DISTRICT AS A WHOLE

The "Statement of Net Assets" provides the perspective of the School District as a whole.

Table I provides a summary of the District's net assets for fiscal years 2007-2008 and 2006-2007.

Table I - Net Assets

	Governmental Activities		%
	2008	2007 *	Change
Current and other assets	$ 66,685,245	$ 45,497,275	46.6
Capital Assets	106,644,246	103,277,520	3.3
Total Assets	173,329,491	148,774,795	16.5
Current Liabilities	11,311,738	12,521,114	(9.7)
Long-term Debt	67,659,704	43,040,652	57.2
Total Liabilities	78,971,442	55,561,766	42.1
Net Assets			
Invested in capital assets, net of related debt	41,448,806	63,643,058	(34.9)
Restricted	49,862,313	28,792,355	73.2
Unrestricted	3,046,930	777,616	291.8
Total Net Assets	$ 94,358,049	$ 93,213,029	1.2

* Restated

Table 2 shows the changes in net assets for fiscal years 2007-2008 and 2006-2007.

Table 2 - Changes in Net Assets

	Governmental Activities		%
	2008	2007	Change
Revenues			
Program revenues:			
Charges for services	$ 3,219,362	$ 2,239,601	43.6
Operating grants and contributions	18,028,910	19,046,620	(5.3)
Capital grants and contributions	118,862	208,811	(43.1)
General revenues:			
State revenue limit sources	62,197,735	61,369,041	1.4
Property taxes	14,201,575	13,793,011	3.0
Other general revenues	5,023,036	4,767,333	5.4
Total Revenues	$ 102,789,480	$ 101,424,417	1.4
Expenses			
Instruction related	$ 70,101,291	$ 70,558,706	(0.6)
Student support services	8,211,173	8,243,407	(0.4)
Administration	4,343,672	4,654,351	(6.7)
Maintenance and operations	9,656,643	9,429,815	2.4
Other	9,331,681	10,978,740	(15.0)
Total Expenses	$ 101,644,460	$ 103,865,019	(16.0)
Change in Net Assets	$ 1,145,020	$ (2,440,602)	146.9

- GOVERNMENTAL ACTIVITIES

Charges for services, operating grants and contributions, and capital grants and contributions made up 21% of revenues for governmental activities. General Revenues not restricted to specific programs made up 79% of the total revenues available.

Instruction related activities made up 69% of expenses. Pupil services including home-to-school transportation and food services made up 8%. Administration including data processing made up 4%. Maintenance and operations including facility acquisition and construction made up 10%. All other expenses made up the remaining 9%.

The "Statement of Activities" shows the cost of program services and the charges for services and grants offsetting those services.

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	Total Cost			
	2008	%	2007	%
Instruction	$ 70,101,291	69%	$ 70,558,706	65%
Pupil Services	8,211,173	8%	8,243,407	8%
Administration	4,343,672	4%	4,654,351	4%
Maintenance and Operations	9,656,643	10%	9,429,815	9%
Other	9,331,681	9%	10,978,740	14%
Totals	$ 101,644,460	100%	$ 103,865,019	100%

	Net Cost			
	2008	%	2007	%
Instruction	$ 57,315,761	71%	$ 56,781,623	66%
Pupil Services	3,607,928	4%	3,670,515	4%
Administration	3,946,676	5%	4,286,713	5%
Maintenance and Operations	7,701,126	10%	8,051,713	10%
Other	7,705,835	10%	9,579,423	15%
Totals	$ 80,277,326	100%	$ 82,369,987	100%

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year. By law, the Board of Trustees must adopt a Final Budget by June 30. In May of each year, a Preliminary Budget is presented to the Board. Time is allocated during the Board meeting for public input and Board direction. A proposed Final Budget is presented in early June, which reflects the latest known financial information, included the Governor's May Revise of the state budget. The Final Budget is presented for adoption in late June. During the course of the fiscal year, the School District revises its budget as it deals with changes in revenues and expenditures. These reports include revisions based on state budget adoption that are normally presented in August, adjustments to Actuals in September, First Interim which is normally presented in December, and Second Interim which is normally presented in March.

- GENERAL FUND BUDGET VARIATIONS

For the General Fund, actual revenues and other sources were $93,127,238 with original budget estimated at $89,647,374. The difference of $3,479,864 was due to deferred revenue and increased or one-time grants from the State, increased day care fees, and insurance savings.

There are several reasons for expenditure budget revisions. Most notable are any negotiated salary increases approved by the Board of Education for District employees. The original budget does not presume negotiated salary increases. Also, any changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would also require budget revisions. Expenditure increases also correspond to the revenue increases due to one time grants.

The implementation of new instructional programs as well as discontinued programs can also affect budget projections. New academically focused programs will impact expenditures in personnel, instructional materials, outside services and supplies.

- CAPITAL ASSETS AND DEBT ADMINISTRATION

  - CAPITAL ASSETS

At the end of the fiscal year 2007-2008, the District had $106,644,246 invested in land, buildings, equipment, and construction in progress. Table 4 shows balances for fiscal years 2007-08 and 2006-07.

Table 4 - Capital Assets at Year-end
(net of depreciation)

	Governmental Activities	
	2008	2007
Land	$7,875,703	$7,875,703
Buildings and Improvements	91,413,781	91,777,855
Equipment	2,075,244	2,338,346
Construction in Progress	5,279,518	1,285,616
Totals	$106,644,246	$103,277,520

  - DEBT

At June 30, 2008, the Upland Unified School District had $67,659,704 in debt outstanding. Table 5 summarized these debts.

Table 5 - Outstanding Debt at Year-end

	Governmental Activities	
	2008	2007 *
General Obligation Bonds	$58,467,073	$32,559,669
Certificates of Participation	1,745,000	1,955,000
Capitalized Lease Agreements	59,367	96,793
Community Facilities Districts	4,924,000	5,023,000
Other Postemployment Benefits	2,464,26	3,406,190
Totals	$67,659,704	$42,452,262

* Restated

FOR THE FUTURE

Upland Unified School District's student enrollment declined slightly in 2007-2008. The District has experienced slow and declining enrollment in the previous two years.

As the District prepares for 2008-2009 and beyond, the fiscal impact on the District of the State of California's fiscal crisis is likely to continue to be significant. Upland Unified School District received 74% of its General Fund revenue from the State of California in 2007-2008.

The District is, therefore, highly dependent on state revenue. In 2007-2008, the District began an Attendance Recovery Program with Upland High School. In 2008-2009, this program will expand to include Pioneer Junior High and Upland Junior High, offering core curriculum to students. This program will enable the District to recover loss of ADA from absences. Upland Unified School District will continue to make every effort to succeed in meeting one of the priority goals of the Board of Trustees: To remain fiscally solvent. With careful planning and monitoring of our finances, Upland Unified School District is confident that we can continue to provide a quality education for our students and meet the challenges of the future.

- CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Steve Cary, Assistant Superintendent, Business Services, Upland Unified School District, 390 North Euclid Avenue, Upland, CA 91786.

EXHIBIT A

UPLAND UNIFIED SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash (Note 2)	$	56,694,090
Accounts Receivable (Note 3)		9,322,091
Inventories		223,018
Prepaid Expenses		446,046
Total Current Assets		66,685,245
Capital Assets: (Note 6)		
Land		7,875,703
Improvement of Sites		11,657,672
Buildings		115,253,660
Furniture and Equipment		9,741,937
Work in Progress		5,279,518
Less Accumulated Depreciation		(43,164,244)
Total Capital Assets		106,644,246
TOTAL ASSETS		173,329,491
LIABILITIES		
Accounts Payable and Other Current Liabilities		10,189,408
Deferred Revenues		1,122,330
Total Current Liabilities		11,311,738
Long-Term Liabilities:		
Portion due or payable within one year:		
Bonded Debt (Note 7)		730,000
Other Postemployment Benefits (Note 8)		1,312,738
Certificates of Participation (Note 9)		215,000
Community Facilities Districts (Note 10)		104,000
Capital Leases (Note 11)		39,134
Total Due Within One Year		2,400,872
Portion due or payable after one year:		
Bonded Debt (Note 7)		57,737,073
Other Postemployment Benefits (Note 8)		1,151,526
Certificates of Participation (Note 9)		1,530,000
Community Facilities Districts (Note 10)		4,820,000
Capital Leases (Note 11)		20,233
Total Due After One Year		65,258,832
TOTAL LIABILITIES		78,971,442
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		41,448,806
Restricted for:		
Capital Projects		31,407,501
Debt Service		3,239,023
Educational Programs		7,399,005
Other Purposes (expendable)		7,543,626
Other Purposes (nonexpendable)		273,158
Unrestricted		3,046,930
TOTAL NET ASSETS	$	94,358,049

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT B

UPLAND UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental:					
Instruction	$ 61,607,406	$ 225,349	$ 10,795,170	$ 118,862	$ (50,468,025)
Instruction-related Services:					
Supervision of Instruction	2,282,847	-	975,747	-	(1,307,100)
Instructional Library, Media, and Technology	766,957	-	46,541	-	(720,416)
School Site Administration	5,444,081	-	623,861	-	(4,820,220)
Pupil Services:					
Home-to-School Transportation	1,341,166	-	500,825	-	(840,341)
Food Services	3,349,765	1,410,954	1,928,846	-	(9,965)
All Other Pupil Services	3,520,242	466	762,154	-	(2,757,622)
General Administration:					
Data Processing	908,892	-	-	-	(908,892)
All Other General Administration	3,434,780	6,659	390,337	-	(3,037,784)
Plant Services	9,656,643	1,016,330	939,187	-	(7,701,126)
Ancillary Services	375,372	-	-	-	(375,372)
Community Services	917,732	-	242,136	-	(675,596)
Interest on Long-Term Debt	1,831,410	-	-	-	(1,831,410)
Other Outgo	1,779,775	559,604	824,106	-	(396,065)
Depreciation (Unallocated)	4,427,392	-	-	-	(4,427,392)
Total Primary Government	$ 101,644,460	$ 3,219,362	$ 18,028,910	$ 118,862	(80,277,326)
General Revenues:					
Taxes:					
Property Taxes, levied for general purposes					11,807,433
Property Taxes, levied for debt service					1,968,802
Property Taxes, levied for other specific purposes					425,340
Federal and State Aid not restricted to specific purposes					62,197,735
Interest and Investment Earnings					2,469,194
Transfers					355,085
Miscellaneous					2,198,757
Total General Revenues					81,422,346
Change in Net Assets					1,145,020
Net Assets - July 1, 2007, as Previously Reported					93,301,315
Adjustment for Restatement (Note 19)					(88,286)
Net Assets - July 1, 2007, as Restated					93,213,029
Net Assets - June 30, 2008					$ 94,358,049

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT C

UPLAND UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	GENERAL FUND	BUILDING FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash (Note 2)				
Cash in County Treasury	$ 19,940,828	$ 27,743,958	$ 7,993,935	$ 55,678,721
Cash on Hand and in Banks	-	-	63,007	63,007
Cash in Revolving Fund	50,000	-	140	50,140
Cash with Fiscal Agent	-	-	902,222	902,222
Accounts Receivable (Note 3)	1,322,253	37,720	335,417	1,695,390
Due from Grantor Governments (Note 3)	7,293,212	-	333,489	7,626,701
Due from Other Funds (Note 4A)	247,896	-	149,276	397,172
Inventory (Note 1H)	193,012	-	30,006	223,018
TOTAL ASSETS	$ 29,047,201	$ 27,781,678	$ 9,807,492	$ 66,636,371
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 8,187,212	$ 467,670	$ 754,720	$ 9,409,602
Due to Grantor Governments	55,909	-	-	55,909
Due to Other Funds (Note 4A)	149,276	498	247,398	397,172
Deferred Revenue	240,046	-	-	240,046
Total Liabilities	8,632,443	468,168	1,002,118	10,102,729
Fund Balances (Note 5)				
Reserved Fund Balances	7,642,017	-	30,146	7,672,163
Designated Fund Balances	7,543,626	-	-	7,543,626
Undesignated Fund Balances	5,229,115	27,313,510	8,775,228	41,317,853
Total Fund Balances	20,414,758	27,313,510	8,805,374	56,533,642
TOTAL LIABILITIES AND FUND BALANCES	$ 29,047,201	$ 27,781,678	$ 9,807,492	$ 66,636,371

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT D

UPLAND UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total Fund Balances - Governmental Funds		$ 56,533,642
Amounts reported for government activities in the statement of net assets are different because:		
Amounts reported for capital assets for governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets is $149,808,490, and the accumulated depreciation is $43,164,244.		106,644,246
In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt and are reported as prepaid expense on the statement of net assets:		446,046
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
General Obligation Bonds	58,467,073	
Other Postemployment Benefits	2,464,264	
Certificates of Participation	1,745,000	
Community Facilities Districts	4,924,000	
Capital Leases	59,367	(67,659,704)
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.		(723,896)
In governmental funds, premiums are recognized as revenue in the period received. In government-wide statements, premiums earned are amortized over the life of the debt. Unamortized premiums are reported as deferred revenue on the statement of net assets:		(882,284)
Adjustment for rounding		(1)
Total Net Assets - Governmental Activities		$ 94,358,049

The Notes to Financial Statements are an integral part of this statement.

