NEW ISSUE—BOOK-ENTRY ONLY

RATING:
S&P: "AAA"
See "RATING" herein.

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the District with certain covenants, under present law, interest on Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.

$19,000,000
LARKSPUR-CORTE MADERA SCHOOL DISTRICT
(Marin County, California)
General Obligation Bonds,
Election of 2014, Series A (2014)

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

The $19,000,000 Larkspur-Corte Madera School District (Marin County, California) General Obligation Bonds, Election of 2014, Series A (2014) (the "Bonds") are being issued by the Larkspur-Corte Madera School District (the "District") pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code (the "Bond Law") and a resolution of the Board of Trustees of the District. The Bonds are being issued to (a) finance the acquisition and construction of educational facilities and projects which were described in the ballot measure approved by the electors of the District on June 3, 2014, which authorized the issuance of general obligation bonds in the maximum aggregate principal amount of $19,000,000 (the "2014 Authorization"), and (b) pay for costs of issuance of the Bonds. The Bonds constitute the first and only issue of bonds under the 2014 Authorization. The Bonds will be issued as current interest bonds.

The Bonds constitute general obligations of the District. The Board of Supervisors of Marin County is empowered and obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of interest on, and principal of, the Bonds upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), all as more fully described herein under "THE BONDS" and "AD VALOREM PROPERTY TAXATION."

The Bonds are issuable in denominations of $5,000 and any integral multiple thereof. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2015. See "THE BONDS" herein. The Bonds will be delivered in fully registered form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as paying agent, to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

$1,905,000 Serial Bonds

CUSIP† Prefix: 51724T

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix	Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix
2017	$ 15,000	7.450%	0.750%	BD5	2022	$165,000	8.000%	2.000%	BJ2
2018	40,000	6.850	1.000	BE3	2023	205,000	8.000	2.250	BK9
2019	65,000	8.000	1.250	BF0	2024	250,000	8.000	2.500	BL7
2020	95,000	8.000	1.500	BG8	2025	300,000	8.000	2.450c	BM5
2021	130,000	8.000	1.750	BH6	2031	640,000	3.000	3.100	BQ6

$755,000 6.375% Term Bonds maturing August 1, 2027; Price: 134.516c%, to yield 2.400%; CUSIP† 51724T BN3

$1,550,000 5.000% Term Bonds maturing August 1, 2030; Price: 119.679c%, to yield 2.700%; CUSIP† 51724T BP8

$1,445,000 4.000% Term Bonds maturing August 1, 2033; Price: 106.246c%, to yield 3.250%; CUSIP† 51724T BR4

$1,715,000 3.250% Term Bonds maturing August 1, 2035; Price: 97.000%, to yield 3.453%; CUSIP† 51724T BS2

$1,990,000 3.375% Term Bonds maturing August 1, 2037; Price: 98.000%, to yield 3.503%; CUSIP† 51724T BT0

$2,300,000 3.500% Term Bonds maturing August 1, 2039; Price: 98.500%, to yield 3.592%; CUSIP† 51724T BU7

$2,640,000 3.500% Term Bonds maturing August 1, 2041; Price: 98.000%, to yield 3.617%; CUSIP† 51724T BV5

$4,700,000 3.500% Term Bonds maturing August 1, 2044; Price: 97.500%, to yield 3.638%; CUSIP† 51724T BW3

This cover page and the inside cover page contain information for quick reference only. They are not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The following firm, serving as municipal advisor to the District, has structured this issue:

WULFF, HANSEN & CO.
ESTABLISHED 1931
INVESTMENT BANKERS

The Bonds will be offered when, as and if issued, and received by the purchaser thereof, subject to the approval as to their validity by Quint & Thimmig LLP, Larkspur, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by Quint & Thimmig LLP, Larkspur, California, Disclosure Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about October 14, 2014.

September 29, 2014

 CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the registered owners of the Bonds. Neither the District nor the Underwriter is responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.
c Priced to the August 1, 2024, par call date.

Use of Official Statement. 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. This Official Statement is not a contract between any bond or note owner and the District or the Underwriter indicated in this Official Statement.

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

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document Summaries. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

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

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
230 Doherty Drive
Larkspur, California 94939
(415) 927-6960
http://www.larkspurschools.org

DISTRICT ADMINISTRATION

Valerie Pitts, Ed.D, *Superintendent*
Yancy Hawkins, CPA, *Chief Business Official*

PROFESSIONAL SERVICES

BOND COUNSEL and DISCLOSURE COUNSEL
Quint & Thimmig LLP
Larkspur, California

MUNICIPAL ADVISOR
Wulff, Hansen & Co.
San Francisco, California

PAYING AGENT, TRANSFER AGENT
and AUTHENTICATION AGENT
The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

$19,000,000
LARKSPUR-CORTE MADERA SCHOOL DISTRICT
(Marin County, California)
General Obligation Bonds, Election of 2014, Series A (2014)

INTRODUCTION

This Official Statement, which includes the cover page, the inside cover page and appendices hereto, provides information in connection with the sale of $19,000,000 General Obligation Bonds, Election of 2014, Series A (2014) (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, the inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The Larkspur-Corte Madera School District (the "District") was established in 1895 and covers approximately 11.5 square miles in the communities of Larkspur and Corte Madera in Marin County (the "County") and is currently operating two schools (one middle school and one elementary school). The District plans to open a second elementary school in the fall of 2014. The District serves more than 1,400 students.

The District is governed by a five member Board of Trustees, whose members are elected at large to four-year terms. The members of the District Board elect a president each year. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-today District operations as well as the supervision of the District's other personnel.

The District's average daily attendance for fiscal year 2012-13 was 1,360 and its projected average daily attendance for fiscal year 2013-14 is 1,422. The District has a 2013-14 assessed valuation of $3,740,126,241.

For more complete information concerning the District, including certain financial information, see "THE DISTRICT" and "APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION." The District's audited financial statements for the fiscal year ended June 30, 2013, are included as APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2013.

Sources of Payment for the Bonds

The Bonds represent general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the County. The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property in the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

Authority for Issue; Purpose of Issue

The Bonds are issued pursuant to the Constitution and laws of the State of California (the "State"), including the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code (the "Bond Law"). The Bonds are authorized to be issued pursuant to a resolution (the "Bond Resolution"), adopted by the Board of Trustees of the District (the "District Board") on September 10, 2014.

The Bonds are being issued to (a) finance the acquisition and construction of educational facilities and projects which were described in the ballot measure approved by the electors of the District on June 3, 20104, which authorized the issuance of general obligation bonds in the maximum aggregate principal amount of $19,000,000 (the "2014 Authorization"), and (b) pay for costs of issuance of the Bonds. The Bonds are the first and only issue under the 2014 Authorization.

Description of the Bonds

The Bonds are being issued as current interest bonds. The Bonds will be dated as of their date of delivery, will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. Interest on the Bonds accrues from their date of delivery and is payable semiannually on each February 1 and August 1 (each an "Interest Payment Date"), commencing February 1, 2015.

The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" and APPENDIX G—BOOK-ENTRY 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 Resolutions 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 principal amount or any integral multiple thereof.

Certain of the Bonds are subject to redemption prior to maturity. See "THE BONDS—Redemption."

Tax Matters

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel ("Bond Counsel"), subject to compliance by the District with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX MATTERS."

Offering and Delivery

The Bonds are offered when, as and if issued and received by the purchaser thereof, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about October 14, 2014.

Continuing Disclosure

The District will covenant for the benefit of the holders of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events 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 enumerated events is summarized below under the caption "CONTINUING DISCLOSURE." Also, see APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

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 for inspection at the office of the Superintendent, Larkspur-Corte Madera School District, 230 Doherty Drive, Larkspur, CA 94939, telephone (415) 927-6960. The District may impose a charge for copying, mailing and handling.

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.

The information set forth herein 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 Constitution and laws of the State, including the provisions of the Bond Law. The Bonds are authorized pursuant to the Bond Resolution.

Purpose of Issuance

The Bonds are being issued to (a) finance the acquisition and construction of educational facilities and projects which were described in the 2014 Authorization, and (b) pay for costs of issuance of the Bonds. See "—Sources and Uses of Funds."

The District has authorized and issued certain other general obligation bonds. See APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—District Debt Structure.

Security

The Bonds represent general obligations of the District payable solely from *ad valorem* property taxes levied and collected with respect to the Bonds. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes for the payment of the Bonds, and the interest thereon, upon all property in the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes are required to be levied annually, in addition to all other taxes, during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be deposited, with respect to the Bonds, into the Interest and Sinking Fund and which is required by the California Education Code to be applied for the payment of principal of and interest on the Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County Director of Finance will maintain the Interest and Sinking Fund, the Bonds are a debt of the District, not the County.

The moneys in the Interest and Sinking Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred by County, through the County Director of Finance, to the Paying Agent (hereinafter defined) which, in turn, will pay such moneys to DTC to pay the principal of and interest on the Bonds. DTC will thereupon make payments of principal and interest on the Bonds to the DTC Participants who will thereupon make payments of principal and interest to the Beneficial Owners (as defined herein) of the Bonds.

The amount of the annual *ad valorem* tax 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 rate to fluctuate. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemption for property owned by the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by 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 annual tax rate. 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 physical certificates representing their interest in the Bonds. See "Book-Entry Only System" and APPENDIX G—BOOK-ENTRY ONLY SYSTEM.

Interest with respect to the Bonds accrues from their date of delivery and is payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2015. Interest on the Bonds accrues on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Interest Payment Date to that Interest Payment Date, inclusive, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before February 15, 2015, in which event it will bear interest from their date of delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on the dates, in the years and amounts set forth on the inside cover page hereof. The principal of and interest on the Bonds will be payable by check or draft mailed by first-class mail, in lawful money of the United State of America upon presentation and surrender of such Bond at the office of the Paying Agent; *provided however*, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any owner of Bonds in the aggregate principal amount of $1,000,000 or more. See also "Book Entry Only System" below.

See the maturity schedules on the inside cover page hereof and "DEBT SERVICE SCHEDULES—Bonds."

Payment

The redemption price, if any, on the Bonds will be payable upon maturity or redemption upon surrender of such Bonds at the principal office of the Paying Agent. The interest, principal and redemption price, if any, on the Bonds will be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are general obligations of the District and do not constitute obligations of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

Redemption

Optional Redemption. The Bonds maturing on and prior to August 1, 2024, are not callable for redemption prior to their stated maturity date. The Bonds maturing on and after August 1, 2025, are callable for redemption prior to their stated maturity date at the option of the District, in whole or in part on any date on or after August 1, 2024 (in such maturities and amounts as are designated by the District, or, if the District fails to designate such maturities, on a proportional basis), from any source lawfully available therefor, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Special Redemption. The Bonds are callable for redemption prior to their stated maturity date at the option of the District, in whole or in part on any date on and after August 1, 2019, (in inverse order of maturity and by lot within a maturity), from moneys received by the District from the proceeds of a State school bond issue, at a redemption price equal to the principal amount of the Bonds called for redemption (not to exceed $11,190,000), together with accrued interest to the date fixed for redemption, without premium.

Sinking Fund Redemption. The Bonds maturing on August 1, 2027, are also subject to mandatory sinking fund redemption in part by lot on August 1, 2026, and on August 1, 2027, from Mandatory Sinking Account Payments made by the District at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2026	$350,000
2027†	405,000

†Maturity

The Bonds maturing on August 1, 2030, are also subject to mandatory sinking fund redemption in part by lot on August 1, 2028, and on each August 1 thereafter, to and including August 1, 2030, from Mandatory Sinking Account Payments made by the District at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2028	$460,000
2029	515,000
2030†	575,000

†Maturity

The Bonds maturing on August 1, 2033, are also subject to mandatory sinking fund redemption in part by lot on August 1, 2032, and on August 1, 2033, from Mandatory Sinking Account Payments made by the District at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2032	$690,000
2033†	755,000

†Maturity

The Bonds maturing on August 1, 2035, are also subject to mandatory sinking fund redemption in part by lot on August 1, 2034, and on August 1, 2035, from Mandatory Sinking Account Payments made by the District at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2034	$825,000
2035†	890,000

†Maturity

The Bonds maturing on August 1, 2037, are also subject to mandatory sinking fund redemption in part by lot on August 1, 2036, and on August 1, 2037, from Mandatory Sinking Account Payments made by the District at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2036	$ 960,000
2037†	1,030,000

†Maturity

The Bonds maturing on August 1, 2039, are also subject to mandatory sinking fund redemption in part by lot on August 1, 2038, and on August 1, 2039, from Mandatory Sinking Account Payments made by the District at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2038	$1,110,000
2039†	1,190,000

†Maturity

The Bonds maturing on August 1, 2041, are also subject to mandatory sinking fund redemption in part by lot on August 1, 2040, and on August 1, 2041 from Mandatory Sinking Account Payments made by the District at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2040	$1,275,000
2041†	1,365,000

†Maturity

The Bonds maturing on August 1, 2044 are also subject to mandatory sinking fund redemption in part by lot on August 1, 2042, and on each August 1 thereafter, to and including August 1, 2044, from Mandatory Sinking Account Payments made by the District at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2042	$1,465,000
2043	1,565,000
2044†	1,670,000

†Maturity

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed shall be called in such order as shall be directed by the District and, in lieu of such direction, in inverse order of their maturity. Within a maturity, the Paying Agent shall select the Bonds for redemption by lot; *provided, however*, that the portion of any Bonds to be redeemed shall be in the principal amount of $5,000 or some integral multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bonds as representing that number of Bonds which is obtained by dividing the principal amount of such Bonds by five thousand dollars.

Notice of Redemption. The Paying Agent is required to give notice of the redemption of the Bonds at the expense of the District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bonds to be redeemed, the portion of the principal amount of such Bonds to be redeemed, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Notice of redemption shall be by registered or otherwise secured mail or delivery service, postage prepaid, to the registered owner of the Bonds, or if the registered owner is a syndicate, to the managing member of such syndicate, to a municipal registered securities depository and to a national information service that disseminates securities redemption notices, and by first class mail, postage prepaid, to the District and the respective owners of any registered Bonds designated for redemption at their addresses appearing on the bond register, in every case at least thirty (30) days, but not more than sixty (60) days, prior to the redemption date; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

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

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

Partial Redemption of Bonds. Upon the surrender of any Bonds redeemed in part only (other than Bonds redeemed from sinking fund payments), the Paying Agent shall execute and deliver to the registered owner thereof a new Bonds or Bonds of like tenor and maturity and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such registered owner, the Paying Agent and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption. Notice having been given as described above, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for such purpose, the Bonds to be redeemed shall become due and payable on such date of redemption. If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the registered owners of the Bonds so to be redeemed. 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 Paying Agent, and sufficient moneys are held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, then such Bonds shall no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Defeasance

The Bonds may be defeased prior to maturity in the following ways:

(a) *Cash*. By irrevocably depositing with a bank or trust company, in escrow, an amount of cash which, together with amounts then on deposit in the Interest and Sinking Fund, is sufficient to pay all Bonds outstanding, including all principal and interest and premium, if any; or

(b) *Defeasance Securities*. By irrevocably depositing with a bank or trust company, in escrow, non-callable Defeasance Securities (as defined below), as permitted under section 149(d) of the Code, 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 Interest and Sinking Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds (including all principal and interest represented thereby and redemption premiums, if any), at or before their maturity date;

then, notwithstanding that any of the Bonds will not have been surrendered for payment, all obligations of the District and the County with respect to all outstanding Bonds will cease and terminate, except for the obligation of the County and the Paying Agent or an independent escrow agent selected by the District 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.

"Defeasance Securities" means direct and general obligations of the United States of America (including State and Local Government Series), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidence of direct ownership or proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein; (a) a bank or trust company acts as custodian and holds the underlying Defeasance Securities; (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 Defeasance Securities; and (c) the underlying Defeasance Securities are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claims 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 "AA+" by Standard & Poor's if the Bonds are then rated by Standard & Poor's, and "Aaa" by Moody's Investors Service if the Bonds are then rated by Moody's Investors Service.

Partial Defeasance

A portion of the then-outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

> (a) *Cash*. By irrevocably depositing with a bank or trust company, in escrow, an amount of cash which, together with amounts then on deposit in the Interest and Sinking Fund, is sufficient to pay the designated outstanding maturities of Bonds, including all principal and interest and premium, if any; or
>
> (b) *Defeasance Securities*. By irrevocably depositing with a bank or trust company, in escrow, non-callable Defeasance Securities, as permitted under section 149(d) of the Code, 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 Interest and Sinking Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge the designated outstanding maturities of Bonds (including all principal and interest represented thereby and redemption premiums, if any), at or before their maturity date;

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

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in the Resolution (each, a "Bond Register"). Subject to the provisions of the Resolution, the person in whose name a Bond is registered on the Bond Register will be regarded as the absolute owner of that Bond for all purposes of the Resolution. Payment of or on account of the principal of any Bond will be made only to or upon the order of that person; neither the District, nor the Paying Agent will be affected by any notice to the contrary, but the registration may be changed as provided in the Resolution. All such payments will be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

In the event that the book-entry 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.

Any Bond may be exchanged for Bonds of the same series of like tenor, maturity, and outstanding principal amount or maturity value (the "Transfer Amount") upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the principal office of the Paying Agent together with an assignment executed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent will complete, 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 accruing interest at the same rate and maturing on the same date.

In all cases of exchanged or transferred Bonds, the District will sign and the Paying Agent will authenticate and deliver Bonds in accordance with the provisions of the Resolution. All fees and costs of transfer will be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer will be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under the Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer will be canceled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District may have acquired in any manner whatsoever, and those Bonds will be promptly canceled by the Paying Agent. Written reports of the surrender and cancellation of Bonds will be made to the District by the Paying Agent. The canceled Bonds will be retained for a period of time, then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District nor the Paying Agent 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 either any Interest Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Interest Payment 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.

Sources and Uses of Funds

The estimated sources and uses of funds in connection with the Bonds are as follows:

Sources of Funds:	
Principal Amount of Bonds	$19,000,000.00
Plus: Original Issue Premium	897,087.75
Less: Underwriter's Discount	(210,610.00)
Total Sources of Funds	$19,686,477.75
Uses of Funds:	
Deposit to Building Fund	$18,860,000.00
Deposit to Interest and Sinking Fund	686,477.75
Costs of Issuance (1)	140,000.00
Total Uses of Funds	$19,686,477.75

(1) Includes Bond Counsel fees, Disclosure Counsel fees, municipal advisory fees, printing costs, rating agency fees and other miscellaneous expenses.

Debt Service Schedule

The following table shows the annual debt service schedule with respect to the Bonds (assuming no optional redemptions).

Period Ending	Principal (1)	Interest (2)	Total
8/1/15	—	$ 608,749.92	$ 608,749.92
8/1/16	—	763,588.75	763,588.75
8/1/17	$ 15,000	763,588.75	778,588.75
8/1/18	40,000	762,471.25	802,471.25
8/1/19	65,000	759,731.25	824,731.25
8/1/20	95,000	754,531.25	849,531.25
8/1/21	130,000	746,931.25	876,931.25
8/1/22	165,000	736,531.25	901,531.25
8/1/23	205,000	723,331.25	928,331.25
8/1/24	250,000	706,931.25	956,931.25
8/1/25	300,000	686,931.25	986,931.25
8/1/26	350,000	662,931.25	1,012,931.25
8/1/27	405,000	640,618.75	1,045,618.75
8/1/28	460,000	614,800.00	1,074,800.00
8/1/29	515,000	591,800.00	1,106,800.00
8/1/30	575,000	566,050.00	1,141,050.00
8/1/31	640,000	537,300.00	1,177,300.00
8/1/32	690,000	518,100.00	1,208,100.00
8/1/33	755,000	490,500.00	1,245,500.00
8/1/34	825,000	460,300.00	1,285,300.00
8/1/35	890,000	433,487.50	1,323,487.50
8/1/36	960,000	404,562.50	1,364,562.50
8/1/37	1,030,000	372,162.50	1,402,162.50
8/1/38	1,110,000	337,400.00	1,447,400.00
8/1/39	1,190,000	298,550.00	1,488,550.00
8/1/40	1,275,000	256,900.00	1,531,900.00
8/1/41	1,365,000	212,275.00	1,577,275.00
8/1/42	1,465,000	164,500.00	1,629,500.00
8/1/43	1,565,000	113,225.00	1,678,225.00
8/1/44	1,670,000	58,450.00	1,728,450.00
TOTAL	$19,000,000	$15,747,229.92	$34,747,229.92

(1) Includes mandatory sinking fund installments.
(2) Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2015.

PAYING AGENT

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as the transfer agent, bond registrar, authenticating agent and paying agent for the Bonds (the "Paying Agent"). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice.

The Paying Agent, the District and the Underwriter have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the for the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. See APPENDIX G—BOOK-ENTRY SYSTEM.

THE DISTRICT

General Information

The Larkspur-Corte Madera School District (the "District") was established in 1895 and covers approximately 11.5 square miles in the communities of Larkspur and Corte Madera in Marin County (the "County") and is currently operating two schools (one middle school and one elementary school). The District plans to open a second elementary school in the fall of 2014. The District serves more than 1,400 students. Students graduating from the District attend high school in the Tamalpais Union High School District.

The District's average daily attendance for fiscal year 2012-13 was 1,360 and its projected average daily attendance for fiscal year 2013-14 is 1,422. The District has budgeted for approximately 144 employees. Budgeted full-time-equivalent positions (FTEs) include 96 certificated (credentialed teaching) staff and 48 classified (non-teaching) staff. These figures include management personnel. The District has budgeted general fund expenditures of approximately $15,208,942 for fiscal year 2014-15. The District has a 2013-14 assessed valuation of $3,740,126,241. The District operates under the jurisdiction of the County Superintendent of Schools.

Governing Board and Administration

The District is governed by a five member Board of Trustees, whose members are elected at large to four-year terms. The members of the District Board elect a president each year.

BOARD OF TRUSTEES
Larkspur-Corte Madera School District

Name	Position	Expiration of Term
Julia Ritter	President	2015
Susan Christman	Vice President	2017
Sally Relova	Clerk	2015
Daniel Durkin	Trustee	2017
Andrea Pierpont	Trustee	2017

Source: Larkspur-Corte Madera School District

The District's day-to-day operations are managed by a board-appointed Superintendent of Schools, Dr. Valerie Pitts, Ed. D., and by the District's Chief Business Official, Yancy Hawkins, CPA. Dr. Pitts has served as Superintendent for the District since 2005.

Average Daily Attendance and Base Revenue Limit

The following table summarizes the historical and current year estimated average daily attendance for the District.

AVERAGE DAILY ATTENDANCE
Larkspur-Corte Madera School District
Fiscal Years 2006-07 to 2014-15

Fiscal Year	Average Daily Attendance
2006-07	1,111.50
2007-08	1,128.64
2008-09	1,184.54
2009-10	1,219.02
2010-11	1,288.42
2011-12	1,325.17
2012-13	1,359.53
2013-14*	1,421.80
2014-15**	1,421.80

Source: Larkspur-Corte Madera School District
*Projected.
** Budgeted.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the County in the District's Interest and Sinking Fund, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts levy property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well. The District receives approximately 53% of its total general fund operating revenues from local property taxes.

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county Director of Finance prepares and mails tax bills to taxpayers and collects the taxes. In addition, the Director of Finance, as ex officio treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

Assessed Valuation of Property Within the District

Under Proposition 13, an amendment to the California Constitution adopted in 1978, the county assessor's valuation of real property is established as shown on the fiscal year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year, or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold, and may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership. See "DISTRICT FINANCIAL INFORMATION" and "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

For assessment and tax 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 property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll."

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The following table shows recent history of taxable property assessed valuation in the District.

The table below shows the assessed valuation in the District for fiscal years 2006-07 to 2013-14.

HISTORIC ASSESSED VALUATIONS
Larkspur-Corte Madera School District
Fiscal Years 2006-07 to 2013-14

Fiscal Year	Total Secured	Utility	Unsecured	Total Valuation	Annual % Change
2006-07	$ 2,913,137,905	$ 660,450	$ 127,868,721	$ 3,041,667,076	
2007-08	3,107,635,178	660,450	133,466,255	3,241,761,883	6.58
2008-09	3,298,339,518	916,507	138,017,582	3,437,273,607	6.03
2009-10	3,388,983,576	916,507	142,209,431	3,532,109,514	2.76
2010-11	3,333,469,742	916,507	144,250,942	3,478,637,191	-1.51
2011-12	3,387,344,966	916,507	141,361,165	3,529,622,638	1.47
2012-13	3,440,761,451	978,576	147,455,921	3,589,195,948	1.69
2013-14	3,596,936,569	978,576	142,211,096	3,740,126,241	4.20

Source: Marin County; Larkspur-Corte Madera School District; California Municipal Statistics, Inc.

The following table shows the 2013-14 assessed valuation of each jurisdiction within the boundaries of the District:

ASSESSED VALUATION BY JURISDICTION(1)
Larkspur-Corte Madera School District
Fiscal Year 2013-14

Jurisdiction	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
Town of Corte Madera	$ 2,213,709,891	59.19%	$ 2,498,591,538	88.60%
City of Larkspur	1,465,431,290	39.18	3,029,207,638	48.38
City of Mill Valley	24,019,496	.64	4,275,136,140	.56
Town of Tiburon	2,006	.00	4,142,190,100	.00
Unincorporated Marin County	36,963,558	.99	16,311,386,097	.23
Total District	$ 3,740,126,241	100.00%		
Total Marin County	$ 3,740,126,241	100.00%	$ 58,778,886,574	6.36%

Source: California Municipal Statistics, Inc.
(1) Before deduction of redevelopment incremental valuation.

The following table gives a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

ASSESSED VALUATION AND PARCELS BY LAND USE
Larkspur-Corte Madera School District
Fiscal Year 2013-14

	2013-14 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non Residential:				
Commercial/Office	$ 568,481,861	15.80%	163	3.07%
Vacant Commercial	18,393,818	.51	15	.28
Industrial	18,726,291	.52	15	.28
Vacant Industrial	1,289,624	.04	11	.21
Government/Social/Institutional	1,579,206	.04	10	.19
Subtotal Non-Residential	$ 608,470,800	16.92%	214	4.04%
Residential:				
Single Family Residence	$ 2,553,584,427	70.99%	3,900	73.56%
Condominium/Townhouse	239,428,828	6.66	650	12.26
Mobile Home	955,319	.03	49	.92
2+ Residential Units/Apartments	146,199,510	4.06	205	3.87
Vacant Residential	48,297,685	1.34	284	5.36
Subtotal Residential	$ 2,988,465,769	83.08%	5,088	95.96%
Total	$ 3,596,936,569	100.00%	5,302	100.00%

Source: California Municipal Statistics, Inc.
[1] Local secured assessed valuation; excluding tax-exempt property.

The following table focuses on single-family residential properties only, which comprise approximately 68% of the assessed value of taxable property in the District. The average assessed value per parcel is $654,765, and the median assessed value per parcel is $592,800.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Larkspur-Corte Madera School District
Fiscal Year 2013-14

	No. of Parcels	2013-14 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	3,900	$2,553,584,427	$654,765	$592,800

2013-14 Assessed Valuation	No. of Parcels(1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	295	7.560%	7.560%	$ 23,881,806	.940%	.94%
$100,000 - $199,999	586	15.026	22.590	81,371,894	3.187	4.122
$200,000 - $299,999	285	7.308	29.897	70,292,528	2.753	6.875
$300,000 - $399,999	222	5.692	35.590	77,661,358	3.041	9.916
$400,000 - $499,999	290	7.436	43.026	130,411,360	5.107	15.023
$500,000 - $599,999	293	7.513	50.538	160,332,557	6.279	21.301
$600,000 - $699,999	305	7.821	58.359	198,769,903	7.784	29.085
$700,000 - $799,999	327	8.385	66.744	244,551,867	9.577	38.662
$800,000 - $899,999	305	7.821	74.564	259,319,961	10.155	48.817
$900,000 - $999,999	222	5.692	80.256	211,002,750	8.263	57.080
$1,000,000 - $1,099,999	169	4.333	84.590	176,923,557	6.928	64.009
$1,100,000 - $1,199,999	152	3.897	88.487	175,193,546	6.861	70.870
$1,200,000 - $1,299,999	104	2.667	91.154	129,700,459	5.079	75.949
$1,300,000 - $1,399,999	90	2.308	93.462	121,024,207	4.739	80.688
$1,400,000 - $1,499,999	51	1.308	94.769	73,665,860	2.885	83.573
$1,500,000 - $1,599,999	43	1.103	95.872	66,510,427	2.605	86.177
$1,600,000 - $1,699,999	26	.667	96.538	42,880,966	1.679	87.857
$1,700,000 - $1,799,999	29	.744	97.282	50,453,333	1.976	89.832
$1,800,000 - $1,899,999	21	.538	97.821	38,838,468	1.521	91.353
$1,900,000 - $1,999,999	17	.436	98.256	33,226,732	1.301	92.655
$2,000,000 and greater	68	1.744	100.000	187,570,888	7.345	100.000
Total	3,900	100.00%		$2,553,584,427	100.00%	

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

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in the principal Tax Rate Area ("TRA") within the District from fiscal year 2009-10 to fiscal 2013-14. TRA 2-000 comprises approximately 59% of the total assessed value of property in the District.

TYPICAL TAX RATE PER $100 ASSESSED VALUATION
Larkspur-Corte Madera School District
Fiscal Years 2009-10 to 2013-14

Total Tax Rates (TRA 2–000 2013-14 Assessed Valuation: $2,209,514,665)

	2009-10	2010-11	2011-12	2012-13	2013-14
General Tax Rate	1.0000	1.0000	1.0000	1.0000	1.0000
Larkspur School District	0.0388	0.0429	0.0385	0.0495	0.0692
Tamalpais Union High School District	0.0425	0.0482	0.041	0.0371	0.0386
Marin Community College District	0.0192	0.0136	0.0175	0.0178	0.0204
Total Tax Rate	1.1005	1.1047	1.097	1.1044	1.1282

Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

Beginning in 1978-79, Article XIIIA and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior-voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each County.

The following table reflects the historical secured tax levy and year-end delinquencies for general obligation bonds of the District.

SECURED TAX CHARGE AND DELINQUENCY
Larkspur-Corte Madera School District
Fiscal Years 2008-09 to 2012-13

Fiscal Year	Secured Tax Charge(1)	Amount Delinquent as of June 30	Percent Delinquent as of June 30
2008-09	$1,207,112.65	$23,324.56	1.93%
2009-10	1,292,462.37	31,463.80	2.43%
2010-11	1,413,005.60	20,590.55	1.46%
2011-12	1,289,051.13	14,469.39	1.12%
2012-13	1,689,137.60	15,008.17	0.89%

Source: California Municipal Statistics, Inc.
(1) Bond debt service levy.

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. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within the County, with the County retaining all penalties and interest penalties affixed upon delinquent properties and redemptions of subsequent collections. Under the Teeter Plan, the County apportions secured property taxes on a cash basis to local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, the County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities.

The Teeter Plan is applicable to secured property tax levies. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts, special assessment districts, and benefit assessment districts.

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), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency, but penalties and interest would be credited to the political subdivisions.

The District is not aware of any petitions for the discontinuance of the Teeter Plan in the County.

Largest Property Owners

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation in fiscal year 2013-14, representing 13.24% of the District's total assessed valuation.

LARGEST LOCAL SECURED TAXPAYERS
Larkspur-Corte Madera School District
Fiscal Year 2013-14

	Property Owner	Primary Land Use	2013-14 Assessed Valuation	% of Total(1)
1.	Corte Madera Village LLC	Commercial	$132,397,198	3.68%
2.	770 Tamalpais Dr. Inc.	Commercial	96,468,902	2.68
3.	Nordstrom Inc.	Commercial	26,744,506	.74
4.	Larkspur Land 8 Owner LLC	Residential Development	21,674,999	.60
5.	JP Aptos Property LLC	Commercial	21,665,538	.60
6.	Pasha Paradise Point LLC	Commercial	18,152,543	.50
7.	Reis Family LLC	Commercial	17,570,877	.49
8.	IJ Marketplace LLC	Commercial	15,335,000	.43
9.	Macy's Primary Real Estate Inc.	Commercial	14,662,354	.41
10.	City Farm LLC	Residential	14,560,000	.40
11.	195-205 Tamal Vista Boulevard LLC	Commercial	14,175,450	.39
12.	Dennis A. Gilardi, Trust	Apartments	13,845,840	.38
13.	Upper Skylark LLC	Apartments	12,798,339	.36
14.	Theodore J. Stevens, Trust	Commercial	11,115,512	.31
15.	L. Frederick Duffin, Trust	Residential	9,775,000	.27
16.	201 Casa Buena Associates	Commercial	7,775,110	.22
17.	Meadowcreek Industrial Associates	Industrial	7,371,042	.20
18.	Corte Bella Associates LP	Apartments	6,876,110	.19
19.	CSS Corte Madera	Commercial	6,659,936	.19
20.	Americana Motels Inc.	Commercial	6,525,266	.18
			$476,149,522	13.24%

Source: California Municipal Statistics, Inc.
(1) 2013-14 Local secured and utility assessed valuation: $3,596,936,569.

Risk of Decline in Property Values; Earthquake Risk. Property values could be reduced by factors beyond the District's control, including earthquake and a depressed real estate market due to general economic conditions in the County, the region and the State.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes). Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional bonds in the future might also cause the tax rate to increase, although the District does not currently have any voter authorization to issue additional bonds.

State-Assessed Property. Under the California Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect, generally reducing the assessed value in the District as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Appeals of Assessed Valuation. State law affords an appeal procedure to taxpayers who disagree with the assessed value of their taxable property. Taxpayers may request a reduction in assessment directly from the County Assessor (the "Assessor"), who may grant or refuse the request, and may appeal an assessment directly to the County Board of Equalization, which rules on appealed assessments whether or not settled by the Assessor. The Assessor is also authorized to reduce the assessed value of any taxable property upon a determination that the market value has declined below the then-current assessment, whether or not appealed by the taxpayer.

The District can make no predictions as to the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding bonds) may be paid. Any refund of paid taxes triggered by a successful assessment appeal will be debited by the County Tax Collector against all taxing agencies who received tax revenues, including the District.

Proposition 8. Pursuant to California Proposition 8 of November 1978 ("Proposition 8"), 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. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. 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.

County assessors, at their discretion, may also, from time to time, review certain property types purchased between specific time periods (e.g., all single family homes and condominiums purchased shortly prior to widespread declines in the fair market value of residential real estate within the county) and may proactively, temporarily reduce the assessed value of qualifying properties to Proposition 8 assessed values without owner appeal therefor.

A property that has been reassessed under Proposition 8, whether pursuant to owner appeal or due to county assessor review, is subsequently reviewed annually to determine its lien date value. Assuming no change in ownership or new construction, and if and as market conditions improve, the assessed value of a property with a Proposition 8 assessed value in place may increase as of each property tax lien date by more than the standard annual inflationary factor growth rate allowed under Article XIIIA (currently, a 2% annual maximum) until such assessed value again equals the Article XIIIA base year value for such property as adjusted for inflation and years of ownership, at which point such property is again taxed pursuant to Article XIIIA and base year values may not be increased by more than the standard Article XIIIA annual inflationary factor growth rate. A change in ownership while a property is subject to a Proposition 8 reassessment assessed valuation will cause such assessed valuation to become fixed as a new Article XIIIA base year value for such property. A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

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

Direct and Overlapping Debt

Direct and Overlapping Debt. Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of August 13, 2014, 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 generally includes long-term obligations sold in the public credit markets by the public agencies listed. 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.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Larkspur-Corte Madera School District
As of August 13, 2014

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

2013-14 Assessed Valuation: $3,740,126,241

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 8/1/14
Marin Community College District	6.374%	$ 13,927,827
Tamalpais Union High School District	10.908	15,169,756
Larkspur School District	**100.000**	**38,932,516**[1]
Community Facilities Districts	.530-100.00	13,231,423
City 1915 Act Bonds	100.000	765,000
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$82,026,522
OVERLAPPING GENERAL FUND DEBT:		
Marin County General Fund Obligations	6.363%	$ 4,419,884
Marin County Pension Obligation Bonds	6.363	6,566,298
Marin County Transit District General Fund Obligations	6.363	10,771
Marin Municipal Water District General Fund Obligations	8.179	11,263
Marin Community College District General Fund Obligations	6.374	170,558
City of Corte Madera General Fund Obligations	88.598	8,546,740
Other City General Fund Obligations	Various	1,577,461
Kentfield Fire Protection District General Fund Obligations	.518	15,332
Twin Cities Police Authority General Fund Obligations	66.557	360,899
TOTAL OVERLAPPING GENERAL FUND DEBT		$ 21,679,206
COMBINED TOTAL DEBT		$ 103,705,728[2]

Ratios to 2013-14 Assessed Valuation:
Direct Debt ($38,932,516) 1.04%
Total Direct and Overlapping Tax and Assessment Debt . 2.19%
Combined Total Debt 2.77%

Source: California Municipal Statistics, Inc.
(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

COUNTY INVESTMENT POOL

In accordance with Section 41001 of the California Education Code, each California public school district maintains substantially all of its operating funds in the county treasury of the county in which it is located, and each county treasurer-tax collector serves as ex officio treasurer for those school district located within the county. Each treasurer-tax collector has the authority to invest school district funds held in the county treasury. Generally, the treasurer-tax collector pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis.

Each treasurer-tax collector is required to invest funds, including those pooled funds described above, in accordance with Section 53601 *et seq.* of the California Government Code. In addition, each treasurer-tax collector is required to establish an investment policy which may impose further limitations beyond those required by the California Government Code. A copy of the County investment policy and periodic reports on the County investment pool are available from the Director of Finance, Marin County, 3501 Civic Center Drive, Room 225, San Rafael, California, 94903, Telephone: (415) 473-6154. It is not intended that such information be incorporated into this Official Statement by such references. Certain information concerning the County's pooled investment portfolio as of July 31, 2014, is included here in APPEDIX D—COUNTY QUARTERLY INVESTMENT REPORT.

LEGAL OPINIONS

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Quint & Thimmig LLP, Larkspur, California, Bond Counsel for the District. Certain legal matters will also be passed upon for the District by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel. The fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the Bonds.

TAX MATTERS

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

Subject to the District's compliance with the above referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

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

The Code includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax exempt interest, including interest on the Bonds.

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

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

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

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

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

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

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

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

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

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

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded. Owners of Bonds with original issue discount or original issue premium, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax and State of California personal income tax consequences of owning such Bonds.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX E—FORMS OF OPINIONS OF BOND COUNSEL.

MUNICIPAL ADVISOR

Wulff, Hansen & Co., San Francisco, California, has served as municipal advisor (the "Municipal Advisor") to the District in connection with the issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The fees of the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

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 March 31 after the end of the District's fiscal year (the current end of the District's fiscal year is on June 30), commencing with the report for the 2013-14 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB"). The notices of enumerated events will be filed by the District with the MSRB. The specific nature of the information to be made available and to be contained in the notices of material events is summarized below under the caption APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

The District failed to submit required continuing disclosure reports and notices of material events prior to 2010. On May 25, 2010, the District filed a Notice of Failure to File for the missing reports from fiscal years 1999-00 through 2008-09 and filed audits and assessed value information for the those fiscal years. On that date, the District also filed tables detailing the largest taxpayers in the District for fiscal years 2004-05 and 2009-10. Recently, District filed tables of the largest taxpayers in the District for fiscal years 1999-00 through 2003-04 and 2005-06 through 2008-09 which were not filed in 2010. The District failed to file a material event notices regarding the rating changes of the insurer of its 2005 general obligation bonds. Due to widespread knowledge of these rating actions, material event notices were not filed by the issuer in each instance. The District also failed to timely file a material event notice when its underlying rating was raised to AAA (which was higher than the reduced rating of such insurer).

In August 2011, the District retained an independent dissemination agent which has filed the annual reports for the fiscal years 2009-10 through 2012-13. The report for fiscal year 2009-10, due in March 2011 was filed late, on September 21, 2011. Prior year budget data was incorrectly filed for fiscal years 2009-10 through 2011-12 when current budget data was required. The corrected filings have now been made. The other annual reports were complete and filed on time.

The following is summary of District filings on the MSRB EMMA website for the past 5 years follows:

- 2008-09 Annual Report (audit and assessed value) was filed late on 5/25/10.
- Missing largest taxpayers for 2008-09 was filed 8/29/14.
- 2009-10 Annual Report was filed late on 9/21/11 with incorrect prior year budget.
- 2009-10 Annual Report was refilled with current budget on 8/25/14.
- 2010-11 Annual Report was filed on time on 3/12/12 with prior year budget.
- 2010-11 Annual Report was refilled with current budget on 8/25/14.
- 2011-12 Annual Report was filed on time on 3/15/13 with prior year budget.
- 2011-12 Annual Report was refilled with current budget on 8/25/14.
- 2012-13 Annual Report was filed on time on 3/14/14 and included the forthcoming year's budget as required.

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 California.

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 by the District 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 or contesting the District's ability to issue and retire the Bonds.

RATING

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned the ratings of "AAA" to the Bonds. Such rating reflects only the view of S&P and any desired explanation of the significance of such rating should be obtained from S&P at 55 Water Street, New York, NY 10041. Generally, a rating agency bases it 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 S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Bonds.