UPLAND UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	GENERAL FUND	BUILDING FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Revenue Limit Sources				
State Apportionments	$ 57,806,907	$ -	$ -	$ 57,806,907
Local Sources	11,807,434	-	-	11,807,434
Revenue Limit Transfers	(1,219,100)	-	-	(1,219,100)
Total Revenue Limit Sources	68,395,241	-	-	68,395,241
Federal Revenues	4,757,215	-	1,847,686	6,604,901
Other State Revenues	12,831,938	-	965,486	13,797,424
Other Local Revenues	6,665,049	163,236	7,117,007	13,945,292
Total Revenues	92,649,443	163,236	9,930,179	102,742,858
EXPENDITURES				
Instruction	62,046,197	-	156,081	62,202,278
Instruction-related Services				
Supervision of Instruction	2,261,090	-	21,757	2,282,847
Instructoinal Library, Media and Technology	766,957	-	-	766,957
School Site Administration	5,514,869	-	23,405	5,538,274
Pupil Services				
Home-to-School Transportation	1,628,265	-	-	1,628,265
Food Services	533	-	3,443,425	3,443,958
All Other Pupil Services	3,502,087	-	18,155	3,520,242
General Administration				
Data Processing	944,813	-	-	944,813
All Other General Administration	3,272,015	-	19,167	3,291,182
Plant Services	8,593,755	25,786	1,169,297	9,788,838
Facilities Acquisition and Construction	23,064	2,544,272	5,073,832	7,641,168
Ancillary Services	375,372	-	-	375,372
Community Services	917,732	-	-	917,732
Other Outgo	1,516,125	-	3,070,310	4,586,435
Total Expenditures	91,362,874	2,570,058	12,995,429	106,928,361
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,286,569	(2,406,822)	(3,065,250)	(4,185,503)

The Notes to Financial Statements are an integral part of this statement.

UPLAND UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	GENERAL FUND	BUILDING FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Note 4B)	$ 477,795	$ -	$ 618,300	$ 1,096,095
Proceeds from Capital Leases	(618,300)	-	(477,795)	(1,096,095)
Operating Transfers Out (Note 4B)	-	26,532,404	-	26,532,404
Total Other Financing Sources (Uses)	(140,505)	26,532,404	140,505	26,532,404
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	1,146,064	24,125,582	(2,924,745)	22,346,901
FUND BALANCES - JULY 1, 2007, as Previously Reported	18,768,590	3,187,928	11,730,119	33,686,637
Adjustment for Restatement (Note 19)	500,104	-	-	500,104
FUND BALANCES - JULY 1, 2007, as Restated	19,268,694	3,187,928	11,730,119	34,186,741
FUND BALANCES - JUNE 30, 2008	$ 20,414,758	$ 27,313,510	$ 8,805,374	$ 56,533,642

The Notes to Financial Statements are an integral part of this statement.

UPLAND UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Total Net Change in Fund Balances - Governmental Funds	$ 22,346,901
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays $8,126,100 exceed depreciation expense $4,427,392 in the period, net of disposals.	3,698,708
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities.	977,505
In governmental funds, the entire proceeds from disposal of capital assets are recorded as revenue. In the statement of activities, only the resulting gain or loss is reported.	(331,982)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities it is recognized in the period that it is incurred.	28,374
In governmental funds, premiums, discounts, and deferred charges related to long term debt are recognized in the period they are earned and incurred. In the government-wide statement of activities, premiums and discounts are amortized over the life of the debt: Premium amortization 46,620 Discount amortization (30,629)	15,991
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities.	(26,532,404)
Postemployment benefits in the statement of activities are measured and recognized in relation to the annual contribution. This year, the difference between the annual required contribution and the amounts actually funded was:	941,926
Adjustment for Rounding	1
Change in Net Assets of Governmental Activities	$ 1,145,020

The Notes to Financial Statements are an integral part of this statement.

UPLAND UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

	District Scholarship Funds	Agency Funds
ASSETS		
Cash (Note 2)		
Cash on Hand and in Banks	$ 72,912	$ 757,952
Inventory	-	32,197
TOTAL ASSETS	72,912	$ 790,149
LIABILITIES		
Accounts Payable	-	$ 49,408
Due to Student Groups	-	740,741
TOTAL LIABILITIES	-	$ 790,149
NET ASSETS		
Reserved	72,912	
TOTAL NET ASSETS	$ 72,912	

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT H

UPLAND UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	District Scholarship Funds
ADDITIONS	
Interest	$ 3,254
Donations	-
Total Additions	3,254
DEDUCTIONS	
Services and Other Operating Expenditures	2,803
Changes in Net Assets	451
Net Assets - July 1, 2007, as Previously Reported	79,343
Adjustment for Restatement (Note 19)	(6,882)
Net Assets - July 1, 2007, as Restated	72,461
Net Assets - June 30, 2008	$ 72,912

The Notes to Financial Statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Upland Unified School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

A. 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 balance or retained earnings, 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 accounts are organized into major, nonmajor, and fiduciary funds.

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains three nonmajor special revenue funds.

- Adult Fund is used to account for resources committed to adult education programs maintained by the District.
- Cafeteria Account is used to account for revenues received and expenditures made to operate the District's food service operations.
- Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. The District maintains one nonmajor debt service fund, the Bond Interest and Redemption Fund, which is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains four nonmajor capital projects funds.

- Capital Facilities Fund is used to account for resources received from developer fees.
- County School Facilities Fund was established for the purpose of construction and/or modernization of school facilities as authorized by SB50 and Proposition 1A.
- Special Reserve Fund is used to account for revenues received and expenditures made in connection with the maintenance of District property.
- Capital Projects Fund (Fund 49) is used to account for the transactions of the Upland Unified School District Public Facilities Corporation and the Community Facilities Districts.

Fiduciary Funds:

Private-Purpose Trust Funds: The District accounts for donations received for the purpose of providing scholarships in the District Scholarship Funds.

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for each school that operates an associated student body.

B. Reporting Entity

The Upland Unified School District (the District) and the Upland Unified School District Public Facilities Corporation (the Corporation) and Community Facilities District 99-1,2001-1 and 2003-3 (CFDs) have a financial and operational relationship which meets the reporting entity definition criteria of GASB Statement No. 14, The Financial Reporting Entity, for inclusion of the Corporation as a component unit of the District. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California for the specific and primary purpose of providing financing assistance to the District for construction and acquisition of major capital facilities.

The following are those aspects of the relationship between the District, the Corporation and the CFDs which satisfy GASB Statement No. 14 criteria:

Oversight Responsibility:

1. The Corporation's Board of Directors were appointed by the District's Board of Education.
2. The District is able to impose its will upon the Corporation and CFDs, based on the following:
    - The Corporation and CFDs have no employees. The District's Assistant Superintendent functions as an agent of the corporation. The Assistant Superintendent does not receive additional compensation for work performed in this capacity.
    - The District exercises significant influence over operations of the Corporation and CFDs as it is anticipated that the District will be the sole lessee of the Corporation and CFDs for a leasehold interest in an existing school site. Likewise, it is anticipated that the District's lease payments will be the sole revenue source of the Corporation and CFDs, with the exception of interest.
    - All major financing arrangements, contracts, and other transactions of the Corporation and CFDs must have the consent of the District.
3. The Corporation and CFDs provide specific financial benefits or impose specific financial burdens on the District based on the following:
    - Any deficits incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.
    - The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation and CFDs.

Financial Presentation

The financial activities of the Corporation and CFDs are presented in the Capital Projects Fund. Any debt issued by the Corporation and the CFDs are included in the government-wide statements.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. 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. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By State law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Board of Education and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2008.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

F. Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that 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 (expenses) during the reporting period. Actual results could differ from those estimates.

G. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All outstanding encumbrances were liquidated at June 30.

H. Inventories

Inventory in the General Fund, Cafeteria Account and Student Body Funds consists mainly of expendable supplies held for consumption. Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and the cost is recorded as an expenditure at the time individual inventory items are requisitioned. Inventories are valued on the weighted average method. Reported inventories are equally offset by a fund balance reserve which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

I. Compensated Absences

All vacation pay plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating 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 when the employee retires.

J. Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported 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 outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Life in Years
Land	N/A
Land Improvements	20
Outdoor Equipment	20
Kitchen Equipment	15
Business Machines (Copiers)	5
Computer Equipment	5
Audio Visual Equipment	10
Licensed Vehicles	8
Custodial Equipment	15
Buildings and Improvements	50
Construction in Progress	N/A
Portable Structures	25

K. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

M. Revenue Limit/Property Tax

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District. The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

The District's Base Revenue Limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

2. CASH

Cash at June 30, 2008, consisted of the following:

	Governmental Funds	Fiduciary Funds	Total
Pooled Funds:			
Cash in County Treasury	$ 55,678,721	$ -	$ 55,678,721
Deposits:			
Cash on Hand and in Banks	63,007	830,864	893,871
Cash in Revolving Fund	50,140	-	50,140
Cash with Fiscal Agent	902,222	-	902,222
Total	$ 56,694,090	$ 830,864	$ 57,524,954

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Bernardino County Treasury as part of the common investment pool ($4,469,894,875 as of June 30, 2008). The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2008, as provided by the pool sponsor, was $4,475,683,206. The County is required by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2008, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2008, the District had no concentration of credit risk.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it.

Cash balances held in banks and in revolving funds are insured up to $100,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2008 consist of the following:

	GENERAL FUND	BUILDING FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTALS
Local Sources				
Local Governments	$ 72,858	$ -	$ 2,274	$ 75,132
Interest	285,978	37,720	45,487	369,185
Other	963,417	-	287,656	1,251,073
Total Local	1,322,253	37,720	335,417	1,695,390
Due from Grantor Governments				
Federal Sources	1,086,955	-	283,060	1,370,015
State Sources	6,206,257	-	50,429	6,256,686
Total Due from Grantor Governments	7,293,212	-	333,489	7,626,701
Total Receivables	$ 8,615,465	$ 37,720	$ 668,906	$ 9,322,091

4. INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due To/Due From)

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

Individual fund interfund receivable and payable balances at June 30, 2008 are as follows:

	DUE TO		
DUE FROM	General Fund	All Other Governmental Funds	Total
General Fund	$ -	$ 149,276	$ 149,276
Building Fund	498	-	498
All Other Governmental Funds	247,398	-	247,398
Total	$ 247,896	$ 149,276	$ 397,172

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2007-08 fiscal year were as follows:

	TRANSFERS TO		
TRANSFERS FROM	General Fund	All Other Governmental Funds	Total
General Fund	$ -	$ 618,300	$ 618,300
All Other Governmental Funds	477,795	-	477,795
Total	$ 477,795	$ 618,300	$ 1,096,095

5. FUND BALANCE

Ending fund balance is composed of the following elements:

	GENERAL FUND	BUILDING FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTALS
Reserved Fund Balances				
Reserved for Revolving Fund	$ 50,000	$ -	$ 140	$ 50,140
Reserved for Stores	193,012	-	30,006	223,018
Legally Restricted Balance	7,399,005	-	-	7,399,005
Total Reserved Balances	7,642,017	-	30,146	7,672,163
Designated Fund Balances				
Designated for Economic Uncertainties	2,774,027	-	-	2,774,027
Other Designations	4,769,599	-	-	4,769,599
Total Designated Fund Balances	7,543,626	-	-	7,543,626
Undesignated Fund Balances	5,229,115	27,313,510	8,775,228	41,317,853
Total Fund Balances	$ 20,414,758	$ 27,313,510	$ 8,805,374	$ 56,533,642

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2008, is shown below:

PRIMARY GOVERNMENT

	Balance, July 1, 2007	Additions	Retirements	Balance, June 30, 2008
Land	$ 7,875,703	$ -	$ -	$ 7,875,703
Improvement of Sites	10,042,871	1,698,912	84,111	11,657,672
Buildings	113,755,162	1,987,798	489,300	115,253,660
Furniture and Equipment	9,470,010	445,488	173,561	9,741,937
Work in Progress	1,285,616	7,134,016	3,140,114	5,279,518
Totals at Historical Cost	142,429,362	11,266,214	3,887,086	149,808,490
Less Accumulated Depreciation for:				
Site Improvements	4,490,261	353,373	43,123	4,800,511
Buildings	27,529,917	3,384,845	217,722	30,697,040
Furniture and Equipment	7,131,664	689,174	154,145	7,666,693
Total Accumulated Depreciation	39,151,842	4,427,392	414,990	43,164,244
Governmental Activities Capital Assets, Net	$ 103,277,520	$ 6,838,822	$ 3,472,096	$ 106,644,246

7. BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2008 is the following:

Bond	Date of Bond	Years of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2007	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2008
Series A	9/1/2000	2000-2025	4.3-8.0%	$ 12,000,000	$ 8,225,000	$ -	$ -	$ 8,225,000
Series B *	8/1/2001	2001-2025	3.1-4.9%	15,999,914	16,335,000	-	625,000	15,710,000
Series C	4/13/2005	2005-2028	3.5-4.25%	7,999,669	7,999,669	-	-	7,999,669
2008 Series A	5/21/2008	2008-2033	3.25-5.0%	26,532,404	-	26,532,404	-	26,532,404
				$ 62,531,987	$ 32,559,669	$ 26,532,404	$ 625,000	$ 58,467,073

* converted to Capital Appreciation Bonds at 8/1/04.