UNDERWRITING

Following a competitive sale, the Bonds are being purchased by Hutchinson, Shockey, Erley & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $19,686,477.75 (being equal to the aggregate principal amount of the Bonds ($19,000,000), plus an original issue premium ($897,087.75), less an Underwriter's discount of $210,610.00)). 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 the notice of sale for the Bonds, 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 page hereof. 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, the Continuing Disclosure Certificate of the District 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.

All 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 Board.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

By /s/ Valerie Pitts, Ed.D.
Valerie Pitts, Ed.D.
Superintendent

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX A

THE ECONOMY OF THE DISTRICT

While the economics of the City of Larkspur (the "City"), the Town of Corte Madera (the "Town") and Marin County (the "County") and surrounding region influence the economics within the District, only property within the District is subject to an unlimited ad valorem tax levy to pay debt service on the Bonds.

Introduction

The County is located in the North San Francisco Bay Area of the State of California. The County seat is San Rafael. Marin County is one of the original 27 counties of California, created February 18, 1850, following adoption of the California Constitution of 1849 and just months before the state was admitted to the Union.

Marin County is well known for its natural beauty, liberal politics, and affluence. The county is governed by the Marin County Board of Supervisors. San Quentin Prison is located in the county, as is George Lucas' Skywalker Ranch. Autodesk, the publisher of AutoCAD, is also located there, as well as numerous other high-tech companies.

The Marin County Civic Center was designed by Frank Lloyd Wright and draws thousands of visitors a year to guided tours of its arch and atrium design. In 1994, a new county jail facility was embedded into the hillside nearby. Marin County's natural sites include the Muir Woods redwood forest, the Marin Headlands, Stinson Beach, the Point Reyes National Seashore, and Mount Tamalpais.

America's oldest cross country running event, the Dipsea Race, takes place annually in Marin County, attracting thousands of athletes. Mountain biking was invented on the slopes of Mount Tamalpais in Marin.

The City of Larkspur is located 3 miles (4.8 km) south of San Rafael. Larkspur's Police Department is shared with that of the neighboring Corte Madera and town of San Anselmo. Intersecting Larkspur's downtown is Madrone Canyon, a residential area amidst a redwood grove. The City of Larkspur is the location for one of Golden Gate Transit's main ferry terminals for its commuter passenger ferry service between Marin County and the San Francisco Ferry Building and job centers in the Financial District.

The Town of Corte Madera is located directly to the south of the City of Larkspur. Incorporated in 1916, the Town extends from San Francisco Bay on the east side of Highway 101 to Mt. Tamalpais on the west. Corte Madera occupies an area of four square miles of land, plus surrounding water tidelands.

Population

The table below summarizes population of the City, the Town and the County.

POPULATION
City of Larkspur, Town of Corte Madera and Marin County

Year	City of Larkspur	Town of Corte Madera	County of Marin
2010	11,926	9,253	252,409
2011	11,932	9,258	253,040
2012	11,989	9,297	253,373
2013	12,054	9,346	254,696
2014	12,102	9,381	255,846

Source: California Department of Finance, Demographic Research Unit.

Employment

The following table summarizes the historical numbers of workers by industry in Marin County for the last five years:

MARIN COUNTY
Labor Force and Industry Employment
Annual Averages by Industry

	2009	2010	2011	2012	2013(1)
Total, All Industries	103,400	101,900	103,200	106,100	109,600
Total Farm	500	500	400	400	400
Total Nonfarm	102,900	101,400	102,800	105,700	109,200
Goods Producing	8,200	7,800	7,600	7,600	7,900
Mining, Logging and Construction	6,200	5,800	5,600	5,500	5,600
Manufacturing	2,000	2,000	1,900	2,000	2,300
Service Providing	94,700	93,700	95,200	98,100	101,200
Trade, Transportation & Utilities	16,500	17,000	16,900	17,400	17,700
Information	2,000	2,100	2,600	2,800	2,900
Financial Activities	7,500	6,900	7,000	7,100	7,300
Professional & Business Services	18,500	18,300	17,700	18,500	19,000
Educational & Health Services	17,900	17,100	17,300	18,100	19,300
Leisure & Hospitality	12,700	12,200	12,900	13,700	14,500
Other Services	4,700	5,000	4,800	5,000	5,200
Government	15,000	15,000	16,000	15,500	15,400

Source: California Employment Development Department, based on July 2013 benchmark.
(1) Last available full year data.
*Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor/management trade disputes. Employment reported by place of work. Items may not add to totals due to independent rounding.

The following tables summarize historical employment and unemployment for Marin County, the State of California and the United States for the past five years:

MARIN COUNTY, CALIFORNIA, AND UNITED STATES
Civilian Labor Force, Employment, and Unemployment
(Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate (1)
2009	Marin County	132,000	121,800	10,200	7.7%
	California	18,208,300	16,144,500	2,063,900	11.3
	United States	154,142,000	139,877,000	14,265,000	9.3
2010	Marin County	134,200	123,500	10,700	8.0%
	California	18,316,400	16,051,500	2,264,900	12.4
	United States	153,889,000	139,064,000	14,825,000	9.6
2011	Marin County	136,900	126,900	10,100	7.4%
	California	18,384,900	16,226,600	2,158,300	11.7
	United States	153,617,000	139,869,000	13,747,000	8.9
2012	Marin County	139,800	130,900	8,800	6.3%
	California	18,494,900	16,560,300	1,934,500	10.5
	United States	154,975,000	142,469,000	12,506,000	8.1
2013	Marin County	141,900	134,700	7,200	5.0%
	California	18,596,800	16,933,300	1,663,500	8.9
	United States	155,389,000	143,929,000	11,460,000	7.4

Source: California Employment Development Department, based on March 2013 benchmark and US Department of Labor, Federal Bureau of Labor Statistics

(1) The unemployment rate is computed from unrounded data, therefore, it may differ from rates computed from rounded figures available in this table.

Major Employers

The table below sets forth the principal employers of the County.

MARIN COUNTY
2014 Major Employers

Company	Location	Industry
Autodesk Inc	San Rafael	Computer Programming Services
Bay Area Sea Kayakers	San Rafael	Membership Sports & Recreation Clubs
Bradley Real Estate	Belvedere Tiburon	Real Estate
Cagwin & Dorward Landscape	Novato	Landscape Contractors
College of Marin	Kentfield	Schools-Universities & Colleges Academic
Corrections Dept	San Quentin	State Govt-Correctional Institutions
Dominican University of Ca	San Rafael	Schools-Universities & Colleges Academic
Fair Isaac Corp	San Rafael	Credit Reporting Agencies
Fireman's Fund Insurance Co	Novato	Insurance
Kaiser Permanente Medical Ctr	San Rafael	Hospitals
Kentfield Rehabilitation Hosp	Kentfield	Rehabilitation Services
Lucas Licensing	Nicasio	Video Production & Taping Service
Macy's	Corte Madera	Department Stores
Managed Health Network Inc	San Rafael	Health Plans
Marin Community College	Kentfield	Schools-Universities & Colleges Academic
Marin General Hospital	Greenbrae	Hospitals
Nordstrom	Corte Madera	Department Stores
Novato Community Hospital	Novato	Hospitals
San Francisco State University	Belvedere Tiburon	Schools-Universities & Colleges Academic
San Rafael Human Resources	San Rafael	Government Offices-City, Village & Twp
Sonnen Motorcars-Audi-Vw	San Rafael	Automobile Dealers-New Cars
Sutter Health Facility	Novato	Hospitals
Township Building Svc Inc	Novato	Janitor Service
Westamerica Bancorp	San Rafael	Holding Companies (Bank)
Ymca	San Rafael	Youth Organizations & Centers

Source: California Employment Development Department. Data retrieved July 25, 2014.

Construction Activity

The following tables reflects the five-year history of building permit valuation for the Town, the City and County:

TOWN OF CORTE MADERA
Building Permits and Valuation
(Dollars in Thousands)

	2009	2010	2011	2012	2013
Permit Valuation:					
New Single-family	$ 0	$ 600	$ 0	$ 496	$ 200
New Multi-family	0	0	0	0	23,174
Res. Alterations/Additions	5,070	4,527	6,099	23,876	8,842
Total Residential	5,070	5,127	6,099	24,372	32,216
Total Nonresidential	8,143	4,878	8,188	28,737	37,219
Total All Building	$ 13,213	$ 10,006	$ 14,287	$ 53,109	$ 69,435
New Dwelling Units:					
Single Family	0	1	0	1	1
Multiple Family	0	0	0	0	179
Total	0	1	0	1	180

CITY OF LARKSPUR
Building Permits and Valuation
(Dollars in Thousands)

	2009	2010	2011	2012	2013
Permit Valuation:					
New Single-family	$ 2,789	$ 4,645	$ 1,436	$ 4,112	$ 11,317
New Multi-family	0	0	0	0	5,840
Res. Alterations/Additions	11,992	6,348	9,151	12,253	7,278
Total Residential	14,781	10,994	10,587	16,336	24,437
Total Nonresidential	4,121	5,300	4,769	4,314	30,107
Total All Building	$ 18,909	$ 16,295	$ 15,356	$ 20,680	$ 54,544
New Dwelling Units:					
Single Family	6	6	3	6	26
Multiple Family	0	0	0	0	14
Total	6	6	3	6	40

MARIN COUNTY
Building Permits and Valuation
(Dollars in Thousands)

	2009	2010	2011	2012	2013
Permit Valuation:					
New Single-family	$ 42,437	$ 59,252	$ 35,394	$ 36,152	$ 59,423
New Multi-family	18,928	0	7,621	4,927	33,397
Res. Alterations/Additions	138,760	144,548	160,275	132,762	152,065
Total Residential	200,126	203,800	203,290	173,842	244,885
Total Nonresidential	115,500	93,279	82,031	118,071	93,745
Total All Building	$ 315,627	$ 297,080	$ 285,321	$ 291,914	$ 378,771
New Dwelling Units:					
Single Family	65	75	55	67	90
Multiple Family	97	0	61	50	212
Total	162	75	126	117	302

Sources: Construction Industry Research Board: "Building Permit Summary."
Note: Totals may not add due to independent rounding.

Commercial Activity

Taxable sales in the County are shown below. Beginning in 2009, reports summarize taxable sales and permits using the NAICS codes. As a result of the coding change, however, industry-level data for 2009 are not comparable to prior years.

TAXABLE SALES, 2008-2012
MARIN COUNTY
(dollars in thousands)

	2008
Retail Stores	
Apparel Stores	$ 201,820
General Merchandise	402,168
Food Stores	213,437
Eating and Drinking	442,979
Household Group	206,525
Building Material Group	277,548
Automotive Group	486,808
Service Stations	337,412
All Other Retail Stores	505,997
Retail Stores Totals	3,074,694
Business & Personal Services	199,636
All Other Outlets	884,569
Total All Outlets(2)	$ 4,158,899

	2009 (1)	2010 (1)	2011 (1)	2012 (1)(3)
Retail and Food Services				
Motor Vehicles and Parts Dealers	$ 434,910	$ 485,061	$ 523,483	$ 610,028
Furniture and Home Furnishings Stores	106,960	109,379	117,090	118,307
Electronics and Appliance Stores	129,928	123,308	123,608	120,099
Bldg Mtrl. and Garden Equip. and Supplies	246,690	237,664	254,092	272,110
Food and Beverage Stores	246,161	259,294	266,823	277,873
Health and Personal Care Stores	109,301	114,342	121,051	122,472
Gasoline Stations	258,624	301,124	371,618	400,211
Clothing and Clothing Accessories Stores	243,655	263,834	280,098	305,000
Sporting Goods, Hobby, Book and Music Stores	128,490	131,892	138,838	137,827
General Merchandise Stores	261,529	265,063	273,199	281,325
Miscellaneous Store Retailers	157,795	175,970	182,054	184,154
Nonstore Retailers	26,001	25,596	26,884	41,692
Food Services and Drinking Places	418,831	422,951	455,433	486,787
Total Retail and Food Services	2,768,875	2,915,477	3,314,270	3,357,884
All Other Outlets	891,160	918,692	915,599	975,716
Totals All Outlets(2)	$ 3,660,036	$ 3,834,169	$ 4,049,869	$ 4,333,600

Source: California Board of Equalization, Taxable Sales in California (Sales & Use Tax).
(1) Starting in 2009, categories were revised from prior years.
(2) Totals may not add up due to independent rounding.
(3) Last available full year data.

Median Household Income

The following table summarizes the median household effective buying income for the City of Larkspur, the Town of Corte Madera, the County, the State of California and the nation for the years 2008 through 2012.

LARKSPUR, CORTE MADERA,MARIN COUNTY, CALIFORNIA AND UNITED STATES
Effective Buying Income

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2008	City of Larkspur	$ 652,228	$ 66,893
	Town of Corte Madera	420,273	77,297
	Marin County	10,769,315	68,816
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2009	City of Larkspur	$ 632,840	$ 69,777
	Town of Corte Madera	430,850	79,029
	Marin County	10,508,733	71,591
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Larkspur	$ 623,070	$ 66,413
	Town of Corte Madera	418,575	74,627
	Marin County	10,435,585	68,688
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Larkspur	$ 609,293	$ 66,447
	Town of Corte Madera	413,803	74,237
	Marin County	10,592,305	68,667
	California	814,578,457	47,062
	United States	6,438,704,663	41,253
2012	City of Larkspur	$ 655,748	$ 65,305
	Town of Corte Madera	463,863	79,092
	Marin County	11,615,363	69,129
	California	664,088,827	47,307
	United States	6,737,867,730	41,358

APPENDIX B

DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

The information in this appendix concerning the operations of the District, the District's finances, and State funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable from the proceeds of an ad valorem *tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the Official Statement.*

District Budget

The District is required by provisions of the California 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 8 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

For both dual and single budgets submitted on July 1, the county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Trustees and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than September 22, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget may be 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 section 42127.1 of the California Education Code. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or the 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 subsequent fiscal years.

The District's Second Interim Report for fiscal year 2013-14, adopted March 12, 2014, was certified as "Positive." The District has not received a qualified or negative certification in any of the last five years.

The following table shows the District's audited actual general fund for fiscal years 2011-12 and 2012-13, the District's estimated actuals for 2013-14 and the District's adopted general fund budget for 2014-15. For further information, see also APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2013.

GENERAL FUND BUDGET
Larkspur-Corte Madera School District
Fiscal Years 2011-12 to 2014-15

	Fiscal Year			
	2011-12 Actual	2012-13 Actual	2013-14 Estimated Actuals(2)	2014-2015 Adopted Budget(2)
Revenues:				
Revenue limit sources(1)	$ 6,990,759	$ 7,395,204	$8,727,912	$9,308,695
Federal sources	657,866	417,264	432,933	433,335
Other State sources	990,817	1,181,251	671,407	393,890
Other Local sources	5,653,939	5,486,268	5,002,525	4,743,601
Total revenues	$ 14,293,381	$ 14,479,987	$14,834,777	$14,879,521
Expenditures:				
Certificated salaries	$ 7,780,236	$ 8,053,986	$8,228,741	$8,315,545
Classified salaries	2,030,109	2,196,725	2,283,754	2,276,857
Employee benefits	2,400,583	2,466,680	2,599,071	2,661,492
Books & supplies	383,684	495,104	807,429	468,496
Contract services & operating expenditures	1,149,445	1,015,039	1,697,386	1,289,304
Capital outlay	71,576	57,495	13,000	0
Intergovernmental transfers	0	77,890	0	0
Debt Service	0	123,461	0	0
Other Outgo	106,853	0	119,221	142,233
Total expenditures	$ 13,922,486	$ 14,486,380	$15,748,602	$15,153,927
Excess (deficiency) of revenues over expenditures	370,895	(6,393)	(913,825)	(274,406)
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers out	(121,858)	(106,292)	(53,496)	(55,015)
Proceeds from long-term debt	34,748	57,495	0	0
Total other financing sources (uses)	(87,110)	(48,797)	(53,496)	(55,015)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	283,785	(55,190)	(967,321)	(329,421)
Beginning Fund Balance	$ 2,871,608	$ 3,155,393	$3,100,203	$2,132,882
Ending Fund Balance	$ 3,155,393	$ 3,100,203	$2,132,882	$1,803,461

Source: Larkspur-Corte Madera School District Audited Financial Statements and 2014-15 Budget adopted June 18, 2014.
(1) Revenue limit sources for fiscal years 2011-12 and 2012-13 and LCFF for fiscal years 2013-14 and 2014-15.
(2) From Budget Adopted June 18, 2014.

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 basic operating activities of the District. 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, 2013, and prior fiscal years are on file with the District and available for public inspection at the office of the Superintendent of the District, 230 Doherty Drive, Larkspur, California, telephone number (415) 927-6960. Copies of such financial statements will be mailed to prospective investors and their representatives upon request directed to the District at such address. For further information, see also APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2013.

GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCE
Larkspur-Corte Madera School District
Fiscal Years 2009-10 to 2012-13

	2009-10(1)	2010-11(1)	2011-12(1)	2012-13(1)
REVENUES				
Revenue Limit Sources	$ 6,996,763	$ 6,892,150	$ 6,990,759	$ 7,395,204
Federal Sources	666,606	290,138	657,866	417,264
Other State Sources	854,162	711,277	990,817	1,181,251
Other Local Sources	4,833,210	5,391,157	5,653,939	5,486,268
Total Revenues	$ 13,350,741	$ 13,284,722	$ 14,293,381	$ 14,479,987
EXPENDITURES				
Instruction	$ 8,488,646	$ 9,191,560	$ 9,177,360	$ 9,657,994
Supervision of Instruction	199,457	236,239	202,999	237,282
Instructional Library, Media & Technology	235,372	263,868	294,985	286,411
School Site Administration	992,000	978,256	991,685	1,085,489
Home to School Transportation	26,111	26,250	28,700	25,150
Food Services	0	0	0	0
All Other Pupil Services	481,897	357,915	379,348	379,846
Ancillary Services	10,745	10,580	27,116	31,458
General Administration – Date Processing	30,901	40,365	108,182	90,564
General Administration – All Other General Admin	1,304,925	1,197,103	1,254,207	1,221,888
Plant Services	1,042,137	1,160,201	1,174,249	1,204,503
Capital Outlay		0	85,686	64,444
Facility Acquisition and Construction	20	0	0	0
Intergovernmental Transfers	88,791	198,193	79,440	77,890
Debt Service	75,862	105,164	118,539	123,461
Total Expenditures	$ 12,976,864	$ 13,765,694	$ 13,922,486	$ 14,486,380
Revenues Over (Under) Expenditures	373,877	(480,972)	370,895	(6,393)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	0	0
Transfers Out	0	0	(121,858)	(106,292)
Proceeds From Long Term Debt	56,460	273,491	34,748	57,495
Net Financing Sources (Uses)	56,460	273,491	(87,110)	(48,797)
NET CHANGE IN FUND BALANCES	430,337	(207,481)	283,785	(55,190)
Fund Balance – Beginning	$ 2,648,752	$ 3,079,089	$ 2,871,608	$ 3,155,393
Fund Balance – Ending	$ 3,079,089	$ 2,871,608	$ 3,155,393	$ 3,100,203

Sources: Larkspur-Corte Madera School District Audited Financial Statements and Second Interim Report.
(1) District audited financial statements.

Summary of District Revenues and Expenditures

See "SCHOOL DISTRICT BUDGET PROCEDURES AND REQUIREMENTS—District Budget Process and County Review" for a general description of the annual budget process for California school districts. The District's audited financial statements for the year ending June 30, 2013, are reproduced in Appendix C. The final (unaudited) statement of receipts and expenditures for each fiscal year ending June 30 is required by State law to be approved by the District Board by September 15, and the audit report must be filed with the County Superintendent of Schools and State officials by December 15 of each year.

The District is required by State law and regulation to maintain various reserves. The District is generally required to maintain a reserve for economic uncertainties in the amount of 3% of its total general fund expenditures, based on total student attendance below 30,000. For fiscal year 2013-14, the District has budgeted an unrestricted general fund reserve of 13%, or approximately $2,128,198. Substantially all funds of the District are required by law to be deposited with and invested by the County Director of Finance on behalf of the District, pursuant to law and the investment policy of the County. See "MARIN COUNTY INVESTMENT POOL."

District Revenues—LCFF/Basic Aid

As part of the 2013-14 State Budget, the formula for determining the level of funding per student changed from the "revenue limit" formula to the "Local Control Funding Formula" (or "LCFF") discussed below. See "— State Funding of Education; State Budget Process—Local Control Funding Formula" below. The California Department of Education has not yet provided an update to the Standardized Accounting Code Structure (which all school districts in California use to account for their funds).

Under section 42238 *et seq.* of the California Education Code, prior to fiscal year 2013-14, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance ("A.D.A."). The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State's contribution.

The 2013-14 State Budget replaced the current K-12 finance system with the LCFF. The LCFF creates base, supplemental and concentration grants as the new general purpose entitlement to replace most existing funding streams, including the State aid portion of the revenue limit and most State categorical programs from prior years. Until full implementation, however, school districts will receive an annual transition adjustment for each school district beginning in fiscal year 2013-14, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. Beginning in fiscal year 2013-14, the Base Grants are to be adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI. Foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately. A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal year 2013-14.

ADA, ENROLLMENT AND EL/LE ENROLLMENT PERCENTAGE
Larkspur-Corte Madera School District
Fiscal Year 2013-14

	Average Daily Attendance						
Fiscal Year	K-3	4-6	7-8	9-12	Total District ADA	Total District Enrollment(2)	% of EL/LI Enrollment(3)
2013-14	656.03	468.47	297.39	0	1,421.89	1,462	11.83

Sources: Larkspur-Corte Madera School District
(1)Reflects P-2 ADA.
(2) Reflects CBEDS enrollment.
(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students will be expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment will be based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students will be based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain schools districts, known as "basic aid" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District is a basic aid district.

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

Support and Intervention. The State of California has established a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. On or before October 1, 2015, the State Board of Education is required to develop rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized (i) to modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other Local Revenues

The District receives additional local revenues from items such as parcel taxes, leases and rentals, special education support and other local sources. Other local sources comprised approximately 38% of general fund revenues in fiscal year 2012-13 and are estimated to equal approximately 34% of such revenues in fiscal year 2013-14.

District Expenditures

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

In its 2014-15 budget, the District estimates that it will expend $13,253,894 in salaries and benefits, or approximately 87% of its general fund expenditures. This amount represents an increase of approximately 1% from the $13,111,566 the District expended in 2013-14.

Labor Relations. There are two formal bargaining units operating in the District which are described in the table below.

LABOR ORGANIZATIONS
Larkspur-Corte Madera School District

Labor Organization	Contract Expiration
Larkspur-Corte Madera School Teachers' Association	June 30, 2015
California School Employees Association	June 30, 2014

Source: Larkspur-Corte Madera School District

Retirement Programs. Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

California Public Employees' Retirement System (CalPERS)

Plan Description. The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

Funding Policy. Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal years 2012-13was 11.417%. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2013, 2012 and 2011, were $162,819, 196,878, and 187,497, respectively, and equal 100 percent of the required contributions for each year.

State Teachers' Retirement System (CalSTRS)

District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS 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, 100 Waterfront Place, West Sacramento, California 95605, or at www.calstrs.com.

Funding Policy. Active plan members are required to contribute 8.0% of their salary The required employer contribution rate for fiscal year 2012-13 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2013, 2012, and 2011, were $597,679, $636,840, and $597,328, respectively, and equal 100% of the required contributions for each year.

On-Behalf Payments. The District was the recipient of on-behalf payments made by the State of California to STRS for K-12 education. These payments consist of state General Fund contributions of approximately $309,000 to STRS (4.267% of salaries subject to STRS in 2012-13).

Early Retirement Incentives – STRS Golden Handshake. At the end of the 2004-05 fiscal year, the District offered an early retirement incentive to certificated employees pursuant to Election Code Sections 22714 and 44929, also known as STRS Golden Handshake. Under the agreement, the District is obligated to make future payments on behalf of five retirees in the amount of $31,862 in principal and $1,427 in interest for 2013-14.

See also APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2013, Note 12.

Other Post-Employment Benefits (OPEB)

Plan Descriptions. Larkspur-Corte Madera School District administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical, dental and vision insurance benefits to eligible retirees and their spouses. The District has elected to early implement Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans,* in 2008-09. Membership in the plan consisted of 7 Retirees and beneficiaries receiving benefits and 33 active plan members as of the July 1, 2011 actuarial valuation date.

Eligibility. Certificated employees who were hired on or before June 30, 2000, and retire from the District with a STRS pension are eligible to receive District paid retiree health and welfare benefits.

Certificated employees who were hired between November 1, 1995, and June 30, 2000 must also have 15 years of service with the District upon retirement to be eligible for District paid benefits. Certificated employees who were hired on or after July 1, 2000, are not eligible for District paid benefits.

Classified, Administrative, and Confidential employees who were hired on or before June 30, 2001, and retire from the District on or after age 55 and 10 years of service with a PERS pension are eligible to receive District paid retiree health and welfare benefits. Classified, Administrative, and Confidential employees who are hired on or after July 1, 2001 are not eligible for District paid benefits.

District Paid Benefits. For Certificated retirees hired on or before October 31, 1979, the District pays $3,000 per year towards the cost of health coverage for 10 years from the date of retirement. For Certificated retirees hired after October 31, 1979, and before July 1, 2000, the District pays $3,000 per year towards the cost of health coverage for 5 years or until age 65, whichever is earlier.

For Classified retirees hired before July 1, 2001, the District pays $3,000 per year toward the cost of health coverage for 10 years or until age 65, whichever is earlier.

Dependent Benefits. Retirees may enroll their dependents in the District's health and welfare plan at the retiree's own expense.

Annual OPEB Cost and Net OPEB Obligation: The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2013, the amount actually contributed to the plan, and changes in the District's Net OPEB Obligation that resulted in a Net OPEB Obligation of $16,244 for the year ended June 30, 2013.

ANNUAL OPEB COST AND NET OPEB OBLIGATION
Larkspur-Corte Madera School District

Annual required contribution (ARC)	$ 31,319
Interest on Net OPEB Obligation	(1,397)
Adjustment to ARC	3,988
Annual OPEB cost (expense)	33,910
Contributions for the fiscal year	(15,199)
Decrease in Net OPEB Obligation	18,711
Net OPEB Obligation – June 30, 2012	(34,935)
Net OPEB Obligation – June 30, 2013	$ (16,224)

Source: Larkspur-Corte Madera School District 2013 Audited Financial Statements

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last three fiscal years is as follows:

HISTORICAL NET OPEB OBLIGATION
Larkspur-Corte Madera School District

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Liability (Asset)
June 30, 2013	$ 33,910	45%	$ (16,224)
June 30, 2012	33,253	69	(34,935)
June 30, 2011	21,094	195	(45,226)

Source: Larkspur-Corte Madera School District 2013 Audited Financial Statements

Funded Status and Funding Progress – OPEB Plans. As of July 1, 2011, the most recent actuarial valuation date, the District did not have a funded plan. The actuarial accrued liability (AAL) for benefits was $207,671 and the unfunded actuarial accrued liability (UAAL) was $207,671.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of and occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

See also APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2013, Note 13.

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by

State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make.

District Debt

General Obligation Bonds. The following table reflects the District's outstanding general obligation bonds as of September 29, 2014:

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Outstanding General Obligation Bonds
As of September 1, 2014

Date Issued	Series	Original Amount Issued	Outstanding Amount
9/13/00	General Obligation Bonds, 2000 Election, Series A (CABs)	$ 5,350,000	$ 3,802,702 (1)
9/1/05	General Obligation Bonds, 2000 Election, Series B (CABs)	2,999,815	2,999,816 (1)
1/27/11	2011 General Obligation Refunding Bonds	8,135,000	6,130,000
2/23/12	General Obligation Bonds, Election of 2011, Series A (2012)	26,000,000	26,000,000
TOTALS		$17,184,815	$15,729,676

Source: The District.
(1) Does not include accreted interest.

The annual requirements to amortize all outstanding general obligation bonds, including the bonds of this issue, are as follows:

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
General Obligation Bonds – Debt Service

Maturity (8/1)	2000A GO CABs	2000B GO CABs	2011 Bonds	2012 Bonds	2014 Bonds	Total
2015	$ 930,000	—	$ 762,538	$ 1,015,738	$ 608,750	$ 3,317,026
2016	975,000	—	736,938	1,050,338	763,589	3,525,865
2017	1,005,000	—	711,488	1,084,238	778,589	3,579,315
2018	1,035,000	—	711,288	1,125,638	802,471	3,674,397
2019	1,070,000	—	700,288	1,165,238	824,731	3,760,257
2020	1,105,000	—	693,888	1,203,038	849,531	3,851,457
2021	1,145,000	—	681,888	1,249,038	876,931	3,952,857
2022	1,185,000	—	679,488	1,292,838	901,531	4,058,857
2023	1,190,000	—	671,288	1,334,438	928,331	4,124,057
2024	1,220,000	—	662,488	1,383,838	956,931	4,223,257
2025	1,255,000	—	651,563	1,429,738	986,931	4,323,232
2026	—	$1,830,000	—	1,479,438	1,012,931	4,322,369
2027	—	1,830,000	—	1,532,188	1,045,619	4,407,807
2028	—	1,835,000	—	1,587,838	1,074,800	4,497,638
2029	—	1,835,000	—	1,641,238	1,106,800	4,583,038
2030	—	1,835,000	—	1,697,388	1,141,050	4,673,438
2031	—	—	—	1,761,138	1,177,300	2,938,438
2032	—	—	—	1,822,188	1,208,100	3,030,288
2033	—	—	—	1,884,988	1,245,500	3,130,488
2034	—	—	—	1,948,588	1,285,300	3,233,888
2035	—	—	—	2,017,788	1,323,488	3,341,276
2036	—	—	—	2,088,713	1,364,563	3,453,276
2037	—	—	—	2,164,113	1,402,163	3,566,276
2038	—	—	—	2,239,413	1,447,400	3,686,813
2039	—	—	—	2,317,963	1,488,550	3,806,513
2040	—	—	—	2,399,313	1,531,900	3,931,213
2041	—	—	—	2,479,063	1,577,275	4,056,338
2042	—	—	—	2,567,813	1,629,500	4,197,313
2043	—	—	—	—	1,678,225	1,678,225
2044	—	—	—	—	1,728,450	1,728,450
Total	$12,115,000	$9,165,000	$7,663,143	$46,963,275	$34,747,230	$110,653,662

Source: The District.

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

Capital Leases. The District leases equipment under agreements that provide for title to pass upon expiration of the lease period. The District will receive no sublease rental revenues nor pay any contingent rentals for the equipment. Future minimum lease payments are as follows:

Larkspur-Corte Madera School District
Capital Leases

Fiscal Year	Principal	Interest	Total
2013-14	$ 28,613	$ 4,057	$ 32,670
2014-15	18,190	3,188	21,378
2015-16	19,214	2,165	21,379
2016-17	18,025	1,192	19,217
2017-18	10,606	244	10,850
Total	$ 94,648	$ 10,846	$ 105,494

Source: Larkspur-Corte Madera School District 2013 Audited Financial Statements

Joint Ventures. The Larkspur-Corte Madera School District participates in two joint ventures under separate joint powers agreements (JPAs), with the Marin Schools Insurance Authority (MSIA) and the Marin Pupil Transportation Agency (MPTA). The relationship between the Larkspur-Corte Madera School District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The Marin Schools Insurance Authority arranges for and provides workers' compensation, property and liability and health insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

The Marin Pupil Transportation Agency provides transportation services for students within member district borders through state entitlements and fees paid by member districts. The JPA is governed by ta board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. (See "THE BONDS—Security.") Articles XIIIA, XIIIB, XIIIC and XIIID of the California Constitution, Propositions 98, 111, 218 and 39, 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 County to levy taxes and of the District to spend tax proceeds and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the 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 of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to 1% of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for payment of the District's bonds approved at the 2006 and 2008 elections falls within the exception for bonds approved by a 55% vote.

Section 2 of Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the fiscal year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restored value of the damaged property. The State courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each county and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

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

Legislation Implementing Article XIIIA

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

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency, if any, claims on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

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.

Beginning in fiscal year 1981-82, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of 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.

Article XIIIB of the California Constitution

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 will 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 certain debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

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

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it will be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

California Lottery

In the November 1984 general election, the voters of the State approved a Constitutional Amendment establishing a California State Lottery (the "State Lottery"), the net revenues (revenues less expenses and prizes) of which shall be used to supplement other moneys allocated to public education.

The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of State Lottery net revenues is based upon the average daily attendance of each school and community college district; however, the exact allocation formula may vary from year to year. In 2013-14, the District budgets to receive $230,654 in State Lottery aid, representing approximately 2% of the District's general fund revenues. At this time, the amount of additional revenues that may be generated by the State Lottery in any given year cannot be predicted.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act") which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to exempt the 1% *ad valorem* tax limitation that Section 1(a) of Article XIIIA of the Constitution levies, to pay bonds approved by 55% of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for an elementary and high school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Alternatively, charter schools are independent public schools formed by teachers, parents, and other individuals and/or groups. The schools function under contracts or "charters" with local school districts, county boards of education, or the State Board of Trustees. They are exempt from most State laws and regulations affecting public schools. As of June 2000, there were 309 charter schools in California, serving about 105,000 students (less than 2% of all K-12 students). The law permits an additional 100 charter schools each year until 2003, at which time the charter school program will be reviewed by the Legislature. Under current law, school districts must allow charter schools to use, at no charge, facilities not currently used by the district for instructional or administrative purposes.

Proposition 39 requires that each local K-12 school district provide charter school facilities sufficient to accommodate the charter school's students. A K-12 school district, however, would not be required to spend its general discretionary revenues to provide these facilities for charter schools. Instead, the district could choose to use these or other revenues — including State and local bonds. Such facilities must be reasonably equivalent to the district schools that such charter students would otherwise attend. The respective K-12 school district is permitted charge the charter school for its facilities if district discretionary revenues are used to fund the facilities and a district may decline to provide facilities for a charter school with a current or projected enrollment of fewer than 80 students. There are presently no charter schools within the District.

Article XIIIC and XIIID of the California Constitution

On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District's voters, depending upon the Article of the Constitution under which it is passed.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6,1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond or a Mello-Roos Community Facilities District bond in the future, although certain procedures and burdens of proof may be altered slightly. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

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.

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. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 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.

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.

Kindergarten-University Public Education Facilities Bond Act of 2006

The Kindergarten-University Public Education Facilities Bond Act of 2006 ("Proposition 1D") appeared on the November 7, 2006 ballot as Proposition 1D and was approved by California voters. This measure authorized the sale and issuance of $10.4 billion in general obligation bonds for construction and renovation of K-12 school facilities ($7.3 billion) and higher education facilities ($3.1 billion). Proposition 1D makes available $3.3 billion for reconstruction or modernization of existing K-12 school facilities. K-12 school districts are required to pay for 40% of these costs with local revenues, unless qualified for hardship funding. Proposition 1D also includes $1.9 billion for acquisition of land and new construction of K-12 school facilities. K-12 school districts are required to pay for 50% of such costs with local revenues, unless qualified for hardship funding. Proposition 1D directs a total of $1.0 billion to K-12 school districts which are considered severely overcrowded, specifically to schools that have large number of pupils relative to the size of the school site.

Proposition 30

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. Beginning in the taxable year commencing January 1, 2012 and through the taxable year ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $608,000 for joint filers).

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See

"CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 26 and 98 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 the District's revenues or their ability to expend revenues.

GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

State Funding of Education; State Budget Process

General. As is true for all school districts in the State, the District's operating income consists primarily of two components: a State portion funded from the State's general fund and a locally-generated portion derived from the District's share of the 1% county-wide *ad valorem* property tax authorized by the State Constitution. School districts may be eligible for other special categorical funding, including for State and federal programs. Because the District's legal minimum funding level is expected to be met from local property taxes alone, the District does not project receipt of any general operating funds from the State in fiscal year 2013-14. As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may affect District operations, though generally to a lesser extent than these may affect most school districts.

State funding is guaranteed to a minimum level for school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. The funding guarantee is known as "Proposition 98," a constitutional and statutory initiative amendment adopted by the State's voters in 1988, and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the State Constitution).

Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is at the heart of annual budget negotiations and adjustments.

Adoption of Annual State Budget. According to the State Constitution, the Governor of the State (the "Governor") must propose a budget to the State Legislature no later than January 10 of each year. Under an initiative constitutional amendment approved by the State's voters on November 2, 2010 as "Proposition 25", a final budget must be adopted by a majority vote (rather than a two-third majority, as was the case prior to the passage of Proposition 25) of each house of the Legislature no later than June 15, although this deadline has been breached in the past. Any tax increase provision of such final budget shall continue to require approval by a two-thirds majority vote of each house of the State Legislature. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the 2013-14 Budget on June 27, 2013.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected state officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The State Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: www.sco.ca.gov. Should the Legislature fail to pass the budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

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

In recent years, the State's response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent, and others, sued the State or Governor in 1995, 2005, and 2009, to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006 (QEIA), have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

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

Recent State Budgets

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

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

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

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

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

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2013-14 Budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 6, 2012 statewide election, as well as other spending cuts, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State Budget again be stressed and if projections included in such budget do not materialize.

2014-15 State Budget

On June 20, 2014, the Governor signed into law the State budget for fiscal year 2014-15 (the "2014-15 Budget"). The following information is drawn from the State Department of Finance's summary of the 2014-15 Budget.

The 2014-15 Budget is based on revenue projections previously included in the Governor's May revision to the proposed budget for fiscal year 2014-15. For fiscal year 2013-14, the 2014-15 Budget projects total State general fund revenues of $102.2 billion, and total State general fund expenditures of $100.7 billion. The 2014-15 Budget projects that the State will end the 2013-14 fiscal year with a $2.9 billion general fund surplus. For fiscal year 2014-15, the 2014-15 Budget projects total State general fund revenues of $109.4 billion and total State general fund expenditures of $108 billion, leaving the State with a projected general fund surplus for fiscal year 2014-15 of approximately $2.1 billion. This projected reserve is a combination of $449 million in the State's general fund traditional reserve, and an authorized deposit of $1.6 billion into the Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

The 2014-15 Budget includes total funding of $76.6 billion (comprised of $45.3 billion from the State general fund and $31.3 billion from other funds) for all K-12 education programs. For fiscal year 2014-15, the Proposition 98 minimum funding guarantee is set at $60.9 billion, an increase of $5.6 billion over the amount included in the fiscal year 2013-14 State budget. When combined with increases of $4.4 billion in fiscal years 2012-13 and 2013-14, the 2014-15 Budget provides a $10 billion increased investment in K-14 education. The 2014-15 Budget projects that Proposition 98 funding for K-12 education will grow by more than $12 billion from fiscal year 2011-12 to fiscal year 2014-15, representing an increase of more than $1,900 per student.

Significant features of the 2014-15 Budget related to the funding of K-12 education include the following:

- *Teacher Pensions* – The 2014-15 Budget includes a plan of shared responsibility among the State, school districts and community college districts, and teachers to eliminate the approximately $74.4 billion of unfunded CalSTRS (defined herein) liability in approximately 30 years. For fiscal year 2014-15, the plan directs $276 million in additional contributions from all three entities. Under the plan, (i) teacher contributions will increase from 8% to a total of 10.25% of pay, phased in over the next three years; (ii) school district and community college district contributions will increase from 8.25% to 19.1% of payroll, phased in over the next seven years; and (iii) the State contributions will increase from approximately 3% to 6.3% of payroll, phased in over the next three years, and the State will continue to pay 2.5% of payroll annually for a supplemental inflation protection program, for a total contribution of 8.8% of payroll in fiscal year 2016-17 and ongoing. The plan also provides the CalSTRS board with limited authority to (i) increase State, school district and community college district contributions based on changing conditions, and (ii) reduce school district and community college district contributions if they are no longer necessary.

- *Local Control Funding Formula* – An increase of $4.75 billion in Proposition 98 funding to continue the transition to the LCFF. This increase is projected to close the remaining funding implementation gap between fiscal year 2013-14 funding levels and the LCFF target funding levels by more than 29%. The 2014-15 Budget also addresses an administrative problem related to the collection of income eligibility forms that are used to determine student eligibility for free or reduced price meals. See also "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula" herein.

- *K-12 Deferrals* – Repay nearly $4.7 billion in Proposition 98 funding for K-12 expenses that had been deferred from one year to the next during the recession, leaving an outstanding balance of less than $900 million in K-12 deferrals at the end of fiscal year 2014-15. The 2014-15 Budget also includes a trigger mechanism that will appropriate any additional funding resources attributable to fiscal years 2013-14 and 2014-15 subsequent to the enactment of the 2014-15 Budget in order to retire the remaining deferral balance.

- *Independent Study* – The 2014-15 Budget streamlines the existing independent study program, reducing administrative burdens and freeing up time for teachers to spend on student instruction and support, while making it easier for schools to offer and expand instructional opportunities available to students through non-classroom based instruction.

- *K-12 Mandates* – An increase of $400.5 million in one-time Proposition 98 funding to reimburse K-12 local educational agencies for the costs of State-mandated programs.