The annual requirement to amortize the Series A general obligation bonds payable, outstanding at June 30, 2008, is as follows:

Year Ending June 30	Principal	Interest	Total
2009	$ 25,000	$ 439,282	$ 464,282
2010	75,000	437,114	512,114
2011	180,000	430,758	610,758
2012	225,000	420,126	645,126
2013	250,000	407,658	657,658
2014-18	2,030,000	1,758,644	3,788,644
2019-23	2,890,000	1,096,406	3,986,406
2024-26	2,550,000	219,240	2,769,240
Total	$ 8,225,000	$ 5,209,228	$ 13,434,228

The annual requirement to amortize the Series B general obligation bonds payable, outstanding at June 30, 2008, is as follows:

Year Ending June 30	Principal	Interest	Total
2009	$ 680,000	$ 761,967	$ 1,441,967
2010	715,000	733,620	1,448,620
2011	690,000	701,624	1,391,624
2012	730,000	666,124	1,396,124
2013	760,000	628,873	1,388,873
2014-18	4,040,000	2,560,641	6,600,641
2019-23	3,790,000	1,702,269	5,492,269
2024-26	4,305,000	339,916	4,644,916
Total	$ 15,710,000	$ 8,095,034	$ 23,805,034

The annual requirement to amortize the Series C general obligation bonds payable, outstanding at June 30, 2008, is as follows:

Year Ending June 30	Principal	Interest	Total
2009	$ 25,000	$ 254,469	$ 279,469
2010	25,000	253,594	278,594
2011	50,000	252,281	302,281
2012	75,000	250,000	325,000
2013	160,000	245,394	405,394
2014-18	1,390,000	1,089,808	2,479,808
2019-23	2,748,460	1,206,988	3,955,448
2024-28	3,087,939	4,038,745	7,126,684
2029	438,270	530,865	969,135
Total	$ 7,999,669	$ 8,122,144	$ 16,121,813

The annual requirement to amortize the 2008 Series A general obligation bonds payable, outstanding at June 30, 2008, is as follows:

Year Ending June 30	Principal	Interest	Total
2009	$ -	$ 483,337	$ 483,337
2010	-	780,275	780,275
2011	-	780,275	780,275
2012	200,000	777,025	977,025
2013	250,000	769,713	1,019,713
2014-18	2,075,000	3,642,150	5,717,150
2019-23	3,535,000	3,093,475	6,628,475
2024-28	10,525,000	3,412,734	13,937,734
2029-33	7,884,080	20,259,648	28,143,728
2034	2,063,324	2,768,338	4,831,662
Total	$ 26,532,404	$ 36,766,970	$ 63,299,374

The annual requirement to amortize the general obligation bonds payable, outstanding at June 30, 2008, is summarized as follows:

Year Ending June 30	Principal	Interest	Total
2009	$ 730,000	$ 1,939,056	$ 2,669,056
2010	815,000	2,204,603	3,019,603
2011	920,000	2,164,938	3,084,938
2012	1,230,000	2,113,275	3,343,275
2013	1,420,000	2,051,637	3,471,637
2014-18	9,535,000	9,051,241	18,586,241
2019-23	12,963,460	7,099,137	20,062,597
2024-28	20,467,939	8,010,634	28,478,573
2029-33	8,322,350	20,790,514	29,112,864
2034	2,063,324	2,768,338	4,831,662
Total	$ 58,467,073	$ 58,193,373	$ 116,660,446

8. OTHER POSTEMPLOYMENT BENEFITS

The District provides postemployment health care benefits, in accordance with District employment contracts, to eligible employees who retire from the District on or after attaining age 55 with at least 10 years of service. Currently, 97 employees meet those eligibility requirements. The District contributes 100 percent of the amount of premiums incurred by retirees and their dependents. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis. During the year, expenditures of $1,172,391 were recognized for retirees' health care benefits.

The approximate accumulated future liability for the District at June 30, 2008, amounts to $2,464,264. This amount was calculated based upon an actuarial study prepared by SMART Business Advisory and Consulting as of June 30, 2008.

9. CERTIFICATES OF PARTICIPATION

In 2001, the Upland Unified School District Financing Corporation issued 2001 Series A Refunding Certificates of Participation in the amount of $2,865,000 with interest rates ranging from 3.0 to 4.5 percent. At June 30, 2008, the principal balance outstanding was $1,745,000.

Future minimum payments are as follows:

Year Ending June 30	Principal	Interest	Total
2009	$ 215,000	$ 69,281	$ 284,281
2010	220,000	60,581	280,581
2011	235,000	51,188	286,188
2012	245,000	41,294	286,294
2013	255,000	31,134	286,134
2014	575,000	12,938	587,938
Total	$ 1,745,000	$ 266,416	$ 2,011,416

10. COMMUNITY FACILITIES DISTRICTS

During 1999-00, the Community Facilities District 99-1 issued the 1999 Special Tax Bonds in the amount of $2,523,000 with interest rates ranging from 4.65 to 6.50 percent. The bonds are due September 1, 2029.

Future minimum payments are as follows:

Year Ending June 30	Principal	Interest	Total
2009	$ 51,000	$ 143,518	$ 194,518
2010	54,000	140,572	194,572
2011	57,000	137,400	194,400
2012	60,000	133,977	193,977
2013	64,000	130,287	194,287
2014-18	382,000	584,021	966,021
2019-23	523,000	438,263	961,263
2024-28	717,000	238,388	955,388
2029-30	357,000	23,562	380,562
Total	$ 2,265,000	$ 1,969,988	$ 4,234,988

During 2002-03, the Community Facilities District 2001-1, issued the 2002 Special Tax Bonds in the amount of $2,854,000 with interest rates ranging from 2.70 to 5.35 percent. The bonds are due September 1, 2032.

Future minimum payments are as follows:

Year Ending June 30	Principal	Interest	Total
2009	$ 53,000	$ 149,541	$ 202,541
2010	55,000	147,177	202,177
2011	58,000	144,547	202,547
2012	61,000	141,668	202,668
2013	64,000	138,582	202,582
2014-18	371,000	637,611	1,008,611
2019-23	488,000	516,581	1,004,581
2024-28	648,000	352,500	1,000,500
2029-33	861,000	132,216	993,216
Total	$ 2,659,000	$ 2,360,423	$ 5,019,423
Grand Total	$ 4,924,000	$ 4,330,411	$ 9,254,411

11. CAPITAL LEASE AGREEMENTS

The District has entered into various long-term lease-purchase agreements with future minimum lease payments as follows:

Year Ending June 30	Lease Payment
2009	$ 41,148
2010	20,574
Total	61,722
Less: Amount Representing Interest	(2,355)
Present Value of Net Minimum Lease Payments	$ 59,367

12. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2008, is shown below:

	Balance, July 1, 2007 *	Additions	Deductions	Balance, June 30, 2008	Amounts Due Within One Year
General Obligation Bonds	$ 32,559,669	$ 26,532,404	$ 625,000	$ 58,467,073	$ 730,000
Other Postemployment Benefits	3,406,190	-	941,926	2,464,264	1,312,738
Certificates of Participation	1,955,000	-	210,000	1,745,000	215,000
Community Facilities Districts	5,023,000	-	99,000	4,924,000	104,000
Capital Lease Agreements	96,793	-	37,426	59,367	39,134
Totals	$ 43,040,652	$ 26,532,404	$ 1,913,352	$ 67,659,704	$ 2,400,872

* Restated

13. JOINT POWERS AGREEMENTS

The District has entered into joint powers agreements (JPAs) with other governmental units, as allowed by the California Government Code. These JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements; however, fund transactions between the entities and Upland Unified School District are included in these statements. Summarized below is certain information on these entities:

Schools Excess Liability Fund (SELF)

Purpose	To arrange for and provide a self-funded excess liability.
Participants	Other school districts in California.
Governing Board	Sixteen elected voting members, elected alternates, and two ex-official members.

Baldy View Regional Occupation Program (BVROP)

Purpose	To provide occupational training to students within the District.
Participants	Other school districts.
Governing Board	A representative from each member district.

South Counties Employer-Employee Trust Fund (SCEET)

Purpose	To arrange for and provide employee medical, dental and vision coverage.
Participants	School districts in Southern California.
Governing Board	A representative from each member district.

Alliance of Schools for Cooperative Insurance Programs (ASCIP)

Purpose	To arrange for and provide property and liability insurance for its members.
Participants	Other governmental agencies.
Governing Board	A representative from each member district.

Condensed audited financial information for the year ended June 30, 2007 is as follows:

	ASCIP
Total Assets	$ 183,290,906
Total Liabilities	118,424,651
Retained Earnings	$ 64,866,255
Total Revenues	$ 163,681,674
Total Expenditures	136,904,148
Net Increase in Fund Equity	$ 26,777,526

Condensed audited financial information on SELF, BVROP and SCEET was not available.

14. CHARTER SCHOOLS

The District has granted and approved a charter school pursuant to Education Code Section 47605. The Options for Youth - Upland Charter School was granted and approved on February 9, 1996. The District has granted the Charter through March 15, 2011.

The charter school is required in its individual charter agreement to have an annual financial audit performed. As of October 17, 2008, the District has not received a copy of the audit report.

15. COMMITMENTS AND CONTINGENCIES

A. Federal and State Allowances, Awards and Grants

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 generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Litigation

Various claims and litigation involving the District are currently outstanding. However, management of the District believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

16. EMPLOYEE RETIREMENT SYSTEMS

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

PERS

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 to CalPERS 7.0% 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 rates for fiscal year 2007-08 was 9.306%. The contribution requirements of the plan members are established by the state statute. The District's contribution to CalPERS for the fiscal years ending June 30, 2008, 2007 and 2006 were $1,073,508, $1,007,624, and $934,357, respectively, and equal 100% of the required contributions for each year.

STRS

Plan Description

The District contributes to the State Teachers' Retirement Systems (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, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0% 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 STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-08 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, 2008, 2007, and 2006 were $3,078,330, $3,974,147, and $3,373,937, respectively, and equal 100% of the required contributions for each year.

17. PROJECT ACCOUNT/SCHOOL FACILITIES ACCOUNT - OTHER LOCAL REVENUE

On May 1, 2004, the City of Upland issued bonds in the aggregate principal amount of $22,500,000. The proceeds will be used to finance certain public facilities designated as the "Community Facilities District 2003-02 of the City of Upland (The Colonies at San Antonio) Improvement Area No. 1 Special Tax Bonds Series A of 2004." As part of the Bond Indenture agreement, the City of Upland transferred $3,179,612 to the Project/School Facilities Account for Upland Unified School District. The account was established and held by U.S. Bank National Association as the Trustee on behalf of the District. The Bonds are limited obligations of the City of Upland payable from the portion of the special taxes levied under the indenture. Upland Unified School District is not under obligation to repay the City of Upland back for the funds held by the Trustee.

18. GASB NO. 45

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement of Financial Accounting Standard No. 45 *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."* In addition to pensions, many state and local governmental employers provide other postemployment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

The requirements of this statement are effective in three phases based on a government's total annual revenues for the fiscal year ended June 30, 1999, with earlier application encouraged. The Upland Unified School District is a Phase II District and is required to implement for the year ending June 30, 2009.

19. ADJUSTMENT FOR RESTATEMENT

The government-wide net assets and the General Fund balance at July 1, 2007 have been restated by $500,104. During fiscal year 2008, the District discovered that the annual charges to Workers' Compensation had been in excess of actual Workers' Compensation expenditures for several years. The cumulative effect on liabilities amounted to $500,104. The Workers' Compensation liability has been adjusted to correct the overaccruals.

On August 1, 2004, the Series B General Obligation Bonds converted to Capital Appreciation Bonds, resulting in an increase in the principal amount to be paid. To adjust the liability for the Series B bonds, the government-wide net assets at July 1, 2007 were restated by $(588,390). The net effect of the adjustments are as follows:

Workers' Compensation Payable	$ 500,104
Series B Bonds (Government-wide only)	(588,390)
Net Effect on Government-wide Statements	$ (88,286)

The Ralph Comito Scholarship Fund balance at July 1, 2007 has been restated by $6,882. During fiscal year 2007, the Certificate of Deposit account was closed and the cash was withdrawn from the Scholarship account. Although the CD account was closed, the balance of that account was erroneously counted in the calculation. This resulted in an overstatement of the ending balance at June 30, 2007.

Required Supplementary Information

EXHIBIT I
Page 1 of 2

UPLAND UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			
	Original	Final	Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
REVENUES				
Revenue Limit Sources				
State Apportionments	$ 57,131,770	$ 57,806,907	$ 57,806,907	$ -
Local Sources	11,640,838	11,807,433	11,807,434	1
Revenue Limit Transfers	(813,143)	(1,219,100)	(1,219,100)	-
Total Revenue Limit Sources	67,959,465	68,395,240	68,395,241	1
Federal Revenues	4,569,073	5,746,183	4,757,215	(988,968)
Other State Revenues	12,109,496	12,869,675	12,831,938	(37,737)
Other Local Revenues	4,709,125	6,402,096	6,665,049	262,953
Total Revenues	89,347,159	93,413,194	92,649,443	(763,751)
EXPENDITURES				
Instruction	60,905,098	71,255,319	62,046,197	9,209,122
Instruction-related Services				
Supervision of Instruction	1,961,565	1,365,222	2,261,090	(895,868)
Instructional Library, Media and Technology	725,470	821,331	766,957	54,374
School Site Administration	5,427,293	5,781,665	5,514,869	266,796
Pupil Services				
Home to School Transportation	1,178,149	1,581,054	1,628,265	(47,211)
Food Services	8,461	14,556	533	14,023
All Other Pupil Services	3,659,703	3,658,006	3,502,087	155,919
General Administration				
Data Processing	970,651	1,131,588	944,813	186,775
All Other General Administration	3,338,996	4,103,273	3,272,015	831,258
Plant Services	8,036,830	9,423,369	8,593,755	829,614
Facilities Acquisition and Construction	-	2,148,705	23,064	2,125,641
Ancillary Services	330,436	337,367	375,372	(38,005)
Community Services	918,974	1,071,317	917,732	153,585
Other Outgo	1,418,614	1,522,688	1,516,125	6,563
Total Expenditures	88,880,240	104,215,460	91,362,874	12,852,586
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	466,919	(10,802,266)	1,286,569	12,088,835

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT I
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UPLAND UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			
	Original	Final	Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Note 4B)	$ 300,215	$ 451,577	$ 477,795	$ (26,218)
Operating Transfers Out (Note 4B)	(610,315)	(653,262)	(618,300)	(34,962)
Total Other Financing Sources (Uses)	(310,100)	(201,685)	(140,505)	(61,180)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	$ 156,819	$ (11,003,951)	1,146,064	$ 12,027,655
FUND BALANCE - JULY 1, 2007, as Previously Reported			18,768,590	
Adjustment for Restatement			500,104	
FUND BALANCE - JULY 1, 2007, as Restated			19,268,694	
FUND BALANCE - JUNE 30, 2008			$ 20,414,758	

The Notes to Financial Statements are an integral part of this statement.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

[Closing Date]

Board of Trustees
Upland Unified School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $11,999,980.85 Upland Unified School District Election of 2008 General Obligation Bonds, Series B (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the California Government Code, a vote of fifty-five percent or more of the qualified electors of the Upland Unified School District (the "District") voting at an election held on February 5, 2008, and a resolution of the Board of Trustees of the District (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal, Maturity Value and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It should be noted that, with respect to corporations, such interest is not included as an adjustment in the calculation of alternative minimum taxable income.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. For purposes of the previous sentence, the stated redemption price at maturity includes the aggregate sum of all debt service payments on capital appreciation bonds. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount

deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Upland Unified School District (the "District") in connection with the issuance of $11,999,980.85 of the District's Election of 2008 General Obligation Bonds, Series B (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District dated June 16, 2009 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the 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 in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms0 shall have the following meanings:

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially the District, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Participating Underwriter" shall mean George K. Baum & Company or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than eight months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2008-09 Fiscal Year, provide to the Participating Underwriter and the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided and listing the Repository to which it was provided.