- *K-12 High- Speed Internet Access* – An increase of $26.7 million in one-time Proposition 98 funding for the K-12 High Speed Network to provide technical assistance and grants to K-12 local educational agencies required to successfully implement Common Core. These funds will be targeted to those K-12 local educational agencies most in need of help with securing internet connectivity and infrastructure required to implement the new computer adaptive tests under Common Core.

- *Career Technical Education Pathways Program* – An increase of $250 million in one-time Proposition 98 funding to support competitive grants for participating K-14 local educational agencies. The Career Pathways Trust Program provides grant awards to improve career technical programs and linkages between employers, schools, and community colleges.

- *Potential Cap on School District Reserves* – Commencing with budgets adopted by a K-12 school district for the 2015–16 fiscal year, AB 1463, a trailer bill on K-12 issues passed in connection with the 2014-15 Budget, requires a school district that proposes to adopt or revise a budget that results in a combined assigned or unassigned ending fund balance exceeding that school district's respective minimum reserve for economic uncertainties amount, as set forth in the State Board of Education's annually-issued criteria and standards for reviewing school district interim reports, to provide at a public hearing, among other things, a statement of reasons that substantiates the need for the balance, and requires the respective county superintendent of schools, when making the required determinations, to also determine whether a school district's adopted or revised budget includes a such a balance. Subject to the passage of California Proposition 44 (the "Rainy Day Budget Stabilization Fund Act") currently on the November 4, 2014 statewide ballot, AB 1463 provides that, in any fiscal year immediately after which a transfer is made by the State into the Public School System Stabilization Account, a new reserve fund for Proposition 98 that would be created by the Rainy Day Budget Stabilization Fund Act, a school district's adopted or revised budget shall be prohibited from containing a combined assigned or unassigned ending fund balance that is in excess of either two or three times that school district's respective annual minimum recommended reserve for economic uncertainties amount, as established by the State Board of Education. Subject to the passage of the Rainy Day Budget Stabilization Fund Act, AB 1463 further authorizes the respective county superintendent of schools to waive the prohibition, pursuant to specified conditions, for up to two consecutive fiscal years within a three-year period, if a school district provides documentation indicating that extraordinary fiscal circumstances substantiates the need for the balance.

For additional information regarding the State's budgets and revenue projections and a more detailed description of the 2014-15 Budget, see the State Department of Finance website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. 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.

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

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved. Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years—such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Supplemental Information Concerning Litigation Against the State of California

In June 1998, a complaint was filed in Los Angeles County Superior Court challenging the authority of the State Controller to make payments in the absence of a final, approved State Budget. The Superior Court judge issued a preliminary injunction preventing the State Controller from making payments including those made pursuant to continuing appropriations prior to the enactment of the State's annual budget. As permitted by the State Constitution, the Legislature immediately enacted and the Governor signed an emergency appropriations bill that allowed continued payment of various State obligations, including debt service, and the injunction was stayed by the California Court of Appeal, pending its decision.

On May 29, 2003, the California Court of Appeal for the Second District decided the case of *Steven White, et al. v. Gray Davis (as Governor of the State of California), et al.* The Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of state funds during a budget impasse only when payment is either (i) authorized by a "continuing appropriation" enacted by the Legislature, (ii) authorized by a self-executing provision of the California Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the California Constitution – the provision establishing minimum funding of K-14 education enacted as part of Proposition 98 – did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the minimum funding to be appropriated every budget year but do not appropriate funds. The State Controller has concluded that the provisions of the Education Code establishing K-12 and county office revenue limit funding do constitute continuing appropriations enacted by the Legislature and, therefore, the State Controller has indicated that State payments of such amounts would continue during a budget impasse. However, no similar continuing appropriation has been cited with respect to K-12 categorical programs and revenue limit funding for community college districts, and the State Controller has concluded that such payments are not authorized pursuant to a continuing appropriation enacted by the Legislature and, therefore, cannot be paid during a budget impasse. The California Supreme Court granted the State Controller's Petition for Review on a procedural issue unrelated to continuous appropriations and on the substantive question as to whether the State Controller is authorized to pay State employees their full and regular salaries during a budget impasse. No other aspect of the Court of Appeal's decision was addressed by the State Supreme Court.

On May 1, 2003, with respect to the substantive question, the California Supreme Court concluded that the State 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. The Supreme Court also remanded the preliminary injunction issue to the Court of Appeal with instructions to set aside the preliminary injunction in its entirety.

State Funding of School Construction

The State makes funding for school facility construction and modernization available to K-12 districts throughout the State through the Office of Public School Construction ("OPSC") and the State Allocation Board ("SAB"), from proceeds of State general obligation bonds authorized and issued for this purpose. Such bonds were authorized in the amount of $13.05 billion, $11.40 billion of which were for K-12 school facilities and $1.65 billion of which were for higher education facilities, on November 5, 2002 under Proposition 47, passed by 58.9% of the State-wide vote. An additional bond measure for education capital projects was approved on March 2, 2006 under Proposition 55, passed by 50.6% of the State-wide vote, in an authorization amount of $12.3 billion, $10.0 billion of which is for K-12 school facilities and $2.3 billion of which is for higher education facilities. A State general obligation bond measure that includes $7.329 billion for construction, modernization and related purposes for K-12 school districts was approved by a majority of voters in the November 7, 2006 State-wide election.

The SAB allocates bond funds for 50% of approved new construction costs, 60% of approved modernization costs (80% for modernization project applications made prior to February 1, 2002), or up to 100% of approved costs of any type if the school district is approved for "hardship" funding. The school district is responsible for the portion of costs not funded by the State, commonly funding their portion with their own general obligation bonds, certificates of participation or accumulated builder's fee revenue. School districts routinely apply for such funding whenever they have projects they believe meet OPSC and SAB criteria for funding.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2013

THIS PAGE INTENTIONALLY LEFT BLANK

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

AUDIT REPORT

For the Fiscal Year Ended June 30, 2013

THIS PAGE INTENTIONALLY LEFT BLANK

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2013
Table of Contents

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

OTHER INDEPENDENT AUDITORS' REPORTS

FINDINGS AND RECOMMENDATIONS

Financial Section

(This page intentionally left blank)

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Larkspur-Corte Madera School District
Larkspur, California

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Larkspur-Corte Madera School District, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2012-13.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Larkspur-Corte Madera School District, as of June 30, 2013, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE • Elizabeth Nigro, CPA • CJ Gaunder, CPA • Kevin Brejnak, CPA, CFE
Ph: 951-698-8783 | Fax: 951-699-1064 | 25220 Hancock Ave., Ste. 400, Murrieta, CA 92562 | Web: www.nncpas.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, budgetary comparison information on page 42, and schedule of funding progress on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Larkspur-Corte Madera School District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 6, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

December 6, 2013

This discussion and analysis of Larkspur-Corte Madera School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Overall revenues were $16.7 million, and overall expenses were $17.2 million.
- The District's net position decreased by $540,551 or 31.7%.
- The total cost of the basic programs was $17.2 million. Because a portion of these costs were paid for with charges, fees and intergovernmental aid, the net cost that required taxpayer funding was $15.8 million.
- The District decreased its outstanding long-term debt by roughly $0.7 million.
- Average daily attendance (ADA) in grades K-8 grew by 34, or 2.6%.

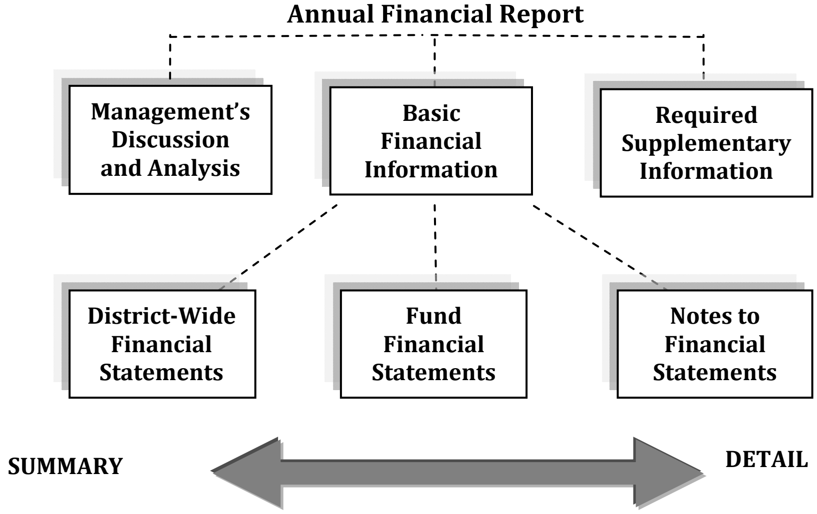
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Larkspur-Corte Madera School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain non-financial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements (continued)
The two district-wide statements report the District's net position and how it has changed. Net Position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.

- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, namely, the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2013, than it was the year before – decreasing 31.7% to $1.2 million. (See Table A-1).

Table A-1: Comparative Statement of Net Position

	Governmental Activities		Variance Increase (Decrease)
	2013	**2012**	
Assets			
Current assets	$ 30,566,201	$ 32,353,715	$ (1,787,514)
Non-current assets	621,549	675,764	(54,215)
Capital assets, net of depreciation	19,689,658	18,831,788	857,870
Total assets	50,877,408	51,861,267	(983,859)
Liabilities			
Current liabilities	1,105,085	875,392	229,693
Long term liabilities	48,604,764	49,277,765	(673,001)
Total liabilities	49,709,849	50,153,157	(443,308)
Net position			
Net investment in capital assets	901,226	566,703	334,523
Restricted	2,961,261	3,461,106	(499,845)
Unrestricted	(2,694,928)	(2,319,699)	(375,229)
Total net position	$ 1,167,559	$ 1,708,110	$ (540,551)

Changes in net position, governmental activities. The District's total revenues increased 0.9% to $16.7 million (See Table A-2). The increase is due primarily to increases in Federal and State aid.

The total cost of all programs and services increased 6.6% to $17.2 million. The District's expenses are predominantly related to educating and caring for students, 69.1%. The purely administrative activities of the District accounted for just 7.8% of total costs. A significant contributor to the increase in costs was from instruction and instruction related services.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Comparative Statement of Changes in Net Position

	Governmental Activities		Variance
	2013	**2012**	**Increase (Decrease)**
Program Revenues:			
Charges for Services	$ 65,235	$ 42,237	$ 22,998
Operating Grants & Contributions	1,346,511	1,518,969	(172,458)
General Revenues:			
Taxes	11,270,865	10,696,337	574,528
Federal & State Aid	1,367,795	895,707	472,088
Interest & Investment Earnings	37,531	23,037	14,494
Miscellaneous	2,604,510	3,378,530	(774,020)
Total Revenues	16,692,447	16,554,817	137,630
Expenses:			
Instruction	9,635,525	9,150,709	484,816
Instruction Related Services	1,718,667	1,585,920	132,747
Pupil Services	552,322	531,096	21,226
General Administration	1,350,139	1,383,300	(33,161)
Plant Services	1,232,349	1,215,230	17,119
Ancillary Services	31,458	27,116	4,342
Interest on Long Term Debt	1,543,452	1,263,254	280,198
Other Outgo	301,775	79,440	222,335
Depreciation (unallocated)	867,311	931,665	(64,354)
Total Expenses	17,232,998	16,167,730	1,065,268
Change in net position	$ (540,551)	$ 387,087	$ (927,638)

Table A-3: Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost of Services	
	2013	**2012**	**2013**	**2012**
Instruction	$ 9,635,525	$ 9,150,709	$ 8,539,529	$ 7,877,661
Instruction Related Services	1,718,667	1,585,920	1,655,599	1,524,999
Pupil Services	552,322	531,096	325,831	350,198
General Administration	1,350,139	1,383,300	1,338,149	1,376,443
Plant Services	1,232,349	1,215,230	1,230,506	1,209,549
Ancillary Services	31,458	27,116	23,486	14,189
Interest on Long Term Debt	1,543,452	1,263,254	1,543,452	1,263,254
Other Outgo	301,775	79,440	297,389	58,566
Depreciation (Unallocated)	867,311	931,665	867,311	931,665
Total	$ 17,232,998	$ 16,167,730	$ 15,821,252	$ 14,606,524

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-4: Summary of Revenues for Governmental Functions

	FYE 2013 Amount	Percent of Total	FYE 2012 Amount	Percent of Total
Program Revenues				
Charges for services	$ 65,235	0.39%	$ 42,237	0.26%
Operating grants & contribution	1,346,511	8.07%	1,518,969	9.18%
General Revenues:				
Taxes				
Property taxes, general purposes	7,137,704	42.76%	6,999,327	42.28%
Property taxes, debt service	1,859,488	11.14%	1,443,615	8.72%
Parcel taxes	2,273,673	13.62%	2,253,395	13.61%
Federal & State aid	1,367,795	8.19%	895,707	5.41%
Interest & investment earnings	37,531	0.22%	23,037	0.14%
Foundation contributions	1,033,716	6.19%	1,033,716	6.24%
Lease and rent	957,939	5.74%	957,939	5.79%
Other	612,855	3.67%	1,386,875	8.38%
Total Revenues	$ 16,692,447	100.00%	$ 16,554,817	100.00%

Table A-5: Schedule of Expenses for Governmental Functions

	FYE 2013 Amount	Percent of Total	FYE 2012 Amount	Percent of Total
Instruction	$ 9,635,525	55.92%	$ 9,150,709	56.60%
Instruction Related Services	1,718,667	9.97%	1,585,920	9.81%
Pupil Services	552,322	3.21%	531,096	3.28%
General Administration	1,350,139	7.83%	1,383,300	8.56%
Plant Services	1,232,349	7.15%	1,215,230	7.52%
Ancillary Services	31,458	0.18%	27,116	0.17%
Interest on Long Term Debt	1,543,452	8.96%	1,263,254	7.81%
Other Outgo	301,775	1.75%	79,440	0.49%
Depreciation (Unallocated)	867,311	5.03%	931,665	5.76%
Total Expenses	$ 17,232,998	100.00%	$ 16,167,730	100.00%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $30.0 million, which is below last year's ending fund balance of $32.1 million. The primary cause of the decreased fund balance is from payments made out of the Building Fund for Measure "A" projects.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by $0.5 million primarily due to an increase in developer fees and higher parcel tax.
- Salaries and benefits costs – increased $0.2 million due to an increase in negotiated salary costs.
- Other non-capital expenses – increased $0.5 million to re-budget carryover funds.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $0.6 million, the actual results for the year show that expenditures exceeded revenues by just $6,393. Actual revenues were about $31,500 more than anticipated, but expenditures were $0.5 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2013 that will be carried over into the 2013-14 budget.

Table A-6: Comparative Schedule of Fund Balances

	Fund Balances June 30, 2013	Fund Balances June 30, 2012	Increase (Decrease)
General Fund	$ 3,100,203	$ 3,155,393	$ (55,190)
Cafeteria Fund	4,119	493	3,626
Deferred Maintenance Fund	376,019	298,149	77,870
Building Fund	23,674,522	25,276,278	(1,601,756)
Capital Facilities Fund	810,383	776,855	33,528
Bond Interest and Redemption Fund	2,031,884	2,610,722	(578,838)
Totals	$ 29,997,130	$ 32,117,890	$ (2,120,760)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2012-13 the District had invested $1.7 million in new capital assets, related to the District's Measure "A" construction program. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year exceeded $0.8 million.

Table A-7: Capital Assets at Year-End, Net of Depreciation

	Governmental Activities 2013	Governmental Activities 2012	Increase (Decrease)
Land	$ 279,448	$ 279,448	$ -
Construction in progress	2,434,435	746,025	1,688,410
Improvement of sites	509,456	593,027	(83,571)
Buildings and improvements	16,312,530	17,068,693	(756,163)
Equipment and vehicles	153,789	144,595	9,194
Total	$ 19,689,658	$ 18,831,788	$ 857,870

Long-Term Debt

At year-end the District had $48.6 million in general obligation bonds, capital leases and employment benefits – a decrease of $0.7 million from last year – as shown in Table A-8. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

Table A-8: Outstanding Long-Term Debt at Year-End

	Governmental Activities 2013	Governmental Activities 2012	Increase (Decrease)
General obligation bonds	$ 48,433,821	$ 48,996,842	$ (563,021)
Capital lease obligations	94,648	189,222	(94,574)
Compensated absences	44,433	27,978	16,455
Early retirement incentives	31,862	63,723	(31,861)
Total	$ 48,604,764	$ 49,277,765	$ (673,001)

FACTORS BEARING ON THE DISTRICT'S FUTURE

Budget Overview

The final budget package was signed by the Governor on June 27, 2013. Notably, aside from one action to correct a technical error in the Franchise Tax Board budget, the Governor did not use his line–item veto authority to reduce or eliminate non–Proposition 98 General Fund spending. The Governor did, however, reduce spending from other funds by $5.6 million.

The state spending plan assumes total budget expenditures of $138.3 billion from the General Fund and special funds, an increase of 3 percent over 2012–13. This consists of $96.3 billion from the General Fund and Education Protection Account created by Proposition 30 (2012), as well as $42 billion from special funds. The budget estimates that spending from federal funds in 2013–14 will total $87.6 billion, an increase of 7.7 percent over 2012–13.

The administration's May Revision estimates of 2012–13 revenues were about $2.3 billion higher than when the 2012–13 spending plan was adopted last year. These higher revenues result in $2.5 billion in additional expenditures under the Proposition 98 minimum funding guarantee for K–14 education. In addition, higher expenditures in other areas contributed to the estimated 2012–13 General Fund ending balance being about $694 million lower than was assumed in the 2012–13 spending plan. Nevertheless, under the spending plan 2012–13 would end with a $254 million reserve, the first such year–end positive balance in the reserve since 2007–08.

The spending plan assumes General Fund and Education Protection Account revenues of $97.1 billion and expenditures of $96.3 billion. The resulting $817 million operating surplus combined with the $254 million positive ending balance for 2012–13 produce an estimated $1.1 billion reserve for 2013–14.

Major Spending Changes

For K–12 education, the largest 2013–14 augmentation ($2.1 billion) is for implementing the Local Control Funding Formula (LCFF) for school districts. Other major 2013–14 K–12 augmentations include $406 million in grants and loans for energy projects, an additional $250 million on a one–time basis for the Common Core State Standards initiative, $250 million on a one–time basis for a new Career Pathways program, $50 million to augment the mandate block grant, $32 million to implement the LCFF for county offices of education (COEs), and $10 million to establish the California Collaborative for Educational Excellence (CCEE) to provide low–performing school districts with academic assistance.

The budget also further pays down K–12 deferrals. Additionally, the budget includes a 1.57 percent cost–of–living adjustment (COLA) for certain K–12 categorical programs. The budget includes a slight increase to reflect 0.2 percent growth in K–12 ADA. The budget also provides a $26 million (5 percent) increase to the part–day/part–year State Preschool program to support approximately 7,100 new preschool slots.

In 2013–14, despite fewer overall resources compared to 2012–13, much less funding is designated for paying down deferrals. This frees up funds in 2013–14 that can be used for other purposes. In total, the budget includes a $2.6 billion increase in K–12 ongoing funding. Ongoing funding per student (as measured by ADA) increases from $7,590 in 2012–13 to $8,005 in 2013–14—an increase of $415 (5.5 percent).

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

LCFF for School Districts and Charter Schools
The budget package includes a major restructuring of the state's funding system for school districts and charter schools. The new LCFF system replaces existing funding formulas for revenue limits and most categorical programs with a weighted student funding formula. Over the course of implementation, districts will receive additional funding to reduce the same share of the gap between their existing per–pupil funding rates and their targets under the LCFF. Full implementation of the LCFF is expected to take eight years (with full implementation in 2020–21) and cost $18 billion (not accounting for future COLA costs). The *2013–14 Budget Act* provides first–year funding of $2.1 billion. This is expected to close 12 percent of each district's gap.

Deferral Paydowns
After four consecutive years of increasing the amount of deferrals for schools and community colleges—reaching a total of $10.4 billion in outstanding deferrals by the end of 2011–12—the 2012–13 budget plan provided $2.2 billion to reduce the amount of outstanding deferrals. The recently enacted budget plan makes an additional $1.8 billion in 2012–13 deferral paydowns as well as $272 million in paydowns in 2013–14. Under the budget package, $6.2 billion in outstanding deferrals remain as of the end of 2013–14.

Common Core Implementation
The budget plan provides $1.25 billion in one–time funding to schools for implementation of the CCSS. (Of this amount, the budget plan counts $1 billion towards meeting the 2012–13 minimum guarantee and $250 million towards meeting the 2013–14 guarantee.) The CCSS are nationally developed standards for math and English/Language Arts that the state adopted in 2010. Under current law, schools are required to align instruction to the CCSS beginning in 2014–15. The $1.25 billion in CCSS funding must be spent in 2013–14 or 2014–15 for professional development, instructional materials, and technology that assist schools in aligning instruction to the CCSS. Local governing boards are required in a series of public meetings to discuss and adopt a plan for spending the funds and must report how the funds were spent to the California Department of Education (CDE) by July 1, 2015.

Proposition 39
Passed by the voters in November 2012, Proposition 39 increases state corporate tax revenues and requires for a five–year period, starting in 2013–14, that a portion of these revenues be used to improve energy efficiency and expand the use of alternative energy in public buildings.

Adult Education
In an effort to improve coordination among adult education providers, the budget provides $25 million (Proposition 98 General Fund) for a new Adult Education Consortium Program. School districts and community colleges that form a regional consortium are eligible to apply for these funds.

In a related action, the budget package eliminates school districts' adult education categorical program and consolidates all associated annual funding ($635 million Proposition 98 General Fund) into the school district LCFF. The budget package, however, contains a requirement for school districts (through their adult schools) to maintain at least their 2012–13 level of state spending on adult education in 2013–14 and 2014–15.

New Career Pathways Program
The budget provides $250 million in one–time Proposition 98 funding to create a "California Career Pathways Trust." The primary purpose of the new program is to improve linkages between career technical (vocational) programs at schools and community colleges as well as between K–14 education and local businesses. The program authorizes several types of activities, such as creating new technical programs and curriculum.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Special Education
The budget package makes three notable changes to special education funding. First, the package simplifies the state's approach to distributing funding to special education local plan areas (SELPAs) by delinking state and federal special education allocation formulas. A conforming change revises the "statewide target rate" used to fund new students to the updated statewide average per–pupil funding rate. Second, the budget provides $2.6 million in Proposition 98 funds to fully offset federal sequestration funding cuts for preschoolers and infants/toddlers with disabilities and provides $2.1 million in federal carryover funds to partially mitigate federal sequestration funding cuts for K–12 students with disabilities. Third, the package consolidates 11 special education categorical grants into 5 larger grants.

All of these factors were considered in preparing the Larkspur-Corte Madera School District budget for the 2013-14 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at (415) 927-6960.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Statement of Net Position

June 30, 2013

ASSETS	Total Governmental Activities
Current assets:	
Cash	$ 29,437,555
Accounts receivable	1,106,853
Prepaid expenses	21,793
Total current assets	30,566,201
Non-current assets:	
OPEB Asset	16,224
Deferred amounts on refunding	174,456
Unamortized debt issuance costs	430,869
Total non-current assets	621,549
Capital assets:	
Non-depreciable assets	2,713,883
Depreciable assets	32,243,773
Less accumulated depreciation	(15,267,998)
Total capital assets, net of depreciation	19,689,658
Total assets	50,877,408
LIABILITIES	
Current liabilities:	
Accounts payable	1,105,085
Total current liabilities	1,105,085
Long-term liabilities:	
Portion due or payable within one year	1,423,363
Portion due or payable after one year	47,181,401
Total long-term liabilities	48,604,764
Total liabilities	49,709,849
NET POSITION	
Net investment in capital assets	901,226
Restricted for:	
Capital projects	810,383
Debt service	2,031,884
Categorical Programs	118,994
Unrestricted	(2,694,928)
Total net position	$ 1,167,559

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Component Unit: Larkspur Community Partnership Authority
Governmental Activities					
Instructional Services:					
Instruction	$ 9,635,525	$ -	$ 1,095,996	$ (8,539,529)	$ -
Instruction-Related Services:					
Supervision of instruction	237,282	-	63,068	(174,214)	-
Instructional library, media and technology	286,411	-	-	(286,411)	-
School site administration	1,194,974	-	-	(1,194,974)	-
Pupil Support Services:					
Home-to-school transportation	25,150	-	12,433	(12,717)	-
Food services	147,326	64,418	80,958	(1,950)	-
All other pupil services	379,846	-	68,682	(311,164)	-
General Administration Services:					
Data processing services	90,564	-	-	(90,564)	-
Other general administration	1,259,575	-	11,990	(1,247,585)	-
Plant services	1,232,349	817	1,026	(1,230,506)	-
Ancillary services	31,458	-	7,972	(23,486)	-
Interest on long-term debt	1,543,452	-	-	(1,543,452)	(1,408)
Other outgo	301,775	-	4,386	(297,389)	(75,095)
Depreciation (unallocated)	867,311	-	-	(867,311)	-
Total Governmental Activities	$ 17,232,998	$ 65,235	$ 1,346,511	(15,821,252)	(76,503)
General Revenues:					
Property taxes				11,270,865	-
Federal and state aid not restricted to specific purpose				1,367,795	-
Interest and investment earnings				37,531	1,408
Interagency revenues				100,519	-
Miscellaneous				2,503,991	75,095
Total general revenues				15,280,701	76,503
Change in net position				(540,551)	-
Net position - July 1, 2012				1,708,110	-
Net position - June 30, 2013				$ 1,167,559	$ -

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2013

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 2,357,767	$ 23,845,829	$ 2,031,884	$ 1,202,075	$ 29,437,555
Accounts receivable	1,095,450	-	-	11,403	1,106,853
Due from other funds	-	-	-	1,100	1,100
Prepaid expenditures	21,793	-	-	-	21,793
Total Assets	$ 3,475,010	$ 23,845,829	$ 2,031,884	$ 1,214,578	$ 30,567,301
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 373,707	$ 171,307	$ -	$ 24,057	$ 569,071
Due to other funds	1,100	-	-	-	1,100
Total Liabilities	374,807	171,307	-	24,057	570,171
Fund Balances					
Nonspendable	22,793	-	-	-	22,793
Restricted	114,875	23,674,522	2,031,884	814,502	26,635,783
Committed	-	-	-	376,019	376,019
Assigned	436,055	-	-	-	436,055
Unassigned	2,526,480	-	-	-	2,526,480
Total Fund Balances	3,100,203	23,674,522	2,031,884	1,190,521	29,997,130
Total Liabilities and Fund Balances	$ 3,475,010	$ 23,845,829	$ 2,031,884	$ 1,214,578	$ 30,567,301

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2013

Total fund balances - governmental funds		$ 29,997,130
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets relating to governmental activities:	34,957,656	
Accumulated depreciation:	(15,267,998)	
Net:		19,689,658
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. Unamortized debt issue costs included on the statement of net position are:		430,869
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. The additional liability for unmatured interest owing at the end of the period was:		(536,014)
In governmental funds, other postemployment benefit (OPEB) costs are recognized as expenditures in the period they are paid. In the government-wide statements, OPEB costs are recognized in the period that they are incurred. The net OPEB asset at the end of the period was:		16,224
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as an asset. The remaining deferred amounts on refunding at the end of the period were:		174,456
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds payable	48,433,821	
Capital leases	94,648	
Compensated absences (accrued vacation)	44,433	
Early retirement incentives	31,862	(48,604,764)
Total net position - governmental activities		$ 1,167,559

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2013

REVENUES	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds	Larkspur Community Partnership Authority
Revenue limit sources	$ 7,395,204	$ -	$ -	$ -	$ 7,395,204	$ -
Federal sources	417,264	-	-	77,842	495,106	-
Other state sources	1,181,251	-	11,718	44,438	1,237,407	-
Other local sources	5,486,268	31,635	1,849,986	196,842	7,564,731	76,503
Total Revenues	14,479,987	31,635	1,861,704	319,122	16,692,448	76,503
EXPENDITURES						
Current:						
Instruction	9,657,994	-	-	-	9,657,994	-
Instruction-Related Services:						
Supervision of instruction	237,282	-	-	-	237,282	-
Instructional library, media and technology	286,411	-	-	-	286,411	-
School site administration	1,085,489	-	-	-	1,085,489	-
Pupil Support Services:						
Home-to-school transportation	25,150	-	-	-	25,150	-
Food services	-	-	-	147,326	147,326	-
All other pupil services	379,846	-	-	-	379,846	-
Ancillary services	31,458	-	-	-	31,458	-
General Administration Services:						
Data processing services	90,564	-	-	-	90,564	-
Other general administration	1,221,888	-	-	508	1,222,396	-
Plant services	1,204,503	2,570	-	76,951	1,284,024	-
Capital outlay	64,444	1,631,513	-	55,769	1,751,726	-
Intergovernmental Transfers	77,890	-	-	-	77,890	-
Debt service						
Principal	123,461	-	920,949	28,608	1,073,018	-
Interest	-	-	1,519,593	536	1,520,129	1,408
Miscellaneous	-	-	-	-	-	75,095
Total Expenditures	14,486,380	1,634,083	2,440,542	309,698	18,870,703	76,503
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,393)	(1,602,448)	(578,838)	9,424	(2,178,255)	-
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	-	692	-	105,600	106,292	-
Interfund transfers out	(106,292)	-	-	-	(106,292)	-
Proceeds from long term debt	57,495	-	-	-	57,495	-
Total Other Financing Sources and Uses	(48,797)	692	-	105,600	57,495	-
Net Change in Fund Balances	(55,190)	(1,601,756)	(578,838)	115,024	(2,120,760)	-
Fund Balances, July 1, 2012	3,155,393	25,276,278	2,610,722	1,075,497	32,117,890	-
Fund Balances, June 30, 2013	$ 3,100,203	$ 23,674,522	$ 2,031,884	$ 1,190,521	$ 29,997,130	$ -

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2013

Total net change in fund balances - governmental funds		$ (2,120,760)
Amounts reported for governmental *activities* in the statement of activities are different because:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	1,745,905	
Depreciation expense:	(867,311)	
Net:		878,594
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,073,018
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. Amounts recognized as proceeds from debt, net of premium or discount, were:		(57,495)
Accreted interest on capital appreciation bonds is not recognized as an expenditure in the fund financial statements. However, it is accrued as an expense in the government-wide financial statements in the period that the interest accretes. Accreted interest earned exceeded the amount paid during the year by:		(420,814)
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The premiums amortized for the period are:		62,886
The amounts paid to the refunded bond escrow agent in excess of the refunded bond at the time of payment are recorded as deferred amounts on the refunding and are amortized to interest expense over the life of the liability.		(13,942)
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. Unmatured interest owing at the end of the period, less matured interest paid during the period, but owing from the prior period, is:		103,553
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting loss is:		(20,724)
In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issue costs are amortized over the life of the debt. The difference between the issuance costs recognized in the current period and issue costs amortized for the period is:		(21,562)
In the statement of activities, certain operating expenses - compensated absences, and early retirement incentives, for example, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, early retirement incentives paid were $31,861. The liability for compensated absences (accrued vacation) increased during the year by $16,455 from the prior year's ending balance.		15,406
In governmental funds, other post employment benefits (OPEB) costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. The increase in the OPEB asset at the end of the period was:		(18,711)
Change in net position of governmental activities		$ (540,551)

	Agency Funds
	Student Body Funds
ASSETS	
Cash	$ 18,044
Total assets	$ 18,044
LIABILITIES	
Current Liabilities:	
Due to student groups	$ 18,044
Total liabilities	$ 18,044

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of Larkspur-Corte Madera School District and its component units, legally separate organizations for which the District is financially accountable. These component units are so intertwined with the District that they are, in substance, the same as the District and, therefore, are blended and reported as if they were part of the District.

Component Unit	Included in the Reporting Entity Because:	Separate Financial Statements
Larkspur Community Partnership Authority (the "Authority") was formed under the "Joint Powers Law" pursuant to a Joint Powers Agreement, dated June 11, 2004, for purposes of assisting its members in financial capital improvements. The members of the Authority are the City of Larkspur (the "City") and the Larkspur-Corte Madera School District.	The Governing Board of the Authority is comprised of the District Superintendent, Director of Fiscal Services, and Business Manager of the District, and the City Manager, Director of Recreation, and Finance Director of the City.	Not prepared.

Other

The following potential component units were not included as part of the District's reporting entity because the resources provided to the District did not meet the criteria of being considered "significant" to the District's operations.

1. Larkspur Schools Foundation (SPARK)
2. Marin Community Foundation

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)
The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements
The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Building Fund: This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.

Bond Interest and Redemption Fund: This fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

Special Revenue Funds:

Cafeteria Fund: This fund is used to account for revenues received and expenditures made to operate the District's food service operations.

Deferred Maintenance Fund: This fund is used to account for resources committed to major repair or replacement of District property.

Capital Projects Funds:

Capital Facilities Fund: This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fiduciary Funds
Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District maintains the following fiduciary fund:

Agency Funds: The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not. The District maintains one agency fund for the student body funds at Neil Cummins Elementary and Hall Middle School.

2. Measurement Focus, Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements
The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

C. Budgets and Budgetary Accounting
Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a 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 governing board during the year to give consideration to unanticipated income and expenditures. The final adopted and revised budgets are presented for the General Fund in the required supplementary information section.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgets and Budgetary Accounting (continued)

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.

D. Encumbrances

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

E. Assets, Liabilities, and Net Position

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2013, based on market prices. The individual funds' portions of the pool's fair value are presented as "Pooled Cash and Investments". Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

2. Cash and Cash Equivalents

The District considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

3. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Position (continued)

5. Capital Assets (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	20-40 years
Sites and Improvements	14-20 years
Furniture and Equipment	6-15 years

6. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles 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 during the reported period. Actual results could differ from those estimates.

G. New GASB Pronouncements
During the 2012-13 fiscal year, the following GASB Pronouncements became effective:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*: The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The requirements of this Statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34*: The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

G. New GASB Pronouncements (continued)

GASB Statement No. 61 (continued) New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*: The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements."

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*: This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

NOTE 2 – CASH

Cash at June 30, 2013 is reported at fair value and consisted of the following:

	Governmental Activities/ Funds	Fiduciary Funds
Pooled Funds:		
Cash in County Treasury	$ 29,436,555	$ -
Total Pooled Funds	29,436,555	-
Deposits:		
Cash on hand and in banks	-	18,044
Cash in revolving fund	1,000	-
Total Deposits	1,000	18,044
Total Cash	$ 29,437,555	$ 18,044

Pooled Funds

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

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

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2013, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2013, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2013 consisted of the following:

	General Fund	Non-Major Governmental Funds	Totals
Federal Government:			
Categorical aid programs	$ 282,742	$ 10,832	$ 293,574
State Government:			
Lottery	107,462	-	107,462
Categorical aid programs	299,975	571	300,546
Local:			
SPARK	245,200	-	245,200
Other	160,071	-	160,071
Total	$ 1,095,450	$ 11,403	$ 1,106,853

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2013 consisted of the following:

General Fund due to Cafeteria Fund for administrative costs	$ 1,100

B. Transfers To/From Other Funds

Transfers to/from other funds for the fiscal year ended June 30, 2013 consisted of the following:

General Fund transfer to Deferred Maintenance Fund for modernization projects	$ 100,000
General Fund transfer to Building Fund to cover costs	692
General Fund transfer to Cafeteria Fund to cover program costs	5,600
	$ 106,292

NOTE 5 – FUND BALANCES

Minimum Fund Balance Policy
During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties that meets or exceeds double the requirements of 5 CCR 15443, which require no less than three percent of total General Fund expenditures and other financing uses.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

At June 30, 2013, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	$ 1,000	$ -	$ -	$ -	$ 1,000
Prepaid expenditures	21,793	-	-	-	21,793
Total Nonspendable	22,793	-	-	-	22,793
Restricted:					
Categorical programs	114,875	-	-	4,119	118,994
Capital projects	-	23,674,522	-	810,383	24,484,905
Debt service	-	-	2,031,884	-	2,031,884
Total Restricted	114,875	23,674,522	2,031,884	814,502	26,635,783
Committed:					
Deferred maintenance program	-	-	-	376,019	376,019
Total Committed	-	-	-	376,019	376,019
Assigned:					
Board designation for economic uncertainties	436,055	-	-	-	436,055
Total Assigned	436,055	-	-	-	436,055
Unassigned:					
Remaining unassigned balances	2,526,480	-	-	-	2,526,480
Total Unassigned	2,526,480	-	-	-	2,526,480
Total	$ 3,100,203	$ 23,674,522	$ 2,031,884	$ 1,190,521	$ 29,997,130

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013
Capital assets not being depreciated:				
Land	$ 279,448	$ -	$ -	$ 279,448
Construction in progress	746,025	1,688,410	-	2,434,435
Total capital assets not being depreciated	1,025,473	1,688,410	-	2,713,883
Capital assets being depreciated:				
Building & improvements	28,732,977	-	-	28,732,977
Improvement of sites	3,235,196	-	-	3,235,196
Equipment & vehicles	274,565	57,495	56,460	275,600
Total capital assets being depreciated	32,242,738	57,495	56,460	32,243,773
Less accumulated depreciation:				
Buildings & improvements	(11,664,284)	(756,163)	-	(12,420,447)
Improvement of sites	(2,642,169)	(83,571)	-	(2,725,740)
Equipment & vehicles	(129,970)	(27,577)	(35,736)	(121,811)
Total accumulated depreciation	(14,436,423)	(867,311)	(35,736)	(15,267,998)
Total capital assets being depreciated, net	17,806,315	(809,816)	20,724	16,975,775
Governmental activities capital assets, net	$ 18,831,788	$ 878,594	$ 20,724	$ 19,689,658

NOTE 7 – TAX ANTICIPATION NOTES

On October 16, 2012 the board approved Tax Anticipation Notes not to exceed $5,175,954 from funds in custody of the Treasurer of the County of Marin for meeting obligations incurred for maintenance purposes for the 2012-13 fiscal year.

NOTE 8 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2013 were as follows:

	Balance, July 1, 2012	Additions	Deductions	Balance, June 30, 2013	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	$ 41,729,675	$ -	$ 920,949	$ 40,808,726	$ 932,472
Accreted interest	5,644,701	744,865	324,051	6,065,515	367,528
Premium	1,622,466	-	62,886	1,559,580	62,888
Total - Bonds	48,996,842	744,865	1,307,886	48,433,821	1,362,888
Capital Lease Obligations	189,222	57,495	152,069	94,648	28,613
Compensated Absences	27,978	16,455	-	44,433	-
Early Retirement Incentives	63,723	-	31,861	31,862	31,862
Total	$ 49,277,765	$ 818,815	$ 1,491,816	$ 48,604,764	$ 1,423,363

NOTE 8 – GENERAL LONG-TERM DEBT (continued)

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Capital leases payments are made by the General Fund. Accumulated vacation will be paid for by the fund for which the employee worked.

A. General Obligation Bonds

Election of 2000
An election was held on June 6, 2000, at which more than two-thirds of the voters in the District authorized the issuance and sale of $21.7 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were used to finance the construction and acquisition of certain real property and improvements for the District.

2011 General Obligation Refunding Bonds
On January 27, 2011, the District issued $8,135,000 of 2011 General Obligation Refunding Bonds. The bonds consist of $6,900,000 of serial bonds bearing fixed rates ranging from 0.50% to 4.10% with annual maturities from August 2011 through August 2023 and $1,235,000 of term bonds bearing fixed rates ranging from 4.25% to 4.30%. The net proceeds of $8,390,131 (after issuance costs of $172,178, plus premium of $218,178 and a $209,131 credit for funds already held by the trustee) were used to advance refund $8,100,000 of the District's outstanding Election of 2000, Series A General Obligation Bonds in addition to paying the costs of issuance associated with the bonds.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. At June 30, 2013, deferred charges on refunding of $174,456 remain to be amortized. The principal balance on the defeased debt was paid in full in February 2011.

Election of 2011
On November 8, 2011 an election was held at which registered voters in the District approved by more than 55 percent of the votes a measure (Measure A), which authorizes the District to issue general obligation bonds in the maximum aggregate amount of $26,000,000. On February 23, 2012 the District issued $26,000,000 general obligation bonds, which represents the entire amount of the bonds authorized under Measure "A". The bonds will be used to modernize existing school sites and new construction at the San Clemente school site.