SECTION 4. Form and Content and Form of Annual Reports.

(a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, 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 the time the Annual Report is required to be filed pursuant to Section 3(a), 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.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(A) State funding received by the District for the last completed fiscal year;

(B) Average daily attendance of the District for the last completed fiscal year;

(C) Outstanding District indebtedness;

(D) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year.

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 have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies.

2. non-payment related defaults.

3. modifications to rights of Bondholders.

4. optional, contingent or unscheduled bond calls.

5. defeasances.

6. rating changes.

7. adverse tax opinions or events affecting the tax-exempt status of the Bonds.

8. unscheduled draws on the debt service reserves reflecting financial difficulties.

9. unscheduled draws on credit enhancement reflecting financial difficulties.

10. substitution of the credit or liquidity providers or their failure to perform.

11. release, substitution or sale of property securing repayment of the Bonds.

(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 laws.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with the Repository or provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(b).

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute 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. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure

Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriters, the Holders and the Beneficial Owners. 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 gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: October 8, 2009

UPLAND UNIFIED SCHOOL DISTRICT

By ____

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: UPLAND UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2006 General Obligation Bonds, Series B

Date of Issuance: October 8, 2009

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

UPLAND UNIFIED SCHOOL DISTRICT

By ______[form only; no signature required]_________

APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF UPLAND AND THE COUNTY OF SAN BERNARDINO

The Bonds are not obligations of the City of Upland (the "City") or the County of San Bernardino (the "County") and do not represent a lien or charge against any funds or property of the City or the County. The following information is provided only to give prospective investors an overview of the general economic condition of the City, the County and the State of California (the "State"). The Upland Unified School District is located in the southwestern portion of the County.

General

City. The City of Upland is located in the southwestern portion of San Bernardino County within the Inland Empire. The City encompasses 15 square miles and is located 35 miles east of Los Angeles. The City was incorporated on May 15, 1906 and operated as a general law city. The City has a council-manager form of municipal government. The City Council is composed of five members elected to four year overlapping terms. The Mayor and Council Members are elected at large.

County. San Bernardino County (the "County"), located in Southern California, was established by an act of the State Legislature on May 23, 1853, forming the County from the eastern part of Los Angeles County. The County encompasses an area of over 22,000 square miles and includes seventeen incorporated cities.

A large and well-diversified economy ranging from agriculture to scientific equipment characterizes the County. It is widely known for its temperate climate, geographical location, and its educational and recreational facilities.

The County is the largest county in the State and the United States, encompassing 20,000 square miles. The County is bordered on the west by Los Angeles County, on the north by Kern and Inyo counties and on the east and south by the County of Riverside. Composed essentially of three topographic regions—valley, mountain and desert—elevation in the County ranges from a high of 11,502 feet above sea level to a low of 181 feet above sea level.

Population

The following table shows the population of the City, County and State of California from 1990 to 2009.

POPULATION
City of Upland, County of San Bernardino and State of California
1990-2009

	City of Upland		County of San Bernardino		State of California	
Year[1]	Population	% Change	Population	% Change	Population	% Change
1990[2]	63,374	--	1,418,380	--	29,758,213	--
1991	64,114	1.17%	1,464,203	3.23%	30,143,555	1.29%
1992	65,240	1.76	1,516,475	3.57	30,722,998	1.92
1993	65,693	0.69	1,546,550	1.98	31,150,786	1.39
1994	65,725	0.05	1,562,188	1.01	31,418,940	0.86
1995	65,397	(0.50)	1,574,240	0.77	31,617,770	0.63
1996	65,566	0.26	1,591,186	1.08	31,837,399	0.69
1997	65,961	0.60	1,613,959	1.43	32,207,869	1.16
1998	66,676	1.08	1,638,423	1.52	32,657,877	1.40
1999	67,289	0.92	1,667,189	1.76	33,140,771	1.48
2000[2]	68,393	1.64	1,710,139	2.58	33,873,086	2.21
2001	69,388	1.38	1,746,874	2.15	34,430,970	1.65
2002	70,929	2.29	1,793,009	2.64	35,063,959	1.84
2003	72,030	1.55	1,840,628	2.66	35,652,700	1.68
2004	72,880	1.18	1,893,861	2.89	36,199,342	1.53
2005	73,580	0.96	1,946,312	2.77	36,676,931	1.32
2006	73,860	0.38	1,990,390	2.26	37,086,191	1.12
2007	74,823	1.30	2,022,710	1.62	37,472,074	1.04
2008	74,668	(0.21)	2,044,895	1.10	37,883,992	1.10
2009	75,035	0.49	2,060,950	0.79	38,292,687	1.08

[1] As of January 1.
[2] U.S. Census Bureau dated as of April 1.
Years 1991-2000 with 1990 and 2000 Census Count.
Years 2001-2009 with 2000 Benchmark.
Source: California Department of Finance and the U.S. Census Bureau.

Effective Buying Income

"Effective buying income" ("EBI") is a classification developed exclusively by *Sales & Marketing Management* magazine to distinguish it from other sources reporting income statistics. EBI 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 figures are commonly known as "disposable personal income."

"Median household income" represents that level of income above and below which lie 50 percent of families in a particular area. Median family income is the most comprehensive definition of income measured by the U.S. Census Bureau.

COUNTY OF SAN BERNARDINO
Median Household Effective Buying Income
2003-2007

Year/Area	2003	2004	2005	2006	2007
City of Upland	$40,911	$42,390	n/a	n/a	n/a
San Bernardino County	38,039	39,465	40,578	42,265	44,276
California	42,924	43,915	44,681	46,275	48,203
United States	38,201	39,324	40,529	41,255	41,792

Source: Sales & Marketing Management Magazine "Survey of Buying Power" for years 2003-2004. Demographics USA for years 2005-2007.

Employment

The civilian labor force in the County had an annual average of 876,300 in 2008 and the City had an annual average of 41,400. The following table summarizes the labor force, employment and unemployment figures over the past five years for the City, the County, the State and the nation as a whole.

CITY OF UPLAND, COUNTY OF SAN BERNARDINO AND STATE OF CALIFORNIA
Civilian Labor Force, Employment and Unemployment Rate
Annual Averages for Years 2004 through 2008

Year	*Area*	*Civilian Labor Force*	*Employment*[1]	*Unemployment Rate (%)*[2]
2004	City	39,600	38,100	3.9
	County	832,400	784,400	5.8
	State	17,444,400	16,354,800	6.2
2005	City	40,800	39,400	3.5
	County	856,200	811,300	5.2
	State	17,629,200	16,671,900	5.4
2006	City	41,500	40,200	3.2
	County	868,700	826,800	4.8
	State	17,821,100	16,948,400	4.9
2007	City	41,500	39,900	3.8
	County	871,200	822,400	5.6
	State	18,078,000	17,108,700	5.4
2008	City	41,400	39,200	5.4
	County	876,300	806,400	8.0
	State	18,391,800	17,059,600	7.2

Note: Data is not seasonally adjusted.
(1) Includes persons involved in labor-management trade disputes.
(2) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: State of California, Employment Development Department, March 2008 benchmark (www.calmis.ca.gov).

Industry

The following table shows the estimated number of labor force by industry group over a five-year period.

ANNUAL AVERAGE LABOR FORCE AND INDUSTRY EMPLOYMENT
County of San Bernardino
2003-2007

Type of Employment	2003	2004	2005	2006	2007
Total Farm	4,000	3,600	3,300	3,100	3,100
Natural Resources & Mining	700	700	800	700	600
Construction	38,200	41,300	44,900	46,800	42,900
Manufacturing	66,100	69,300	67,700	66,400	64,000
Transportation, Warehousing & Utilities	37,800	41,900	44,500	46,800	48,500
Wholesale Trade	27,200	28,700	31,600	33,600	35,200
Retail Trade	72,700	77,500	83,600	87,300	87,800
Information	7,300	7,100	7,100	7,600	7,600
Financial Activities	23,100	24,900	26,700	28,100	27,000
Professional and Business Services	63,500	71,500	76,100	79,700	81,500
Education and Health Services	65,100	66,500	66,600	68,600	69,600
Leisure and Hospitality	48,400	52,200	54,700	56,200	58,100
Other Services	20,400	21,400	21,900	22,000	21,700
Government	115,300	114,700	117,700	117,600	119,100
Total	589,900	621,300	647,100	664,400	666,700

March 2008 benchmark.
Source: State of California, Employment Development Department.

Major Employers

The County's economy has always had a strong agricultural base, though industry has been developing rapidly in recent years. Over 700 manufacturing firms are located in the County producing items including many steel products, materials made from concrete and glass, canned foods, paper goods and commercial and scientific equipment. The following tables set forth the top twenty employers located in the County and the ten largest employers located in the City.

TWENTY LARGEST EMPLOYERS
County of San Bernardino
2008

Name	Type of Business or Entity	Number Employed
County of San Bernardino	Government	18,946
Loma Linda University Adventist Health Sciences Center	Education, Health Care	12,851
U.S. Marine Corps Air Ground Combat Center	Military	12,486
National Training Center	Military Training Base	10,000
Stater Bros.	Grocery - Retail	7,900
Wal-Mart Stores	Retail	6,073
Kaiser Permanente	Health Care	5,808
San Bernardino City Unified School District	Education	5,631
Fontana Unified School District	Education	4,808
Target Corporation	Retail	4,800
United Parcel Service	Shippers	4,745
Colton Joint Unified School District	Education	3,737
San Manuel Band of Mission Indians	Native American Tribe	3,656
Chino Valley Unified School District	Education	3,200
Loma Linda University	Education, Health Care	3,000
Arrowhead Regional Medical Center	Medical Center	2,656
VA Loma Linda Healthcare System	Medical Center	2,268
Ontario-Montclair School District	Education	2,217
Marine Corps Logistics Base	Military	2,200
Hesperia Unified School District	Education	2,165

Source: The Business Press: 2008 Book of Lists.

TEN LARGEST EMPLOYERS
City of Upland
2008

Name	Type of Business or Entity	Number Employed
San Antonio Community Hospital	Health Care	2,000
Upland Unified School District	Education	1,009
Home Depot	Home Improvement - Retail	351
City of Upland	Government	332
Wal Mart	Retail	269
VCI Telecom, Inc.	Communications	202
Vons	Grocery - Retail	155
Westwood College of Technology	Education	153
Albertsons	Grocery - Retail	146
Lowe's	Home Improvement - Retail	130

Source: Upland Chamber of Commerce.

Commercial Activity

Commercial activity is an important contributor to the County's economy. The table below shows the County's taxable transactions from 2003 through 2007.

TAXABLE SALES
County of San Bernardino
2003-2007
(Dollars in Thousands)

Type of Business	2003	2004	2005	2006	2007
Retail Stores					
Apparel stores group	$654,565	$742,192	$884,406	$946,972	$987,164
General merchandise group	2,691,305	2,975,073	3,227,529	3,325,193	3,293,664
Specialty stores group	2,010,974	2,318,956	2,649,488	2,799,447	n/a(1)
Food stores group	982,352	1,031,668	1,133,194	1,215,887	1,273,368
Eating & drinking group	1,689,834	1,889,167	2,082,344	2,227,021	2,297,322
Household group	530,546	658,138	791,607	873,460	895,732
Building material group	1,445,194	1,932,962	2,186,175	2,198,433	1,791,105
Automotive group	5,263,337	6,203,848	7,316,417	7,625,631	4,383,392
Service stations	n/a(2)	n/a(2)	n/a(2)	n/a(2)	3,268,798
All other retail stores group	637,353	716,019	849,246	918,116	3,145,279
Retail Stores Total	$15,905,360	$18,468,023	$21,120,406	$22,130,160	$21,335,824
Business & personal services	765,866	846,800	924,099	918,373	856,561
All other outlets	5,928,721	6,891,344	7,700,363	8,261,372	8,258,346
Total All Outlets	$22,599,947	$26,206,167	$29,744,868	$31,309,905	$30,450,731

(1) For year 2007, "specialty stores group" is included in "other retail stores group".
(2) For years 2003 to 2006, "service stations" was included as part of "automotive group".
Source: California Board of Equalization.

The table below shows the City's taxable transactions from 2003 through 2007.