NOTE 8 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

A summary of outstanding general obligation bonds issued is presented below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2012	Additions	Deductions	Balance, June 30, 2013
2000A	9/13/2000	8/1/2025	4.5%-5.8%	$ 18,000,000	$ 4,974,860	$ -	$ 375,949	$ 4,598,911
2000B	9/1/2005	8/1/2030	3.5%-4.8%	3,699,815	3,079,815	-	25,000	3,054,815
2011Ref	1/27/2011	8/1/2025	2.0%-4.0%	8,135,000	7,675,000	-	520,000	7,155,000
2012A	2/23/2012	8/1/2042	2.0%-4.25%	26,000,000	26,000,000	-	-	26,000,000
				$ 55,834,815	$ 41,729,675	$ -	$ 920,949	$ 40,808,726
				Accreted Interest				
				2000A	$ 4,541,165	$ 539,731	$ 324,051	$ 4,756,845
				2000B	1,103,536	205,134	-	1,308,670
				Total	$ 5,644,701	$ 744,865	$ 324,051	$ 6,065,515
				Premium				
				2011R	$ 196,360	$ -	$ 14,544	$ 181,816
				2012	1,426,106	-	48,342	1,377,764
				Total	$ 1,622,466	$ -	$ 62,886	$ 1,559,580

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2013 were as follows:

	Current Interest Bonds		Capital Appreciation Bonds		Total Bonds		
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Total
2013-14	$ 560,000	$ 1,244,715	$ 372,472	$ 367,528	$ 932,472	$ 1,612,243	$ 2,544,715
2014-15	520,000	1,233,475	423,738	476,262	943,738	1,709,737	2,653,475
2015-16	550,000	1,222,975	408,772	521,228	958,772	1,744,203	2,702,975
2016-17	570,000	1,209,550	399,311	575,689	969,311	1,785,239	2,754,550
2017-18	595,000	1,190,625	382,764	622,236	977,764	1,812,861	2,790,625
2018-23	3,905,000	5,542,625	1,718,701	3,821,299	5,623,701	9,363,924	14,987,625
2023-28	4,405,000	4,701,831	2,191,648	5,133,353	6,596,648	9,835,184	16,431,832
2028-33	4,410,000	4,099,788	1,701,320	3,803,679	6,111,320	7,903,467	14,014,787
2033-38	7,000,000	3,104,187	-	-	7,000,000	3,104,187	10,104,187
2038-43	10,695,000	1,308,563	-	-	10,695,000	1,308,563	12,003,563
Total	$ 33,210,000	$ 24,858,334	$ 7,598,726	$ 15,321,274	$ 40,808,726	$ 40,179,608	$ 80,988,334

NOTE 8 – GENERAL LONG-TERM DEBT (continued)

B. Capital Leases

The District leases equipment under agreements that provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Fiscal Year	Principal	Interest	Total
2013-14	$ 28,613	$ 4,057	$ 32,670
2014-15	18,190	3,188	21,378
2015-16	19,214	2,165	21,379
2016-17	18,025	1,192	19,217
2017-18	10,606	244	10,850
Total	$ 94,648	$ 10,846	$ 105,494

The District will receive no sublease rental revenues nor pay any contingent rentals for the equipment.

C. Early Retirement Incentives

STRS Golden Handshake

At the end of the 2004-05 fiscal year, the District offered an early retirement incentive to certificated employees pursuant to Election Code Sections 22714 and 44929, also known as STRS Golden Handshake. Under the agreement, the District is obligated to make future payments on behalf of the five retirees in the amount of $31,862 in principal and $1,427 in interest in 2013-14.

NOTE 9 – JOINT VENTURES

The Larkspur-Corte Madera School District participates in two joint ventures under separate joint powers agreements (JPA), with the Marin Schools Insurance Authority (MSIA) and the Marin Pupil Transportation Agency (MPTA). The relationship between the Larkspur-Corte Madera School District and the JPA's is such that the JPA's are not component units of the District for financial reporting purposes.

The Marin Schools Insurance Authority arranges for and provides workers' compensation, property and liability and health insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

The Marin Pupil Transportation Agency provides transportation services for students within member district borders through state entitlements and fees paid by member districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board.

NOTE 9 – JOINT VENTURES (continued)

Condensed audited financial information for the year ended June 30, 2013 is as follows:

	MSIA June 30, 2013	MPTA June 30, 2013
Assets	$ 22,577,813	$ 505,053
Liabilities	17,499,843	382,754
Net Position	$ 5,077,970	122,299
Revenues	$ 10,733,061	$ 2,525,804
Expenses	10,199,641	2,524,499
Operating Income	533,420	1,305
Non-Operating Expenses	87,042	-
Change in Net Postion	$ 446,378	$ 1,305

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants
The District has received state and federal 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
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2013.

C. Construction Commitments
As of June 30, 2013, the District had commitments with respect to unfinished capital projects of approximately $25.7 million to be paid from a combination of state and local funds.

NOTE 11 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2013, the District participated in the MSIA public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation
For fiscal year 2013, the District participated in the MSIA JPA workers compensation, with excess coverage provided by the Schools Excess Liability Fund (SELF) public entity risk pool.

NOTE 11 – RISK MANAGEMENT (continued)

Employee Medical Benefits
The District provides employee medical, dental and basic life insurance benefits through the MSIA public entity risk pool.

NOTE 12 – EMPLOYEE RETIREMENT PLANS

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

Public Employees' Retirement System (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 comprehensive annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Funding Policy
Active plan members are required to contribute 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 for fiscal year 2012-13 was 11.417%. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2012-13	$ 162,819	100%
2011-12	$ 196,878	100%
2010-11	$ 187,497	100%

State Teachers' Retirement System (STRS)

Plan Description
The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the comprehensive annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, California 95605, or at www.calstrs.com.

NOTE 12 – EMPLOYEE RETIREMENT PLANS (continued)

State Teachers' Retirement System (STRS) (continued)

Funding Policy
Active plan members are required to contribute 8.0% of their salary. The required employer contribution rate for fiscal year 2012-13 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 last three fiscal years were as follows:

	Contribution		Percent of Required Contribution
2012-13	$	597,679	100%
2011-12	$	636,840	100%
2010-11	$	597,328	100%

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to STRS for K-12 education. These payments consist of state General Fund contributions of approximately $309,000 to STRS (4.267% of salaries subject to STRS in 2012-13).

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

Larkspur-Corte Madera School District administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical, dental and vision insurance benefits to eligible retirees and their spouses. The District has elected to early implement Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, in 2008-09.

Plan Descriptions and Contribution Information
Membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits	7
Active plan members	33
Total	40

** As of July 1, 2011 actuarial valuation*

A. Eligibility

Certificated employees who were hired on or before June 30, 2000, and retire from the District with a STRS pension are eligible to receive District paid retiree health and welfare benefits. Certificated employees who were hired between November 1, 1995, and June 30, 2000 must also have 15 years of service with the District upon retirement to be eligible for District paid benefits. Certificated employees who were hired on or after July 1, 2000, are not eligible for District paid benefits.

Classified, Administrative, and Confidential employees who were hired on or before June 30, 2001, and retire from the District on or after age 55 and 10 years of service with a PERS pension are eligible to receive District paid retiree health and welfare benefits. Classified, Administrative, and Confidential employees who are hired on or after July 1, 2001, are not eligible for District paid benefits.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Descriptions and Contribution Information (continued)

B. District Paid Benefits

For Certificated retirees hired on or before October 31, 1979, the District pays $3,000 per year toward the cost of health coverage for 10 years from the date of retirement. For Certificated retirees hired after October 31, 1979, but on or before October 31, 1989, the District pays $3,000 per year toward the cost of health coverage for 10 years or until age 65, whichever is earlier. For Certificated retirees hired after October 31, 1989, and before July 1, 2000, the District pays $3,000 per year toward the cost of health coverage for 5 years or until age 65, whichever is earlier.

For Classified retirees hired before July 1, 2001, the District pays $3,000 per year toward the cost of health coverage for 10 years or until age 65, whichever is earlier.

C. Dependent Benefits

Retirees may enroll their dependents in the District's health and welfare plan at the retiree's own expense.

The District's funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the governing board. For fiscal year 2012-13, the District contributed $15,199.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The District's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation (asset):

Annual required contribution (ARC)	$	31,319
Interest on net OPEB obligation		(1,397)
Adjustment to ARC		3,988
Annual OPEB cost		33,910
Contributions made:		
Contributions from governmental funds		(15,199)
Decrease in net OPEB (asset)		18,711
Net OPEB liability (asset) - July 1, 2012		(34,935)
Net OPEB liability (asset) - June 30, 2013	$	(16,224)

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation (Asset) (continued)
The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2012-13 and the preceding two years are as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Liability (Asset)
2011	$ 21,094	195%	$ (45,226)
2012	$ 33,253	69%	$ (34,935)
2013	$ 33,910	45%	$ (16,224)

Funded Status and Funding Progress – OPEB Plans
As of July 1, 2011, the most recent actuarial valuation date, the District did not have a funded plan. The actuarial accrued liability (AAL) for benefits was $207,671 and the unfunded actuarial accrued liability (UAAL) was $207,671.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2011
Actuarial Cost Method	Projected Unit Benefits Costs
Amortization Method	Level dollar amount
Remaining Amortization Period	12 years
Asset Valuation	N/A
Actuarial Assumptions:	
Discount rate	4.0%
Healthcare cost trend	Capped

NOTE 14 – SUBSEQUENT EVENT

Tax Anticipation Notes
On October 1, 2013, the board approved Tax Anticipation Notes not to exceed $5,343,124 from funds in custody of the Treasurer of the County of Marin for meeting obligations incurred for maintenance purposes for the 2013-14 fiscal year.

NOTE 15 – FUTURE GASB PRONOUNCEMENTS

The following statements issued by the Governmental Accounting Standards Board (GASB) will become effective in future years and are expected to have a significant impact on the District's financial reporting:

A. Statement No. 65, *Items Previously Reported as Assets and Liabilities (Issued 03/12)*
This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

This Statement will become effective in 2013-14.

B. Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27 (Issued 06/12)*
The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

NOTE 15 – FUTURE GASB PRONOUNCEMENTS (continued)

B. Statement No. 68 (continued)

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Cost-Sharing Employers

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

This Statement will become effective in 2014-15.

(This page intentionally left blank)

Required Supplementary Information

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance With
	Original	Final	Actual (Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
Revenue Limit Sources	$ 7,113,210	$ 7,387,445	$ 7,395,204	$ 7,759
Federal	417,207	449,357	417,264	(32,093)
Other State	1,053,321	1,114,718	1,181,251	66,533
Other Local	5,385,394	5,496,951	5,486,268	(10,683)
Total Revenues	13,969,132	14,448,471	14,479,987	31,516
Expenditures				
Current:				
Certificated Salaries	7,936,557	8,064,017	8,053,986	10,031
Classified Salaries	2,173,087	2,219,805	2,196,725	23,080
Employee Benefits	2,468,288	2,525,126	2,466,680	58,446
Books and Supplies	405,439	892,422	495,104	397,318
Services and Other Operating Expenditures	1,173,263	1,234,806	1,015,039	219,767
Transfers of Indirect Cost	(5,298)	(5,298)	-	(5,298)
Capital Outlay	-	-	57,495	(57,495)
Intergovernmental Transfers	97,500	92,168	77,890	14,278
Debt Service:				
Principal	15,811	15,811	123,461	(107,650)
Total Expenditures	14,264,647	15,038,857	14,486,380	552,477
Excess (Deficiency) of Revenues Over (Under) Expenditures	(295,515)	(590,386)	(6,393)	583,993
Other Financing Sources and Uses				
Interfund Transfers Out	(140,400)	(110,688)	(106,292)	4,396
Proceeds from long-term debt	-	-	57,495	57,495
Total Other Financing Sources and Uses	(140,400)	(110,688)	(48,797)	61,891
Net change in Fund Balance	(435,915)	(701,074)	(55,190)	645,884
Fund Balances, July 1, 2012	3,155,393	3,155,393	3,155,393	-
Fund Balances, June 30, 2013	$ 2,719,478	$ 2,454,319	$ 3,100,203	$ 645,884

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Schedule of Funding Progress

For the Fiscal Year Ended June 30, 2013

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2009	$ -	$ 188,635	$ 188,635	0.0%	$ 2,544,905	7.4%
July 1, 2011	$ -	$ 207,671	$ 207,671	0.0%	$ 2,575,101	8.1%

See accompanying note to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Funding Progress

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2013, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

Appropriations Category	General Fund
Indirect costs	$ 5,298
Capital Outlay	57,495
Debt Service-Principal	107,650

(This page intentionally left blank)

Supplementary Information

The Larkspur-Corte Madera School District was established in 1895. The District operates one elementary and one middle school, and serves the Corte Madera and Larkspur communities in Marin County, California. There were no changes to the District's boundaries during the year.

BOARD OF TRUSTEES

Member	Office	Term Expires
Sheri Mowbray	President	December 2013
Julia Ritter	Vice President	December 2015
Susan Christman	Trustee	December 2013
Sally Relova	Trustee	December 2015
Philip Wade	Trustee	December 2013

DISTRICT ADMINISTRATORS

Valerie Pitts,
Su*perintendent*

Becky White,
Business Manager

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2013

	Second Period Report (Certificate No. 07A54611)	Annual Report (Certificate No. 6DAC417C)
Elementary:		
Kindergarten	175	176
Grades 1 through 3	451	451
Grades 4 through 6	434	434
Grades 7 and 8	294	294
Special education	1	1
Extended year program	2	2
Total Average Daily Attendance	1,357	1,358

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2013

	1982-83 Minutes		1986-87 Minutes		2012-13	Number of Days	
Grade Level	Actual	Reduced*	Previously Required	Reduced*	Actual Minutes	Traditional Calendar	Status
Kindergarten	38,620	37,547	36,000	35,000	46,545	180	Complied
Grade 1	46,020	44,742	50,400	49,000	52,730	179	Complied
Grade 2	46,020	44,742	50,400	49,000	53,600	180	Complied
Grade 3	46,020	44,742	50,400	49,000	57,680	180	Complied
Grade 4	50,365	48,966	54,000	52,500	57,680	180	Complied
Grade 5	50,365	48,966	54,000	52,500	60,912	180	Complied
Grade 6	50,365	48,966	54,000	52,500	61,400	180	Complied
Grade 7	50,365	48,966	54,000	52,500	61,400	180	Complied
Grade 8	50,365	48,966	54,000	52,500	61,400	180	Complied

* Amounts reduced as permitted by Education Code Section 46201.2(a).

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2013

General Fund	(Budget) 2014 [2]	2013	2012	2011
Revenues and other financing sources	$ 14,027,446	$ 14,479,987	$ 14,328,129	$ 13,558,213
Expenditures	14,877,902	14,486,380	13,922,486	13,765,694
Other uses and transfers out	53,496	48,797	121,858	-
Total outgo	14,931,398	14,535,177	14,044,344	13,765,694
Change in fund balance (deficit)	(903,952)	(55,190)	283,785	(207,481)
Ending fund balance	$ 2,196,251	$ 3,100,203	$ 3,155,393	$ 2,871,608
Available reserves [1]	$ 1,633,434	$ 2,526,480	$ 2,635,040	$ 2,282,759
Available reserves as a percentage of total outgo	10.9%	17.4%	18.8%	16.6%
Total long-term debt	$ 47,181,401	$ 48,604,764	$ 49,277,765	$ 22,215,391
Average daily attendance at P-2	1,373	1,357	1,323	1,281

The General Fund balance has increased by $228,595 over the past two years. The fiscal year 2013-14 adopted budget projects a decrease of $903,952. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, and anticipates incurring an operating deficit during the 2013-14 fiscal year. Long-term debt has increased by $26,389,373 over the past two years.

Average daily attendance has increased by 76 over the past two years. An increase of 16 ADA is anticipated during fiscal year 2013-14.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] Revised Final Budget September, 2013.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster				
National School Lunch Program	10.555	13523		$ 77,842
Total U.S. Department of Agriculture				77,842
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
No Child Left Behind (NCLB):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		68,036
Title II, Part A, Teacher Quality Local	84.367	14341		19,479
English Language Acquisition Grants Cluster				
Title III, Immigrant Education Program	84.365	14346	4,300	
Title III, Limited English Proficiency	84.365	10084	4,016	
Total English Language Acquisition Grants Cluster				8,316
Individuals with Disabilities Education Act (IDEA):				
Special Education (IDEA) Cluster				
Local Assistance Entitlement	84.027	13379	157,469	
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	39,045	
Preschool Local Entitlement, Part B	84.173A	13682	112,820	
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	10115	12,099	
Total Special Education (IDEA) Cluster				321,433
Total U.S. Department of Education				417,264
Total Expenditures of Federal Awards				$ 495,106

	Building Fund
June 30, 2013, annual financial and budget report (SACS) fund balances	$ 23,589,328
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Adjustment of estimated payable to actual cost	85,194
June 30, 2013, audited financial statement fund balances	$ 23,674,522

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)
Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time
The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as reduced by Education Code Section 46201.2(a).

Schedule of Financial Trends and Analysis
This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Expenditures of Federal Awards
The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States of America Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Subrecipients
Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

(This page intentionally left blank)

Other Independent Auditors' Reports

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Larkspur-Corte Madera School District
Larkspur, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Larkspur-Corte Madera School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Larkspur-Corte Madera School District's basic financial statements, and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Larkspur-Corte Madera School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Larkspur-Corte Madera School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Larkspur-Corte Madera School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Jeff Nigro, CPA, CFE • Elizabeth Nigro, CPA • CJ Gaunder, CPA • Kevin Brejnak, CPA, CFE
Ph: 951-698-8783 | Fax: 951-699-1064 | 25220 Hancock Ave., Ste. 400, Murrieta, CA 92562 | Web: www.nncpas.com

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Larkspur-Corte Madera School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and recommendations as Finding 2013-1.

Larkspur-Corte Madera School District's Response to Finding
Larkspur-Corte Madera School District's response to the finding identified in our audit is described in the accompanying schedule of findings and recommendations. Larkspur-Corte Madera School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nigro & Nigro, PC

December 6, 2013

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Larkspur-Corte Madera School District
Larkspur, California

We have audited Larkspur-Corte Madera School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2012-13,* published by the Education Audit Appeals Panel, for the year ended June 30, 2013. The District's State programs are identified in the schedule below. Compliance with the requirements of laws, regulations, contracts, and grants is the responsibility of the District's management. Our responsibility is to express an opinion on Larkspur-Corte Madera School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2012-13.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to below occurred. An audit includes examining, on a test basis, evidence about Larkspur-Corte Madera School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Description	Procedures in Audit Guide	Procedures Performed
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Not applicable
Continuation Education	10	Not applicable
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not applicable
Instructional Materials General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not applicable
Class Size Reduction:		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	Not applicable
Districts with Only One School Serving K-3	4	Not applicable

Jeff Nigro, CPA, CFE • Elizabeth Nigro, CPA • CJ Gaunder, CPA • Kevin Brejnak, CPA, CFE
Ph: 951-698-8783 | Fax: 951-699-1064 | 25220 Hancock Ave., Ste. 400, Murrieta, CA 92562 | Web: www.nncpas.com

Description	Procedures in Audit Guide	Procedures Performed
After School Education and Safety Program:		
General Requirements	4	Not applicable
After School	5	Not applicable
Before School	6	Not applicable
Charter Schools:		
Contemporaneous Records of Attendance	1	Not applicable
Mode of Instruction	1	Not applicable
Nonclassroom-Based Instruction/Independent Study	15	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	3	Not applicable
Annual Instructional Minutes – Classroom Based	4	Not applicable

In our opinion, Larkspur-Corte Madera School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2013. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2012-13,* and which is described in the accompanying schedule of findings and recommendations as Finding 2013-1.

The purpose of this report on State compliance is solely to describe the scope of our testing of State compliance and the results of that testing based on the requirements of the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2012-13*. Accordingly, this report is not suitable for any other purpose.

Nigro & Nigro, PC

December 6, 2013

Findings and Recommendations

(This page intentionally left blank)

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

The District expended less than $500,000 in federal awards; therefore, a Single Audit pursuant to OMB Circular A-133 was not required.

State Awards

Internal control over state programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for state programs:	Unmodified

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
41000	CalSTRS
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2012-13.

SECTION III - FEDERAL AWARD FINDINGS AND RECOMMENDATIONS

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

The District expended less than $500,000 in Federal awards; therefore a single audit pursuant to OMB Circular A-133 was not required.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2013-1: SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Criteria: The information on the School Accountability Report Card (SARC) should be reported consistent with the Facility Inspection Tool for that school as required by the provisions of Education Code Section 33126.

Condition: The District reported information on the SARC that was inconsistent with the Facilities Inspection Tool. Hall Middle School was reported on the SARC for interior surfaces to be in "good" condition but should have been reported to be in "fair" condition.

Questioned Cost: There is no questioned cost as the District receives no funding from this program.

Cause: The data was entered incorrectly and did not match the source document. The incident was isolated to one system inspected at one location.

Effect: Information regarding the condition of interior surfaces at Hall Middle School was misstated.

Recommendation: We recommend that the District implement a procedure for reviewing data upon entry to ensure accuracy with the source document so as to avoid manual entry errors.

District Response: District staff will review the procedures for performing site inspections and completing the Facilities Inspection Tool (FIT) in a timely manner. District staff will revise procedures as necessary for reviewing data entry to ensure accuracy between the source document (FIT) and the SARC.

There were no findings or recommendations in 2011-12.

To the Board of Trustees
Larkspur-Corte Madera School District
Larkspur, California

In planning and performing our audit of the basic financial statements of Larkspur-Corte Madera School District for the year ending June 30, 2013, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 6, 2013, on the financial statements of Larkspur-Corte Madera School District.

ASSOCIATED STUDENT BODY (ASB) FUNDS - Hall Middle School

***Observation*:** We noted that financial statements are not being regularly prepared and submitted to the District office for review.