TAXABLE SALES
City of Upland
2003-2007
(Dollars in Thousands)

Type of Business	2003	2004	2005	2006	2007
Retail Stores					
Apparel stores	$12,607	$15,419	$28,927	$32,239	$34,796
General merchandise stores	96,688	101,623	129,590	139,196	135,702
Food stores	39,896	39,742	39,112	41,216	45,208
Eating & drinking places	64,118	74,295	79,475	93,614	94,700
Home furnishing & appliances	37,595	38,903	46,098	50,171	42,878
Building materials	98,811	117,801	135,021	151,484	139,264
Auto dealers & supplies	103,017	88,574	98,371	93,451	83,593
Service stations	49,561	63,660	77,129	84,236	89,715
Other retail stores	75,093	83,113	103,988	134,577	134,216
Retail Stores Total	577,386	$623,130	$737,711	$820,184	$800,072
All Other Outlets	137,287	142,208	148,986	183,666	195,378
Total All Outlets	$714,673	$765,338	$886,697	$1,003,850	$995,450

Source: California Board of Equalization.

Income

The following tables summarize personal income for the County from 1994 to 2007.

PERSONAL INCOME
County of San Bernardino
1994-2007
(Dollars in Thousands)

Year	San Bernardino County	Annual Percent Change
1994	$27,529,487	--
1995	28,374,516	3.1%
1996	29,449,680	3.8
1997	31,179,596	5.9
1998	33,523,751	7.5
1999	35,314,519	5.3
2000	37,772,136	7.0
2001	40,431,224	7.0
2002	42,140,603	4.2
2003	44,452,948	5.5
2004	47,921,959	7.8
2005	50,799,442	6.0
2006	53,679,699	5.6
2007	56,110,017	4.5

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PER CAPITA PERSONAL INCOME
County of San Bernardino
1994-2007
(Dollars in Thousands)

Year	San Bernardino County	California	United States
1994	$17,660	$23,203	$22,172
1995	17,995	24,161	23,076
1996	18,445	25,312	24,175
1997	19,265	26,490	25,334
1998	20,363	28,374	26,883
1999	21,001	29,828	27,939
2000	21,977	32,467	29,847
2001	22,939	32,901	30,582
2002	23,380	32,870	30,838
2003	24,019	33,620	31,530
2004	25,173	35,531	33,157
2005	26,062	37,418	34,690
2006	27,088	40,020	36,794
2007	28,024	41,805	38,615

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2004 through 2008 are shown in the following tables.

BUILDING PERMIT VALUATIONS
San Bernardino County
2004-2008

	2004	2005	2006	2007	2008
Valuation ($000's)					
Residential	$3,032,046	$3,239,794	$2,760,558	$1,563,844	$588,302
Non-Residential	1,140,667	1,102,342	1,321,989	1,356,910	734,482
Total	$4,172,712	$4,342,135	$4,082,547	$2,920,754	$1,322,784
Units					
Single Family	13,990	15,208	12,590	6,279	2,053
Multiple Family	4,053	1,441	1,275	1,821	1,206
Total	18,043	16,649	13,865	8,100	3,259

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
City of Upland
2004-2008

	2004	2005	2006	2007	2008
Valuation ($000's)					
Residential	$24,041	$100,177	$3,783	$6,510	$25,063
Non-Residential	15,522	13,594	4,422	11,473	1,855
Total	$39,563	$113,771	$8,205	$17,983	$26,918
Units					
Single Family	98	332	9	9	5
Multiple Family	0	292	0	0	320
Total	98	624	9	9	325

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

Recreation and Tourism

The County includes many of southern California's most popular recreation areas. Not only do the mountain lakes and resorts offer summer swimming, boating, fishing and hiking, but they also provide for snow skiing and other winter sports. The Colorado River provides an all-year recreational area at the County's eastern boundary.

Transportation

Situated in the midst of the most heavily populated area in California, the County has easy access to excellent roads, rail and air transportation. The San Bernardino Freeway (Interstate 10) provides direct access to downtown Los Angeles and connects with major highways.

Rail and freight service is provided by the Santa Fe Railway and the Southern Pacific Company. Amtrak provides passenger service to Los Angeles to the west. Bus service is provided by Continental Trailways Bus System and Greyhound Bus Lines. The Omnitrans Transit District provides bus service among most County cities. Most interstate common carrier truck lines operating in California serve the County.

Education

Public instruction in the County is provided by 11 elementary school districts, 2 high school districts, and 20 unified (combined elementary and high school) districts. The following table represents the total enrollment of students in the County's public schools for the last five fiscal years.

COUNTY OF SAN BERNARDINO
Public School Enrollment
For Fiscal Years 2004-05 through 2008-09

	2004-05	***2005-06***	***2006-07***	***2007-08***	***2008-09***
Grades:					
K-8	294,539	294,167	291,919	290,541	283,461
9-12	128,172	132,349	134,910	136,777	135,932
Special Classes	1,069	1,115	754	824	911
TOTAL	423,780	427,631	427,583	428,142	420,304

Source: California Department of Education Educational Demographics Unit.

APPENDIX E

TABLE OF ACCRETED VALUES

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Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009
Maturity Date	8/1/2022
Maturity Amount	$85,000
Accretion Rate	5.590%
Original $Price	49.338%
Original Principal	$41,937.30

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$41,937.30	$2,466.90	49.338
2/1/2010	42,669.38	2,509.96	50.199
8/1/2010	43,862.00	2,580.12	51.602
2/1/2011	45,087.95	2,652.23	53.045
8/1/2011	46,348.17	2,726.36	54.527
2/1/2012	47,643.62	2,802.57	56.051
8/1/2012	48,975.27	2,880.90	57.618
2/1/2013	50,344.14	2,961.42	59.228
8/1/2013	51,751.27	3,044.19	60.884
2/1/2014	53,197.73	3,129.28	62.586
8/1/2014	54,684.62	3,216.74	64.335
2/1/2015	56,213.08	3,306.65	66.133
8/1/2015	57,784.25	3,399.07	67.981
2/1/2016	59,399.33	3,494.08	69.882
8/1/2016	61,059.56	3,591.74	71.835
2/1/2017	62,766.19	3,692.13	73.843
8/1/2017	64,520.52	3,795.32	75.906
2/1/2018	66,323.89	3,901.41	78.028
8/1/2018	68,177.66	4,010.45	80.209
2/1/2019	70,083.24	4,122.54	82.451
8/1/2019	72,042.09	4,237.77	84.755
2/1/2020	74,055.68	4,356.22	87.124
8/1/2020	76,125.56	4,477.97	89.559
2/1/2021	78,253.29	4,603.13	92.063
8/1/2021	80,440.49	4,731.79	94.636
2/1/2022	82,688.82	4,864.05	97.281
8/1/2022	85,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009
Maturity Date	8/1/2023
Maturity Amount	$125,000
Accretion Rate	5.680%
Original $Price	46.130%
Original Principal	$57,662.50

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$57,662.50	$2,306.50	46.130
2/1/2010	58,685.21	2,347.41	46.948
8/1/2010	60,351.90	2,414.08	48.282
2/1/2011	62,065.92	2,482.64	49.653
8/1/2011	63,828.62	2,553.14	51.063
2/1/2012	65,641.39	2,625.66	52.513
8/1/2012	67,505.64	2,700.23	54.005
2/1/2013	69,422.83	2,776.91	55.538
8/1/2013	71,394.47	2,855.78	57.116
2/1/2014	73,422.11	2,936.88	58.738
8/1/2014	75,507.33	3,020.29	60.406
2/1/2015	77,651.78	3,106.07	62.121
8/1/2015	79,857.12	3,194.28	63.886
2/1/2016	82,125.10	3,285.00	65.700
8/1/2016	84,457.50	3,378.30	67.566
2/1/2017	86,856.13	3,474.25	69.485
8/1/2017	89,322.89	3,572.92	71.458
2/1/2018	91,859.70	3,674.39	73.488
8/1/2018	94,468.56	3,778.74	75.575
2/1/2019	97,151.51	3,886.06	77.721
8/1/2019	99,910.66	3,996.43	79.929
2/1/2020	102,748.17	4,109.93	82.199
8/1/2020	105,666.27	4,226.65	84.533
2/1/2021	108,667.24	4,346.69	86.934
8/1/2021	111,753.45	4,470.14	89.403
2/1/2022	114,927.30	4,597.09	91.942
8/1/2022	118,191.29	4,727.65	94.553
2/1/2023	121,547.98	4,861.92	97.238
8/1/2023	125,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009
Maturity Date	8/1/2024
Maturity Amount	$150,000
Accretion Rate	5.770%
Original $Price	43.056%
Original Principal	$64,584.00

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$64,584.00	$2,152.80	43.056
2/1/2010	65,747.51	2,191.58	43.832
8/1/2010	67,644.34	2,254.81	45.096
2/1/2011	69,595.89	2,319.86	46.397
8/1/2011	71,603.75	2,386.79	47.736
2/1/2012	73,669.53	2,455.65	49.113
8/1/2012	75,794.90	2,526.50	50.530
2/1/2013	77,981.60	2,599.39	51.988
8/1/2013	80,231.38	2,674.38	53.488
2/1/2014	82,546.07	2,751.54	55.031
8/1/2014	84,927.54	2,830.92	56.618
2/1/2015	87,377.72	2,912.59	58.252
8/1/2015	89,898.58	2,996.62	59.932
2/1/2016	92,492.17	3,083.07	61.661
8/1/2016	95,160.58	3,172.02	63.440
2/1/2017	97,905.98	3,263.53	65.271
8/1/2017	100,730.59	3,357.69	67.154
2/1/2018	103,636.68	3,454.56	69.091
8/1/2018	106,626.62	3,554.22	71.084
2/1/2019	109,702.81	3,656.76	73.135
8/1/2019	112,867.76	3,762.26	75.245
2/1/2020	116,124.01	3,870.80	77.416
8/1/2020	119,474.21	3,982.47	79.649
2/1/2021	122,921.06	4,097.37	81.947
8/1/2021	126,467.36	4,215.58	84.312
2/1/2022	130,115.96	4,337.20	86.744
8/1/2022	133,869.83	4,462.33	89.247
2/1/2023	137,732.00	4,591.07	91.821
8/1/2023	141,705.59	4,723.52	94.470
2/1/2024	145,793.82	4,859.79	97.196
8/1/2024	150,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009
Maturity Date	8/1/2025
Maturity Amount	$250,000
Accretion Rate	5.860%
Original $Price	40.116%
Original Principal	$100,290.00

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$100,290.00	$2,005.80	40.116
2/1/2010	102,124.83	2,042.50	40.850
8/1/2010	105,117.15	2,102.34	42.047
2/1/2011	108,197.14	2,163.94	43.279
8/1/2011	111,367.38	2,227.35	44.547
2/1/2012	114,630.51	2,292.61	45.852
8/1/2012	117,989.25	2,359.78	47.196
2/1/2013	121,446.40	2,428.93	48.579
8/1/2013	125,004.85	2,500.10	50.002
2/1/2014	128,667.56	2,573.35	51.467
8/1/2014	132,437.60	2,648.75	52.975
2/1/2015	136,318.09	2,726.36	54.527
8/1/2015	140,312.29	2,806.25	56.125
2/1/2016	144,423.52	2,888.47	57.769
8/1/2016	148,655.21	2,973.10	59.462
2/1/2017	153,010.90	3,060.22	61.204
8/1/2017	157,494.20	3,149.88	62.998
2/1/2018	162,108.87	3,242.18	64.844
8/1/2018	166,858.76	3,337.18	66.744
2/1/2019	171,747.81	3,434.96	68.699
8/1/2019	176,780.12	3,535.60	70.712
2/1/2020	181,959.88	3,639.20	72.784
8/1/2020	187,291.41	3,745.83	74.917
2/1/2021	192,779.16	3,855.58	77.112
8/1/2021	198,427.70	3,968.55	79.371
2/1/2022	204,241.74	4,084.83	81.697
8/1/2022	210,226.14	4,204.52	84.090
2/1/2023	216,385.89	4,327.72	86.554
8/1/2023	222,726.12	4,454.52	89.090
2/1/2024	229,252.12	4,585.04	91.701
8/1/2024	235,969.34	4,719.39	94.388
2/1/2025	242,883.38	4,857.67	97.153
8/1/2025	250,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009
Maturity Date	8/1/2027
Maturity Amount	$95,000
Accretion Rate	6.040%
Original $Price	34.644%
Original Principal	$32,911.80

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$32,911.80	$1,732.20	34.644
2/1/2010	33,532.32	1,764.86	35.297
8/1/2010	34,545.01	1,818.16	36.363
2/1/2011	35,588.28	1,873.07	37.461
8/1/2011	36,663.06	1,929.63	38.593
2/1/2012	37,770.30	1,987.91	39.758
8/1/2012	38,910.98	2,047.95	40.959
2/1/2013	40,086.11	2,109.80	42.196
8/1/2013	41,296.72	2,173.51	43.470
2/1/2014	42,543.90	2,239.15	44.783
8/1/2014	43,828.74	2,306.78	46.136
2/1/2015	45,152.39	2,376.44	47.529
8/1/2015	46,516.01	2,448.21	48.964
2/1/2016	47,920.81	2,522.15	50.443
8/1/2016	49,368.04	2,598.32	51.966
2/1/2017	50,858.97	2,676.79	53.536
8/1/2017	52,394.94	2,757.63	55.153
2/1/2018	53,977.28	2,840.91	56.818
8/1/2018	55,607.42	2,926.71	58.534
2/1/2019	57,286.79	3,015.09	60.302
8/1/2019	59,016.87	3,106.15	62.123
2/1/2020	60,799.20	3,199.96	63.999
8/1/2020	62,635.36	3,296.60	65.932
2/1/2021	64,526.98	3,396.16	67.923
8/1/2021	66,475.72	3,498.72	69.974
2/1/2022	68,483.31	3,604.38	72.088
8/1/2022	70,551.53	3,713.24	74.265
2/1/2023	72,682.22	3,825.38	76.508
8/1/2023	74,877.25	3,940.91	78.818
2/1/2024	77,138.57	4,059.92	81.198
8/1/2024	79,468.19	4,182.54	83.651
2/1/2025	81,868.16	4,308.85	86.177
8/1/2025	84,340.61	4,438.98	88.780
2/1/2026	86,887.73	4,573.04	91.461
8/1/2026	89,511.78	4,711.15	94.223
2/1/2027	92,215.07	4,853.42	97.068
8/1/2027	95,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009
Maturity Date	8/1/2028
Maturity Amount	$700,000
Accretion Rate	6.130%
Original $Price	32.111%
Original Principal	$224,777.00

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$224,777.00	$1,605.55	32.111
2/1/2010	229,077.70	1,636.27	32.725
8/1/2010	236,098.93	1,686.42	33.728
2/1/2011	243,335.38	1,738.11	34.762
8/1/2011	250,793.61	1,791.38	35.828
2/1/2012	258,480.45	1,846.29	36.926
8/1/2012	266,402.88	1,902.88	38.058
2/1/2013	274,568.14	1,961.20	39.224
8/1/2013	282,983.66	2,021.31	40.426
2/1/2014	291,657.12	2,083.27	41.665
8/1/2014	300,596.42	2,147.12	42.942
2/1/2015	309,809.71	2,212.93	44.259
8/1/2015	319,305.39	2,280.75	45.615
2/1/2016	329,092.11	2,350.66	47.013
8/1/2016	339,178.80	2,422.71	48.454
2/1/2017	349,574.64	2,496.96	49.939
8/1/2017	360,289.12	2,573.49	51.470
2/1/2018	371,331.99	2,652.37	53.047
8/1/2018	382,713.33	2,733.67	54.673
2/1/2019	394,443.51	2,817.45	56.349
8/1/2019	406,533.21	2,903.81	58.076
2/1/2020	418,993.47	2,992.81	59.856
8/1/2020	431,835.64	3,084.54	61.691
2/1/2021	445,071.41	3,179.08	63.582
8/1/2021	458,712.87	3,276.52	65.530
2/1/2022	472,772.43	3,376.95	67.539
8/1/2022	487,262.93	3,480.45	69.609
2/1/2023	502,197.55	3,587.13	71.743
8/1/2023	517,589.93	3,697.07	73.941
2/1/2024	533,454.07	3,810.39	76.208
8/1/2024	549,804.46	3,927.17	78.543
2/1/2025	566,655.99	4,047.54	80.951
8/1/2025	584,024.01	4,171.60	83.432
2/1/2026	601,924.37	4,299.46	85.989
8/1/2026	620,373.37	4,431.24	88.625
2/1/2027	639,387.84	4,567.06	91.341
8/1/2027	658,985.10	4,707.04	94.141
2/1/2028	679,183.02	4,851.31	97.026
8/1/2028	700,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009	
Maturity Date	8/1/2039	8/1/2032 Accretion
Maturity Amount	$155,000	$98,852.04
Accretion Rate	6.530%	
Original $Price	14.723%	
Original Principal	$22,820.65	

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$22,820.65	$736.15	14.723
2/1/2010	23,285.61	751.15	15.023
8/1/2010	24,045.89	775.67	15.513
2/1/2011	24,831.00	801.00	16.020
8/1/2011	25,641.74	827.15	16.543
2/1/2012	26,478.95	854.16	17.083
8/1/2012	27,343.50	882.05	17.641
2/1/2013	28,236.27	910.85	18.217
8/1/2013	29,158.19	940.59	18.812
2/1/2014	30,110.22	971.30	19.426
8/1/2014	31,093.33	1,003.01	20.060
2/1/2015	32,108.53	1,035.76	20.715
8/1/2015	33,156.89	1,069.58	21.392
2/1/2016	34,239.47	1,104.50	22.090
8/1/2016	35,357.40	1,140.56	22.811
2/1/2017	36,511.83	1,177.80	23.556
8/1/2017	37,703.96	1,216.26	24.325
2/1/2018	38,935.00	1,255.97	25.119
8/1/2018	40,206.24	1,296.98	25.940
2/1/2019	41,518.99	1,339.32	26.786
8/1/2019	42,874.60	1,383.05	27.661
2/1/2020	44,274.47	1,428.21	28.564
8/1/2020	45,720.05	1,474.84	29.497
2/1/2021	47,212.82	1,522.99	30.460
8/1/2021	48,754.34	1,572.72	31.454
2/1/2022	50,346.18	1,624.07	32.481
8/1/2022	51,990.00	1,677.10	33.542
2/1/2023	53,687.49	1,731.85	34.637
8/1/2023	55,440.41	1,788.40	35.768
2/1/2024	57,250.56	1,846.79	36.936
8/1/2024	59,119.80	1,907.09	38.142
2/1/2025	61,050.09	1,969.36	39.387
8/1/2025	63,043.39	2,033.66	40.673
2/1/2026	65,101.78	2,100.06	42.001
8/1/2026	67,227.37	2,168.62	43.372
2/1/2027	69,422.37	2,239.43	44.789
8/1/2027	71,689.03	2,312.55	46.251
2/1/2028	74,029.71	2,388.06	47.761
8/1/2028	76,446.80	2,466.03	49.321
2/1/2029	78,942.81	2,546.54	50.931
8/1/2029	81,520.32	2,629.69	52.594
2/1/2030	84,181.99	2,715.55	54.311
8/1/2030	86,930.56	2,804.21	56.084
2/1/2031	89,768.87	2,895.77	57.915
8/1/2031	92,699.85	2,990.32	59.806
2/1/2032	95,726.54	3,087.95	61.759
8/1/2032	98,852.04	3,188.78	63.776
2/1/2033	102,079.59	3,292.89	65.858
8/1/2033	105,412.52	3,400.40	68.008
2/1/2034	108,854.28	3,511.43	70.229
8/1/2034	112,408.41	3,626.08	72.522
2/1/2035	116,078.58	3,744.47	74.889
8/1/2035	119,868.58	3,866.73	77.335
2/1/2036	123,782.33	3,992.98	79.860
8/1/2036	127,823.87	4,123.35	82.467
2/1/2037	131,997.36	4,257.98	85.160
8/1/2037	136,307.12	4,397.00	87.940
2/1/2038	140,757.59	4,540.57	90.811
8/1/2038	145,353.37	4,688.82	93.776
2/1/2039	150,099.21	4,841.91	96.838
8/1/2039	155,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009	
Maturity Date	8/1/2039	8/1/2033 Accretion
Maturity Amount	$605,000	$411,448.89
Accretion Rate	6.530%	
Original $Price	14.723%	
Original Principal	$89,074.15	

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$89,074.15	$736.15	14.723
2/1/2010	90,888.98	751.15	15.023
8/1/2010	93,856.54	775.67	15.513
2/1/2011	96,920.99	801.00	16.020
8/1/2011	100,085.49	827.15	16.543
2/1/2012	103,353.32	854.16	17.083
8/1/2012	106,727.84	882.05	17.641
2/1/2013	110,212.54	910.85	18.217
8/1/2013	113,811.01	940.59	18.812
2/1/2014	117,526.98	971.30	19.426
8/1/2014	121,364.27	1,003.01	20.060
2/1/2015	125,326.86	1,035.76	20.715
8/1/2015	129,418.82	1,069.58	21.392
2/1/2016	133,644.39	1,104.50	22.090
8/1/2016	138,007.92	1,140.56	22.811
2/1/2017	142,513.93	1,177.80	23.556
8/1/2017	147,167.06	1,216.26	24.325
2/1/2018	151,972.11	1,255.97	25.119
8/1/2018	156,934.05	1,296.98	25.940
2/1/2019	162,058.00	1,339.32	26.786
8/1/2019	167,349.25	1,383.05	27.661
2/1/2020	172,813.26	1,428.21	28.564
8/1/2020	178,455.67	1,474.84	29.497
2/1/2021	184,282.31	1,522.99	30.460
8/1/2021	190,299.18	1,572.72	31.454
2/1/2022	196,512.52	1,624.07	32.481
8/1/2022	202,928.72	1,677.10	33.542
2/1/2023	209,554.41	1,731.85	34.637
8/1/2023	216,396.43	1,788.40	35.768
2/1/2024	223,461.84	1,846.79	36.936
8/1/2024	230,757.95	1,907.09	38.142
2/1/2025	238,292.27	1,969.36	39.387
8/1/2025	246,072.59	2,033.66	40.673
2/1/2026	254,106.95	2,100.06	42.001
8/1/2026	262,403.62	2,168.62	43.372
2/1/2027	270,971.19	2,239.43	44.789
8/1/2027	279,818.49	2,312.55	46.251
2/1/2028	288,954.66	2,388.06	47.761
8/1/2028	298,389.12	2,466.03	49.321
2/1/2029	308,131.63	2,546.54	50.931
8/1/2029	318,192.23	2,629.69	52.594
2/1/2030	328,581.31	2,715.55	54.311
8/1/2030	339,309.60	2,804.21	56.084
2/1/2031	350,388.18	2,895.77	57.915
8/1/2031	361,828.47	2,990.32	59.806
2/1/2032	373,642.29	3,087.95	61.759
8/1/2032	385,841.83	3,188.78	63.776
2/1/2033	398,439.70	3,292.89	65.858
8/1/2033	411,448.89	3,400.40	68.008
2/1/2034	424,882.83	3,511.43	70.229
8/1/2034	438,755.40	3,626.08	72.522
2/1/2035	453,080.91	3,744.47	74.889
8/1/2035	467,874.15	3,866.73	77.335
2/1/2036	483,150.40	3,992.98	79.860
8/1/2036	498,925.42	4,123.35	82.467
2/1/2037	515,215.50	4,257.98	85.160
8/1/2037	532,037.46	4,397.00	87.940
2/1/2038	549,408.66	4,540.57	90.811
8/1/2038	567,347.04	4,688.82	93.776
2/1/2039	585,871.11	4,841.91	96.838
8/1/2039	605,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009	
Maturity Date	8/1/2039	8/1/2034 Accretion
Maturity Amount	$11,600,000	$8,412,500.19
Accretion Rate	6.530%	
Original $Price	14.723%	
Original Principal	$1,707,868.00	

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$1,707,868.00	$736.15	14.723
2/1/2010	1,742,664.83	751.15	15.023
8/1/2010	1,799,563.42	775.67	15.513
2/1/2011	1,858,319.77	801.00	16.020
8/1/2011	1,918,994.53	827.15	16.543
2/1/2012	1,981,650.35	854.16	17.083
8/1/2012	2,046,351.89	882.05	17.641
2/1/2013	2,113,165.97	910.85	18.217
8/1/2013	2,182,161.55	940.59	18.812
2/1/2014	2,253,409.85	971.30	19.426
8/1/2014	2,326,984.44	1,003.01	20.060
2/1/2015	2,402,961.26	1,035.76	20.715
8/1/2015	2,481,418.75	1,069.58	21.392
2/1/2016	2,562,437.90	1,104.50	22.090
8/1/2016	2,646,102.36	1,140.56	22.811
2/1/2017	2,732,498.48	1,177.80	23.556
8/1/2017	2,821,715.48	1,216.26	24.325
2/1/2018	2,913,845.43	1,255.97	25.119
8/1/2018	3,008,983.46	1,296.98	25.940
2/1/2019	3,107,227.78	1,339.32	26.786
8/1/2019	3,208,679.80	1,383.05	27.661
2/1/2020	3,313,444.27	1,428.21	28.564
8/1/2020	3,421,629.34	1,474.84	29.497
2/1/2021	3,533,346.68	1,522.99	30.460
8/1/2021	3,648,711.64	1,572.72	31.454
2/1/2022	3,767,843.29	1,624.07	32.481
8/1/2022	3,890,864.64	1,677.10	33.542
2/1/2023	4,017,902.67	1,731.85	34.637
8/1/2023	4,149,088.54	1,788.40	35.768
2/1/2024	4,284,557.67	1,846.79	36.936
8/1/2024	4,424,449.91	1,907.09	38.142
2/1/2025	4,568,909.68	1,969.36	39.387
8/1/2025	4,718,086.11	2,033.66	40.673
2/1/2026	4,872,133.21	2,100.06	42.001
8/1/2026	5,031,209.99	2,168.62	43.372
2/1/2027	5,195,480.68	2,239.43	44.789
8/1/2027	5,365,114.86	2,312.55	46.251
2/1/2028	5,540,287.66	2,388.06	47.761
8/1/2028	5,721,179.91	2,466.03	49.321
2/1/2029	5,907,978.35	2,546.54	50.931
8/1/2029	6,100,875.82	2,629.69	52.594
2/1/2030	6,300,071.46	2,715.55	54.311
8/1/2030	6,505,770.90	2,804.21	56.084
2/1/2031	6,718,186.50	2,895.77	57.915
8/1/2031	6,937,537.54	2,990.32	59.806
2/1/2032	7,164,050.46	3,087.95	61.759
8/1/2032	7,397,959.11	3,188.78	63.776
2/1/2033	7,639,504.95	3,292.89	65.858
8/1/2033	7,888,937.34	3,400.40	68.008
2/1/2034	8,146,513.79	3,511.43	70.229
8/1/2034	8,412,500.19	3,626.08	72.522
2/1/2035	8,687,171.14	3,744.47	74.889
8/1/2035	8,970,810.19	3,866.73	77.335
2/1/2036	9,263,710.14	3,992.98	79.860
8/1/2036	9,566,173.38	4,123.35	82.467
2/1/2037	9,878,512.15	4,257.98	85.160
8/1/2037	10,201,048.88	4,397.00	87.940
2/1/2038	10,534,116.54	4,540.57	90.811
8/1/2038	10,878,058.97	4,688.82	93.776
2/1/2039	11,233,231.24	4,841.91	96.838
8/1/2039	11,600,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009	
Maturity Date	8/1/2039	8/1/2035 Accretion
Maturity Amount	$11,425,000	$8,835,474.69
Accretion Rate	6.530%	
Original $Price	14.723%	
Original Principal	$1,682,102.75	

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$1,682,102.75	$736.15	14.723
2/1/2010	1,716,374.63	751.15	15.023
8/1/2010	1,772,414.84	775.67	15.513
2/1/2011	1,830,284.77	801.00	16.020
8/1/2011	1,890,044.18	827.15	16.543
2/1/2012	1,951,754.76	854.16	17.083
8/1/2012	2,015,480.21	882.05	17.641
2/1/2013	2,081,286.31	910.85	18.217
8/1/2013	2,149,241.01	940.59	18.812
2/1/2014	2,219,414.44	971.30	19.426
8/1/2014	2,291,879.07	1,003.01	20.060
2/1/2015	2,366,709.69	1,035.76	20.715
8/1/2015	2,443,983.55	1,069.58	21.392
2/1/2016	2,523,780.43	1,104.50	22.090
8/1/2016	2,606,182.71	1,140.56	22.811
2/1/2017	2,691,275.45	1,177.80	23.556
8/1/2017	2,779,146.49	1,216.26	24.325
2/1/2018	2,869,886.56	1,255.97	25.119
8/1/2018	2,963,589.31	1,296.98	25.940
2/1/2019	3,060,351.50	1,339.32	26.786
8/1/2019	3,160,273.00	1,383.05	27.661
2/1/2020	3,263,456.97	1,428.21	28.564
8/1/2020	3,370,009.93	1,474.84	29.497
2/1/2021	3,480,041.88	1,522.99	30.460
8/1/2021	3,593,666.42	1,572.72	31.454
2/1/2022	3,711,000.83	1,624.07	32.481
8/1/2022	3,832,166.25	1,677.10	33.542
2/1/2023	3,957,287.76	1,731.85	34.637
8/1/2023	4,086,494.53	1,788.40	35.768
2/1/2024	4,219,919.95	1,846.79	36.936
8/1/2024	4,357,701.75	1,907.09	38.142
2/1/2025	4,499,982.17	1,969.36	39.387
8/1/2025	4,646,908.09	2,033.66	40.673
2/1/2026	4,798,631.20	2,100.06	42.001
8/1/2026	4,955,308.11	2,168.62	43.372
2/1/2027	5,117,100.58	2,239.43	44.789
8/1/2027	5,284,175.63	2,312.55	46.251
2/1/2028	5,456,705.73	2,388.06	47.761
8/1/2028	5,634,869.00	2,466.03	49.321
2/1/2029	5,818,849.36	2,546.54	50.931
8/1/2029	6,008,836.74	2,629.69	52.594
2/1/2030	6,205,027.27	2,715.55	54.311
8/1/2030	6,407,623.49	2,804.21	56.084
2/1/2031	6,616,834.54	2,895.77	57.915
8/1/2031	6,832,876.41	2,990.32	59.806
2/1/2032	7,055,972.11	3,087.95	61.759
8/1/2032	7,286,351.96	3,188.78	63.776
2/1/2033	7,524,253.80	3,292.89	65.858
8/1/2033	7,769,923.20	3,400.40	68.008
2/1/2034	8,023,613.80	3,511.43	70.229
8/1/2034	8,285,587.47	3,626.08	72.522
2/1/2035	8,556,114.68	3,744.47	74.889
8/1/2035	8,835,474.69	3,866.73	77.335
2/1/2036	9,123,955.90	3,992.98	79.860
8/1/2036	9,421,856.11	4,123.35	82.467
2/1/2037	9,729,482.87	4,257.98	85.160
8/1/2037	10,047,153.74	4,397.00	87.940
2/1/2038	10,375,196.68	4,540.57	90.811
8/1/2038	10,713,950.32	4,688.82	93.776
2/1/2039	11,063,764.39	4,841.91	96.838
8/1/2039	11,425,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009	
Maturity Date	8/1/2039	8/1/2036 Accretion
Maturity Amount	$11,250,000	$9,277,538.84
Accretion Rate	6.530%	
Original $Price	14.723%	
Original Principal	$1,656,337.50	

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$1,656,337.50	$736.15	14.723
2/1/2010	1,690,084.43	751.15	15.023
8/1/2010	1,745,266.25	775.67	15.513
2/1/2011	1,802,249.78	801.00	16.020
8/1/2011	1,861,093.84	827.15	16.543
2/1/2012	1,921,859.17	854.16	17.083
8/1/2012	1,984,608.52	882.05	17.641
2/1/2013	2,049,406.65	910.85	18.217
8/1/2013	2,116,320.46	940.59	18.812
2/1/2014	2,185,419.04	971.30	19.426
8/1/2014	2,256,773.70	1,003.01	20.060
2/1/2015	2,330,458.12	1,035.76	20.715
8/1/2015	2,406,548.35	1,069.58	21.392
2/1/2016	2,485,122.96	1,104.50	22.090
8/1/2016	2,566,263.06	1,140.56	22.811
2/1/2017	2,650,052.41	1,177.80	23.556
8/1/2017	2,736,577.51	1,216.26	24.325
2/1/2018	2,825,927.68	1,255.97	25.119
8/1/2018	2,918,195.17	1,296.98	25.940
2/1/2019	3,013,475.21	1,339.32	26.786
8/1/2019	3,111,866.19	1,383.05	27.661
2/1/2020	3,213,469.66	1,428.21	28.564
8/1/2020	3,318,390.52	1,474.84	29.497
2/1/2021	3,426,737.09	1,522.99	30.460
8/1/2021	3,538,621.20	1,572.72	31.454
2/1/2022	3,654,158.37	1,624.07	32.481
8/1/2022	3,773,467.86	1,677.10	33.542
2/1/2023	3,896,672.85	1,731.85	34.637
8/1/2023	4,023,900.52	1,788.40	35.768
2/1/2024	4,155,282.22	1,846.79	36.936
8/1/2024	4,290,953.58	1,907.09	38.142
2/1/2025	4,431,054.65	1,969.36	39.387
8/1/2025	4,575,730.07	2,033.66	40.673
2/1/2026	4,725,129.19	2,100.06	42.001
8/1/2026	4,879,406.24	2,168.62	43.372
2/1/2027	5,038,720.48	2,239.43	44.789
8/1/2027	5,203,236.40	2,312.55	46.251
2/1/2028	5,373,123.81	2,388.06	47.761
8/1/2028	5,548,558.10	2,466.03	49.321
2/1/2029	5,729,720.38	2,546.54	50.931
8/1/2029	5,916,797.67	2,629.69	52.594
2/1/2030	6,109,983.09	2,715.55	54.311
8/1/2030	6,309,476.09	2,804.21	56.084
2/1/2031	6,515,482.59	2,895.77	57.915
8/1/2031	6,728,215.28	2,990.32	59.806
2/1/2032	6,947,893.76	3,087.95	61.759
8/1/2032	7,174,744.82	3,188.78	63.776
2/1/2033	7,409,002.64	3,292.89	65.858
8/1/2033	7,650,909.06	3,400.40	68.008
2/1/2034	7,900,713.80	3,511.43	70.229
8/1/2034	8,158,674.75	3,626.08	72.522
2/1/2035	8,425,058.22	3,744.47	74.889
8/1/2035	8,700,139.19	3,866.73	77.335
2/1/2036	8,984,201.65	3,992.98	79.860
8/1/2036	9,277,538.84	4,123.35	82.467
2/1/2037	9,580,453.59	4,257.98	85.160
8/1/2037	9,893,258.61	4,397.00	87.940
2/1/2038	10,216,276.81	4,540.57	90.811
8/1/2038	10,549,841.67	4,688.82	93.776
2/1/2039	10,894,297.54	4,841.91	96.838
8/1/2039	11,250,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009	
Maturity Date	8/1/2039	8/1/2037 Accretion
Maturity Amount	$11,075,000	$9,739,363.47
Accretion Rate	6.530%	
Original $Price	14.723%	
Original Principal	$1,630,572.25	

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$1,630,572.25	$736.15	14.723
2/1/2010	1,663,794.22	751.15	15.023
8/1/2010	1,718,117.66	775.67	15.513
2/1/2011	1,774,214.78	801.00	16.020
8/1/2011	1,832,143.49	827.15	16.543
2/1/2012	1,891,963.59	854.16	17.083
8/1/2012	1,953,736.83	882.05	17.641
2/1/2013	2,017,526.99	910.85	18.217
8/1/2013	2,083,399.92	940.59	18.812
2/1/2014	2,151,423.63	971.30	19.426
8/1/2014	2,221,668.33	1,003.01	20.060
2/1/2015	2,294,206.55	1,035.76	20.715
8/1/2015	2,369,113.16	1,069.58	21.392
2/1/2016	2,446,465.50	1,104.50	22.090
8/1/2016	2,526,343.41	1,140.56	22.811
2/1/2017	2,608,829.37	1,177.80	23.556
8/1/2017	2,694,008.52	1,216.26	24.325
2/1/2018	2,781,968.81	1,255.97	25.119
8/1/2018	2,872,801.02	1,296.98	25.940
2/1/2019	2,966,598.93	1,339.32	26.786
8/1/2019	3,063,459.38	1,383.05	27.661
2/1/2020	3,163,482.36	1,428.21	28.564
8/1/2020	3,266,771.12	1,474.84	29.497
2/1/2021	3,373,432.29	1,522.99	30.460
8/1/2021	3,483,575.98	1,572.72	31.454
2/1/2022	3,597,315.90	1,624.07	32.481
8/1/2022	3,714,769.47	1,677.10	33.542
2/1/2023	3,836,057.94	1,731.85	34.637
8/1/2023	3,961,306.51	1,788.40	35.768
2/1/2024	4,090,644.50	1,846.79	36.936
8/1/2024	4,224,205.41	1,907.09	38.142
2/1/2025	4,362,127.13	1,969.36	39.387
8/1/2025	4,504,552.04	2,033.66	40.673
2/1/2026	4,651,627.18	2,100.06	42.001
8/1/2026	4,803,504.36	2,168.62	43.372
2/1/2027	4,960,340.39	2,239.43	44.789
8/1/2027	5,122,297.16	2,312.55	46.251
2/1/2028	5,289,541.88	2,388.06	47.761
8/1/2028	5,462,247.19	2,466.03	49.321
2/1/2029	5,640,591.39	2,546.54	50.931
8/1/2029	5,824,758.59	2,629.69	52.594
2/1/2030	6,014,938.91	2,715.55	54.311
8/1/2030	6,211,328.68	2,804.21	56.084
2/1/2031	6,414,130.64	2,895.77	57.915
8/1/2031	6,623,554.16	2,990.32	59.806
2/1/2032	6,839,815.42	3,087.95	61.759
8/1/2032	7,063,137.68	3,188.78	63.776
2/1/2033	7,293,751.49	3,292.89	65.858
8/1/2033	7,531,894.92	3,400.40	68.008
2/1/2034	7,777,813.81	3,511.43	70.229
8/1/2034	8,031,762.04	3,626.08	72.522
2/1/2035	8,294,001.76	3,744.47	74.889
8/1/2035	8,564,803.69	3,866.73	77.335
2/1/2036	8,844,447.40	3,992.98	79.860
8/1/2036	9,133,221.57	4,123.35	82.467
2/1/2037	9,431,424.31	4,257.98	85.160
8/1/2037	9,739,363.47	4,397.00	87.940
2/1/2038	10,057,356.95	4,540.57	90.811
8/1/2038	10,385,733.03	4,688.82	93.776
2/1/2039	10,724,830.69	4,841.91	96.838
8/1/2039	11,075,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009	
Maturity Date	8/1/2039	8/1/2038 Accretion
Maturity Amount	$10,905,000	$10,226,313.20
Accretion Rate	6.530%	
Original $Price	14.723%	
Original Principal	$1,605,543.15	

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$1,605,543.15	$736.15	14.723
2/1/2010	1,638,255.17	751.15	15.023
8/1/2010	1,691,744.75	775.67	15.513
2/1/2011	1,746,980.78	801.00	16.020
8/1/2011	1,804,020.29	827.15	16.543
2/1/2012	1,862,922.16	854.16	17.083
8/1/2012	1,923,747.19	882.05	17.641
2/1/2013	1,986,558.18	910.85	18.217
8/1/2013	2,051,419.97	940.59	18.812
2/1/2014	2,118,399.52	971.30	19.426
8/1/2014	2,187,565.97	1,003.01	20.060
2/1/2015	2,258,990.73	1,035.76	20.715
8/1/2015	2,332,747.54	1,069.58	21.392
2/1/2016	2,408,912.53	1,104.50	22.090
8/1/2016	2,487,564.33	1,140.56	22.811
2/1/2017	2,568,784.14	1,177.80	23.556
8/1/2017	2,652,655.80	1,216.26	24.325
2/1/2018	2,739,265.90	1,255.97	25.119
8/1/2018	2,828,703.85	1,296.98	25.940
2/1/2019	2,921,061.97	1,339.32	26.786
8/1/2019	3,016,435.63	1,383.05	27.661
2/1/2020	3,114,923.26	1,428.21	28.564
8/1/2020	3,216,626.55	1,474.84	29.497
2/1/2021	3,321,650.48	1,522.99	30.460
8/1/2021	3,430,103.48	1,572.72	31.454
2/1/2022	3,542,097.51	1,624.07	32.481
8/1/2022	3,657,748.18	1,677.10	33.542
2/1/2023	3,777,174.88	1,731.85	34.637
8/1/2023	3,900,500.91	1,788.40	35.768
2/1/2024	4,027,853.57	1,846.79	36.936
8/1/2024	4,159,364.34	1,907.09	38.142
2/1/2025	4,295,168.97	1,969.36	39.387
8/1/2025	4,435,407.68	2,033.66	40.673
2/1/2026	4,580,225.23	2,100.06	42.001
8/1/2026	4,729,771.11	2,168.62	43.372
2/1/2027	4,884,199.72	2,239.43	44.789
8/1/2027	5,043,670.48	2,312.55	46.251
2/1/2028	5,208,348.01	2,388.06	47.761
8/1/2028	5,378,402.32	2,466.03	49.321
2/1/2029	5,554,008.95	2,546.54	50.931
8/1/2029	5,735,349.21	2,629.69	52.594
2/1/2030	5,922,610.28	2,715.55	54.311
8/1/2030	6,115,985.49	2,804.21	56.084
2/1/2031	6,315,674.46	2,895.77	57.915
8/1/2031	6,521,883.35	2,990.32	59.806
2/1/2032	6,734,825.02	3,087.95	61.759
8/1/2032	6,954,719.31	3,188.78	63.776
2/1/2033	7,181,793.23	3,292.89	65.858
8/1/2033	7,416,281.18	3,400.40	68.008
2/1/2034	7,658,425.25	3,511.43	70.229
8/1/2034	7,908,475.40	3,626.08	72.522
2/1/2035	8,166,689.77	3,744.47	74.889
8/1/2035	8,433,334.92	3,866.73	77.335
2/1/2036	8,708,686.13	3,992.98	79.860
8/1/2036	8,993,027.65	4,123.35	82.467
2/1/2037	9,286,653.01	4,257.98	85.160
8/1/2037	9,589,865.34	4,397.00	87.940
2/1/2038	9,902,977.66	4,540.57	90.811
8/1/2038	10,226,313.20	4,688.82	93.776
2/1/2039	10,560,205.75	4,841.91	96.838
8/1/2039	10,905,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009	
Maturity Date	8/1/2039	2039 FV
Maturity Amount	$10,560,000	
Accretion Rate	6.530%	
Original $Price	14.723%	
Original Principal	$1,554,748.80	

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$1,554,748.80	$736.15	14.723
2/1/2010	1,586,425.92	751.15	15.023
8/1/2010	1,638,223.25	775.67	15.513
2/1/2011	1,691,711.79	801.00	16.020
8/1/2011	1,746,946.75	827.15	16.543
2/1/2012	1,803,985.14	854.16	17.083
8/1/2012	1,862,885.86	882.05	17.641
2/1/2013	1,923,709.71	910.85	18.217
8/1/2013	1,986,519.48	940.59	18.812
2/1/2014	2,051,380.00	971.30	19.426
8/1/2014	2,118,358.25	1,003.01	20.060
2/1/2015	2,187,523.35	1,035.76	20.715
8/1/2015	2,258,946.72	1,069.58	21.392
2/1/2016	2,332,702.09	1,104.50	22.090
8/1/2016	2,408,865.59	1,140.56	22.811
2/1/2017	2,487,515.86	1,177.80	23.556
8/1/2017	2,568,734.09	1,216.26	24.325
2/1/2018	2,652,604.12	1,255.97	25.119
8/1/2018	2,739,212.53	1,296.98	25.940
2/1/2019	2,828,648.73	1,339.32	26.786
8/1/2019	2,921,005.06	1,383.05	27.661
2/1/2020	3,016,376.86	1,428.21	28.564
8/1/2020	3,114,862.57	1,474.84	29.497
2/1/2021	3,216,563.88	1,522.99	30.460
8/1/2021	3,321,585.77	1,572.72	31.454
2/1/2022	3,430,036.65	1,624.07	32.481
8/1/2022	3,542,028.50	1,677.10	33.542
2/1/2023	3,657,676.91	1,731.85	34.637
8/1/2023	3,777,101.29	1,788.40	35.768
2/1/2024	3,900,424.91	1,846.79	36.936
8/1/2024	4,027,775.09	1,907.09	38.142
2/1/2025	4,159,283.30	1,969.36	39.387
8/1/2025	4,295,085.29	2,033.66	40.673
2/1/2026	4,435,321.26	2,100.06	42.001
8/1/2026	4,580,135.99	2,168.62	43.372
2/1/2027	4,729,678.96	2,239.43	44.789
8/1/2027	4,884,104.56	2,312.55	46.251
2/1/2028	5,043,572.21	2,388.06	47.761
8/1/2028	5,208,246.53	2,466.03	49.321
2/1/2029	5,378,297.53	2,546.54	50.931
8/1/2029	5,553,900.74	2,629.69	52.594
2/1/2030	5,735,237.46	2,715.55	54.311
8/1/2030	5,922,494.89	2,804.21	56.084
2/1/2031	6,115,866.33	2,895.77	57.915
8/1/2031	6,315,551.41	2,990.32	59.806
2/1/2032	6,521,756.28	3,087.95	61.759
8/1/2032	6,734,693.81	3,188.78	63.776
2/1/2033	6,954,583.81	3,292.89	65.858
8/1/2033	7,181,653.30	3,400.40	68.008
2/1/2034	7,416,136.69	3,511.43	70.229
8/1/2034	7,658,276.04	3,626.08	72.522
2/1/2035	7,908,321.31	3,744.47	74.889
8/1/2035	8,166,530.65	3,866.73	77.335
2/1/2036	8,433,170.61	3,992.98	79.860
8/1/2036	8,708,516.46	4,123.35	82.467
2/1/2037	8,992,852.44	4,257.98	85.160
8/1/2037	9,286,472.08	4,397.00	87.940
2/1/2038	9,589,678.50	4,540.57	90.811
8/1/2038	9,902,784.72	4,688.82	93.776
2/1/2039	10,226,113.95	4,841.91	96.838
8/1/2039	10,560,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009
Maturity Date	8/1/2040
Maturity Amount	$11,000,000
Accretion Rate	6.650%
Original $Price	13.321%
Original Principal	$1,465,310.00

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$1,465,310.00	$666.05	13.321
2/1/2010	1,495,710.39	679.87	13.597
8/1/2010	1,545,443.63	702.47	14.049
2/1/2011	1,596,830.53	725.83	14.517
8/1/2011	1,649,926.07	749.97	14.999
2/1/2012	1,704,787.08	774.90	15.498
8/1/2012	1,761,472.24	800.67	16.013
2/1/2013	1,820,042.22	827.29	16.546
8/1/2013	1,880,559.68	854.80	17.096
2/1/2014	1,943,089.38	883.22	17.664
8/1/2014	2,007,698.24	912.59	18.252
2/1/2015	2,074,455.37	942.93	18.859
8/1/2015	2,143,432.22	974.29	19.486
2/1/2016	2,214,702.59	1,006.68	20.134
8/1/2016	2,288,342.74	1,040.16	20.803
2/1/2017	2,364,431.47	1,074.74	21.495
8/1/2017	2,443,050.19	1,110.48	22.210
2/1/2018	2,524,283.03	1,147.40	22.948
8/1/2018	2,608,216.91	1,185.55	23.711
2/1/2019	2,694,941.64	1,224.97	24.499
8/1/2019	2,784,550.02	1,265.70	25.314
2/1/2020	2,877,137.93	1,307.79	26.156
8/1/2020	2,972,804.44	1,351.27	27.025
2/1/2021	3,071,651.92	1,396.21	27.924
8/1/2021	3,173,786.13	1,442.63	28.853
2/1/2022	3,279,316.37	1,490.60	29.812
8/1/2022	3,388,355.55	1,540.16	30.803
2/1/2023	3,501,020.34	1,591.37	31.827
8/1/2023	3,617,431.30	1,644.29	32.886
2/1/2024	3,737,713.00	1,698.96	33.979
8/1/2024	3,861,994.13	1,755.45	35.109
2/1/2025	3,990,407.69	1,813.82	36.276
8/1/2025	4,123,091.07	1,874.13	37.483
2/1/2026	4,260,186.24	1,936.45	38.729
8/1/2026	4,401,839.92	2,000.84	40.017
2/1/2027	4,548,203.65	2,067.37	41.347
8/1/2027	4,699,434.07	2,136.11	42.722
2/1/2028	4,855,692.99	2,207.13	44.143
8/1/2028	5,017,147.61	2,280.52	45.610
2/1/2029	5,183,970.69	2,356.35	47.127
8/1/2029	5,356,340.73	2,434.70	48.694
2/1/2030	5,534,442.18	2,515.66	50.313
8/1/2030	5,718,465.60	2,599.30	51.986
2/1/2031	5,908,607.91	2,685.73	53.715
8/1/2031	6,105,072.56	2,775.03	55.501
2/1/2032	6,308,069.78	2,867.30	57.346
8/1/2032	6,517,816.77	2,962.64	59.253
2/1/2033	6,734,537.97	3,061.15	61.223
8/1/2033	6,958,465.28	3,162.94	63.259
2/1/2034	7,189,838.30	3,268.11	65.362
8/1/2034	7,428,904.61	3,376.77	67.535
2/1/2035	7,675,920.01	3,489.05	69.781
8/1/2035	7,931,148.82	3,605.07	72.101
2/1/2036	8,194,864.14	3,724.94	74.499
8/1/2036	8,467,348.14	3,848.79	76.976
2/1/2037	8,748,892.39	3,976.77	79.535
8/1/2037	9,039,798.16	4,109.00	82.180
2/1/2038	9,340,376.71	4,245.63	84.913
8/1/2038	9,650,949.67	4,386.80	87.736
2/1/2039	9,971,849.36	4,532.66	90.653
8/1/2039	10,303,419.16	4,683.37	93.667
2/1/2040	10,646,013.84	4,839.10	96.782
8/1/2040	11,000,000.00	5,000.00	100.000

Upland Unified School District
San Bernardino County, California
Election of 2008 General Obligation Bonds, Series B
Table of Accreted Values

Settlement	10/8/2009
Maturity Date	8/1/2041
Maturity Amount	$2,100,000
Accretion Rate	11.308%
Original $Price	13.898%
Original Principal	$63,441.00

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
10/8/2009	$63,441.00	$151.05	3.021
2/1/2010	65,675.40	156.37	3.127
8/1/2010	69,388.20	165.21	3.304
2/1/2011	73,311.00	174.55	3.491
8/1/2011	77,456.40	184.42	3.688
2/1/2012	81,837.00	194.85	3.897
8/1/2012	86,465.40	205.87	4.117
2/1/2013	91,354.20	217.51	4.350
8/1/2013	96,516.00	229.80	4.596
2/1/2014	101,976.00	242.80	4.856
8/1/2014	107,738.40	256.52	5.130
2/1/2015	113,832.60	271.03	5.421
8/1/2015	120,267.00	286.35	5.727
2/1/2016	127,066.80	302.54	6.051
8/1/2016	134,253.00	319.65	6.393
2/1/2017	141,842.40	337.72	6.754
8/1/2017	149,864.40	356.82	7.136
2/1/2018	158,335.80	376.99	7.540
8/1/2018	167,290.20	398.31	7.966
2/1/2019	176,748.60	420.83	8.417
8/1/2019	186,740.40	444.62	8.892
2/1/2020	197,299.20	469.76	9.395
8/1/2020	208,454.40	496.32	9.926
2/1/2021	220,239.60	524.38	10.488
8/1/2021	232,692.60	554.03	11.081
2/1/2022	245,847.00	585.35	11.707
8/1/2022	259,749.00	618.45	12.369
2/1/2023	274,436.40	653.42	13.068
8/1/2023	289,951.20	690.36	13.807
2/1/2024	306,343.80	729.39	14.588
8/1/2024	323,664.60	770.63	15.413
2/1/2025	341,968.20	814.21	16.284
8/1/2025	361,300.80	860.24	17.205
2/1/2026	381,729.60	908.88	18.178
8/1/2026	403,313.40	960.27	19.205
2/1/2027	426,115.20	1,014.56	20.291
8/1/2027	450,206.40	1,071.92	21.438
2/1/2028	475,662.60	1,132.53	22.651
8/1/2028	502,555.20	1,196.56	23.931
2/1/2029	530,972.40	1,264.22	25.284
8/1/2029	560,994.00	1,335.70	26.714
2/1/2030	592,712.40	1,411.22	28.224
8/1/2030	626,224.20	1,491.01	29.820
2/1/2031	661,630.20	1,575.31	31.506
8/1/2031	699,035.40	1,664.37	33.287
2/1/2032	738,561.60	1,758.48	35.170
8/1/2032	780,318.00	1,857.90	37.158
2/1/2033	824,439.00	1,962.95	39.259
8/1/2033	871,050.60	2,073.93	41.479
2/1/2034	920,299.80	2,191.19	43.824
8/1/2034	972,333.60	2,315.08	46.302
2/1/2035	1,027,311.60	2,445.98	48.920
8/1/2035	1,085,393.40	2,584.27	51.685
2/1/2036	1,146,763.80	2,730.39	54.608
8/1/2036	1,211,603.40	2,884.77	57.695
2/1/2037	1,280,105.40	3,047.87	60.957
8/1/2037	1,352,484.00	3,220.20	64.404
2/1/2038	1,428,953.40	3,402.27	68.045
8/1/2038	1,509,744.60	3,594.63	71.893
2/1/2039	1,595,105.40	3,797.87	75.957
8/1/2039	1,685,292.00	4,012.60	80.252
2/1/2040	1,780,581.60	4,239.48	84.790
8/1/2040	1,881,255.60	4,479.18	89.584
2/1/2041	1,987,620.60	4,732.43	94.649
8/1/2041	2,100,000.00	5,000.00	100.000

George K. Baum & Company