Recommendation: We recommend that financial statements be prepared regularly in order to identify any discrepancies, improper accounts, and/or overdrawn trust accounts. In addition, we recommend the site submit regular financial statements to the District Office for review. Review by the District Office is an important activity which will help strengthen internal controls and assist with proper financial reporting.

Observation: We noted that some expenditures selected in our sample were not approved by the District representative, the ASB advisor, and/or the student representative <u>until after the expenditure had already been incurred</u>.

Recommendation: Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. As a “best practice”, approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student body funds and falls within budgetary guidelines.

Observation: In our testing of cash receipts, we found a deposit lacked the order forms which would have provided sufficient supporting documentation. Without supporting documentation, we could not verify whether all cash collected had been deposited intact and into the correct ASB account. In addition, a revenue potential was not created for this fundraiser.

JEFF NIGRO, CPA, CFE • ELIZABETH NIGRO, CPA • CJ GAUNDER, CPA • KEVIN BREJNAK, CPA, CFE
PH: 951-698-8783 | FAX: 951-699-1064 | 25220 HANCOCK AVE., STE. 400, MURRIETA, CA 92562 | WEB: www.nncpas.com

ASSOCIATED STUDENT BODY (ASB) FUNDS - Hall Middle School (continued)

Recommendation: We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales. We further recommend that revenue potentials be prepared for all major fund-raising activities. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for.

Observation**:** We found that some receipts were not deposited in a timely manner. Collected checks were dated up to a month prior to being deposited to the bank.

Recommendation**:** We recommend that the site emphasize to the advisors and teachers that deposits should be made to the bookkeeper on a weekly basis or more often as needed. Money should never be left over the weekend or holidays because many thefts often occur during these times.

We will review the status of the current year comments during our next audit engagement.

Nigro & Nigro, PC

December 6, 2013

APPENDIX D

COUNTY INVESTMENT REPORT

THIS PAGE INTENTIONALLY LEFT BLANK

TREASURER DIVISION - DEPARTMENT OF FINANCE

REPORT OF INVESTMENTS - OPERATING FUNDS

COUNTY OF MARIN, SCHOOLS & SPECIAL DISTRICTS

July 31, 2014

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
142	LA1	236,377.31	2.967	/ /	/ /	236,377.31	0.240	0.244	Local Agency Investment Fund	236,377.31
3490	LA2	0.00	5.170	/ /	/ /	0.00	0.000	0.001	MM-DREYFUS	0.00
9149	LA2	10,003,254.18	0.040	/ /	/ /	10,003,254.18	0.009	0.010	MM-FIDELITY Institutional Gov	10,003,254.18
4366	LA2	0.00	4.930	/ /	/ /	0.00	0.009	0.010	NATIONS Treasury Reserves	0.00
2246	LA2	10,001,109.06	4.760	/ /	/ /	10,001,109.06	0.009	0.010	MM-WELLS FARGO Institutional G	10,001,109.06
10688	FAD	8,000,000.00	0.055	08/01/2014	03/18/2014	7,998,337.78	0.055	0.055	Federal Home Loan Discount	8,000,000.00
10689	FAD	5,000,000.00	0.055	08/04/2014	03/18/2014	4,998,938.19	0.055	0.055	Federal Home Loan Discount	5,000,000.00
10693	FAD	3,000,000.00	0.060	08/05/2014	03/20/2014	2,999,310.00	0.060	0.060	Fed Natl Mtg Assoc Disc	3,000,000.00
10779	FAD	3,000,000.00	0.060	08/06/2014	05/27/2014	2,999,645.00	0.060	0.060	Federal Home Loan Discount	3,000,000.00
10694	FAD	3,500,000.00	0.060	08/06/2014	03/20/2014	3,499,189.17	0.060	0.060	Fed Natl Mtg Assoc Disc	3,500,000.00
10695	FAD	5,000,000.00	0.060	08/07/2014	03/21/2014	4,998,841.67	0.060	0.060	Fed Natl Mtg Assoc Disc	4,999,950.00
10697	FAD	3,600,000.00	0.060	08/08/2014	03/24/2014	3,599,178.00	0.060	0.060	Fed Natl Mtg Assoc Disc	3,599,964.00
10701	FAD	4,000,000.00	0.060	08/11/2014	03/26/2014	3,999,080.00	0.060	0.060	Fed Natl Mtg Assoc Disc	3,999,960.00
10702	FAD	4,000,000.00	0.060	08/12/2014	03/26/2014	3,999,073.33	0.060	0.060	Fed Natl Mtg Assoc Disc	3,999,960.00
10717	FAD	3,000,000.00	0.020	08/13/2014	04/04/2014	2,999,781.67	0.020	0.020	Fed Natl Mtg Assoc Disc	2,999,970.00
10718	FAD	3,000,000.00	0.020	08/14/2014	04/04/2014	2,999,780.00	0.020	0.020	Fed Natl Mtg Assoc Disc	2,999,970.00
10691	FAD	11,000,000.00	0.060	08/15/2014	03/19/2014	10,997,268.33	0.060	0.060	Fed Natl Mtg Assoc Disc	10,999,890.00
10696	FAD	4,400,000.00	0.080	08/18/2014	03/24/2014	4,398,562.67	0.080	0.081	Fed Home Ln Mtg Corp Disc	4,399,956.00
10699	FAD	4,000,000.00	0.060	08/19/2014	03/25/2014	3,999,020.00	0.060	0.060	Fed Natl Mtg Assoc Disc	3,999,960.00
10711	FAD	2,200,000.00	0.050	08/20/2014	04/01/2014	2,199,569.17	0.050	0.050	Fed Natl Mtg Assoc Disc	2,199,956.00
10698	FAD	5,000,000.00	0.070	08/21/2014	03/25/2014	4,998,551.39	0.070	0.070	Fed Home Ln Mtg Corp Disc	4,999,900.00
10700	FAD	4,000,000.00	0.060	08/22/2014	03/25/2014	3,999,000.00	0.060	0.060	Fed Natl Mtg Assoc Disc	3,999,920.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
10722	FAD	4,000,000.00	0.030	08/25/2014	04/08/2014	3,999,536.67	0.030	0.030	Fed Natl Mtg Assoc Disc	3,999,920.00
10715	FAD	5,000,000.00	0.075	08/27/2014	04/03/2014	4,998,479.17	0.075	0.076	Federal Home Loan Discount	4,999,900.00
10707	FAD	3,900,000.00	0.060	08/28/2014	03/27/2014	3,898,999.00	0.060	0.060	Fed Natl Mtg Assoc Disc	3,899,922.00
10685	FAD	10,700,000.00	0.090	08/29/2014	03/13/2014	10,695,479.25	0.090	0.091	Federal Home Loan Discount	10,699,786.00
10706	FAD	6,000,000.00	0.060	08/29/2014	03/27/2014	5,998,450.00	0.060	0.060	Fed Natl Mtg Assoc Disc	5,999,880.00
10737	FAD	5,000,000.00	0.060	09/02/2014	04/11/2014	4,998,800.00	0.060	0.060	Fed Natl Mtg Assoc Disc	4,999,850.00
10716	FAD	4,500,000.00	0.045	09/03/2014	04/03/2014	4,499,139.38	0.045	0.045	Federal Home Loan Discount	4,499,865.00
10731	FAD	4,800,000.00	0.065	09/04/2014	04/10/2014	4,798,726.00	0.065	0.065	Fed Home Ln Mtg Corp Disc	4,799,856.00
10736	FAD	5,000,000.00	0.060	09/05/2014	04/11/2014	4,998,775.00	0.060	0.060	Fed Natl Mtg Assoc Disc	4,999,850.00
10735	FAD	5,000,000.00	0.060	09/08/2014	04/11/2014	4,998,750.00	0.060	0.060	Fed Natl Mtg Assoc Disc	4,999,800.00
10733	FAD	4,000,000.00	0.050	09/09/2014	04/10/2014	3,999,155.56	0.050	0.050	Fed Home Ln Mtg Corp Disc	3,999,840.00
10713	FAD	4,000,000.00	0.085	09/10/2014	04/02/2014	3,998,479.44	0.085	0.086	Federal Home Loan Discount	3,999,840.00
10728	FAD	5,000,000.00	0.050	09/11/2014	04/09/2014	4,998,923.61	0.050	0.050	Fed Home Ln Mtg Corp Disc	4,999,800.00
10744	FAD	3,000,000.00	0.040	09/12/2014	04/16/2014	2,999,503.33	0.040	0.040	Federal Home Loan Discount	2,999,880.00
10729	FAD	5,000,000.00	0.050	09/12/2014	04/09/2014	4,998,916.67	0.050	0.050	Fed Home Ln Mtg Corp Disc	4,999,800.00
10719	FAD	6,200,000.00	0.045	09/15/2014	04/04/2014	6,198,729.00	0.045	0.045	Federal Home Loan Discount	6,199,752.00
10724	FAD	4,500,000.00	0.070	09/16/2014	04/08/2014	4,498,591.25	0.070	0.070	Fed Home Ln Mtg Corp Disc	4,499,820.00
10727	FAD	5,000,000.00	0.065	09/17/2014	04/09/2014	4,998,546.53	0.065	0.065	Fed Home Ln Mtg Corp Disc	4,999,800.00
10732	FAD	4,000,000.00	0.000	09/18/2014	04/10/2014	3,999,105.56	0.050	0.050	Fed Home Ln Mtg Corp Disc	3,999,800.00
10723	FAD	5,000,000.00	0.000	09/19/2014	04/08/2014	4,998,405.56	0.070	0.070	Federal Home Loan Discount	4,999,750.00
10738	FAD	4,000,000.00	0.065	09/22/2014	04/15/2014	3,998,844.44	0.065	0.065	Fed Natl Mtg Assoc Disc	3,999,800.00
10739	FAD	3,500,000.00	0.065	09/23/2014	04/15/2014	3,498,982.57	0.065	0.065	Fed Natl Mtg Assoc Disc	3,499,825.00
10708	FAD	5,000,000.00	0.080	09/24/2014	03/28/2014	4,998,000.00	0.080	0.081	Fed Natl Mtg Assoc Disc	4,999,750.00
10747	FAD	3,200,000.00	0.055	09/25/2014	04/21/2014	3,199,232.44	0.055	0.055	Fed Natl Mtg Assoc Disc	3,199,840.00
10709	FAD	4,000,000.00	0.085	09/26/2014	03/28/2014	3,998,281.11	0.085	0.086	Federal Home Loan Discount	3,999,800.00
10746	FAD	7,500,000.00	0.050	09/29/2014	04/17/2014	7,498,281.25	0.050	0.050	Federal Home Loan Discount	7,499,550.00
10720	FAD	7,000,000.00	0.050	09/30/2014	04/07/2014	6,998,288.89	0.050	0.050	Federal Home Loan Discount	6,999,580.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
10743	FAD	10,000,000.00	0.040	09/30/2014	04/16/2014	9,998,144.44	0.040	0.040	Federal Home Loan Discount	9,999,400.00
10714	FAD	5,000,000.00	0.075	10/01/2014	04/02/2014	4,998,104.17	0.075	0.076	Fed Natl Mtg Assoc Disc	4,999,550.00
10765	FAD	3,800,000.00	0.060	10/02/2014	05/09/2014	3,799,075.33	0.060	0.060	Fed Natl Mtg Assoc Disc	3,799,620.00
10768	FAD	2,400,000.00	0.065	10/03/2014	05/14/2014	2,399,384.67	0.065	0.065	Federal Home Loan Discount	2,399,760.00
10734	FAD	4,000,000.00	0.070	10/06/2014	04/10/2014	3,998,607.78	0.070	0.070	Fed Home Ln Mtg Corp Disc	3,999,600.00
10776	FAD	5,000,000.00	0.040	10/07/2014	05/23/2014	4,999,238.89	0.040	0.040	Federal Home Loan Discount	4,999,500.00
10740	FAD	4,000,000.00	0.070	10/08/2014	04/15/2014	3,998,631.11	0.070	0.070	Fed Natl Mtg Assoc Disc	3,999,600.00
10770	FAD	3,000,000.00	0.050	10/09/2014	05/16/2014	2,999,391.67	0.050	0.050	Fed Natl Mtg Assoc Disc	2,999,670.00
10741	FAD	4,000,000.00	0.075	10/10/2014	04/15/2014	3,998,516.67	0.075	0.076	Federal Home Loan Discount	3,999,560.00
10754	FAD	4,000,000.00	0.070	10/10/2014	04/25/2014	3,998,693.33	0.070	0.070	Federal Home Loan Discount	3,999,560.00
10809	FAD	3,000,000.00	0.085	10/14/2014	07/18/2014	2,999,376.67	0.085	0.086	Fed Agric Mtg Corp Discount	2,999,670.00
10748	FAD	3,000,000.00	0.075	10/15/2014	04/21/2014	2,998,893.75	0.075	0.076	Federal Home Loan Discount	2,999,640.00
10756	FAD	1,500,000.00	0.070	10/15/2014	04/28/2014	1,499,504.17	0.070	0.070	Federal Home Loan Discount	1,499,820.00
10781	FAD	4,600,000.00	0.060	10/16/2014	05/28/2014	4,598,919.00	0.060	0.060	Fed Home Ln Mtg Corp Disc	4,599,448.00
10753	FAD	5,100,000.00	0.070	10/17/2014	04/25/2014	5,098,264.58	0.070	0.070	Federal Home Loan Discount	5,099,388.00
10777	FAD	5,000,000.00	0.055	10/20/2014	05/27/2014	4,998,884.72	0.055	0.055	Fed Natl Mtg Assoc Disc	4,999,400.00
10778	FAD	5,000,000.00	0.055	10/21/2014	05/27/2014	4,998,877.08	0.055	0.055	Fed Natl Mtg Assoc Disc	4,999,400.00
10758	FAD	4,200,000.00	0.065	10/22/2014	04/30/2014	4,198,672.92	0.065	0.065	Fed Natl Mtg Assoc Disc	4,199,454.00
10764	FAD	3,600,000.00	0.060	10/23/2014	05/08/2014	3,598,992.00	0.060	0.060	Fed Home Ln Mtg Corp Disc	3,599,532.00
10757	FAD	4,000,000.00	0.070	10/24/2014	04/29/2014	3,998,615.56	0.070	0.070	Federal Home Loan Discount	3,999,480.00
10742	FAD	8,200,000.00	0.070	10/24/2014	04/15/2014	8,196,938.67	0.071	0.072	Fed Home Ln Mtg Corp Disc	8,198,934.00
10767	FAD	4,600,000.00	0.065	10/27/2014	05/13/2014	4,598,612.97	0.065	0.065	Fed Home Ln Mtg Corp Disc	4,599,402.00
10773	FAD	2,900,000.00	0.060	10/28/2014	05/20/2014	2,899,221.83	0.060	0.060	Fed Home Ln Mtg Corp Disc	2,899,623.00
10759	FAD	4,200,000.00	0.075	10/29/2014	04/30/2014	4,198,407.49	0.075	0.076	Federal Home Loan Discount	4,199,412.00
10766	FAD	3,800,000.00	0.075	10/29/2014	05/09/2014	3,798,630.42	0.075	0.076	Federal Home Loan Discount	3,799,468.00
10721	FAD	25,000,000.00	0.055	10/31/2014	04/07/2014	24,992,093.75	0.055	0.056	Federal Home Loan Discount	24,996,500.00
10790	FAD	4,000,000.00	0.080	11/03/2014	06/16/2014	3,998,755.56	0.080	0.081	Fed Natl Mtg Assoc Disc	3,999,160.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
10791	FAD	4,000,000.00	0.070	11/04/2014	06/17/2014	3,998,911.11	0.070	0.070	Fed Natl Mtg Assoc Disc	3,999,160.00
10783	FAD	5,000,000.00	0.074	11/05/2014	05/30/2014	4,998,344.00	0.075	0.076	Federal Home Loan Discount	4,998,950.00
10801	FAD	2,000,000.00	0.080	11/05/2014	07/02/2014	1,999,440.00	0.080	0.081	Federal Home Loan Discount	1,999,580.00
10810	FAD	6,500,000.00	0.070	11/07/2014	07/23/2014	6,498,647.64	0.070	0.070	Federal Home Loan Discount	6,498,570.00
10811	FAD	3,000,000.00	0.070	11/07/2014	07/24/2014	2,999,381.67	0.070	0.070	Federal Home Loan Discount	2,999,340.00
10792	FAD	5,700,000.00	0.070	11/10/2014	06/17/2014	5,698,381.83	0.070	0.070	Fed Natl Mtg Assoc Disc	5,698,746.00
10784	FAD	3,000,000.00	0.075	11/12/2014	06/02/2014	2,998,981.25	0.075	0.076	Federal Home Loan Discount	2,999,310.00
10787	FAD	4,000,000.00	0.080	11/13/2014	06/10/2014	3,998,613.33	0.080	0.081	Fed Home Ln Mtg Corp Disc	3,999,080.00
10804	FAD	5,000,000.00	0.060	11/14/2014	07/15/2014	4,998,983.33	0.060	0.060	Federal Home Loan Discount	4,998,850.00
10793	FAD	5,100,000.00	0.080	11/17/2014	06/18/2014	5,098,277.33	0.080	0.081	Fed Home Ln Mtg Corp Disc	5,098,776.00
10794	FAD	4,000,000.00	0.080	11/18/2014	06/20/2014	3,998,657.78	0.080	0.081	Fed Home Ln Mtg Corp Disc	3,999,040.00
10795	FAD	4,000,000.00	0.075	11/20/2014	06/24/2014	3,998,758.33	0.075	0.076	Fed Home Ln Mtg Corp Disc	3,999,000.00
10803	FAD	5,200,000.00	0.085	11/21/2014	07/14/2014	5,198,403.89	0.085	0.086	Federal Home Loan Discount	5,198,700.00
10796	FAD	2,600,000.00	0.080	11/21/2014	06/24/2014	2,599,133.33	0.080	0.081	Fed Home Ln Mtg Corp Disc	2,599,350.00
10786	FAD	5,500,000.00	0.075	11/24/2014	06/05/2014	5,498,029.17	0.075	0.076	Fed Home Ln Mtg Corp Disc	5,498,570.00
10797	FAD	5,000,000.00	0.065	11/25/2014	06/26/2014	4,998,627.78	0.065	0.065	Fed Natl Mtg Assoc Disc	4,998,700.00
10782	FAD	5,000,000.00	0.080	11/26/2014	05/29/2014	4,997,988.89	0.080	0.081	Federal Home Loan Discount	4,998,700.00
10805	FAD	5,000,000.00	0.060	11/26/2014	07/16/2014	4,998,891.67	0.060	0.060	Federal Home Loan Discount	4,998,700.00
10807	FAD	5,000,000.00	0.060	11/26/2014	07/17/2014	4,998,900.00	0.060	0.060	Federal Home Loan Discount	4,998,700.00
10808	FAD	4,499,000.00	0.070	11/26/2014	07/17/2014	4,497,845.26	0.070	0.070	Federal Home Loan Discount	4,497,830.26
10816	FAD	3,000,000.00	0.095	12/12/2014	07/30/2014	2,998,931.25	0.095	0.096	Fed Home Ln Mtg Corp Disc	2,999,100.00
10769	FAD	6,200,000.00	0.055	12/15/2014	05/15/2014	6,197,972.94	0.056	0.056	Fed Natl Mtg Assoc Disc	6,198,140.00
10785	FAD	8,000,000.00	0.075	12/15/2014	06/03/2014	7,996,750.00	0.076	0.077	Fed Natl Mtg Assoc Disc	7,997,600.00
10812	FAD	15,300,000.00	0.060	12/15/2014	07/25/2014	15,296,353.50	0.060	0.060	Fed Natl Mtg Assoc Disc	15,295,410.00
10815	FAD	6,000,000.00	0.070	12/15/2014	07/29/2014	5,998,378.33	0.070	0.070	Fed Natl Mtg Assoc Disc	5,998,200.00
10675	FAC	5,000,000.00	0.210	02/26/2015	02/26/2014	5,000,000.00	0.207	0.210	Federal Home Loan Bank	5,000,050.00
10333	FAC	5,000,000.00	0.420	09/18/2015	03/18/2013	5,000,000.00	0.414	0.420	Fed Home Ln Mtg Corp	5,008,100.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
10598	FAC	5,000,000.00	0.400	12/11/2015	12/11/2013	5,000,000.00	0.394	0.400	Fed Home Ln Mtg Corp	5,001,550.00
10255	MC1	184,000.00	3.500	12/19/2015	12/19/2012	184,000.00	3.452	3.500	Town of Ross	184,000.00
10653	FAC	5,000,000.00	0.450	01/28/2016	01/28/2014	5,000,000.00	0.443	0.450	Fed Home Ln Mtg Corp	4,996,050.00
10710	FAC	5,000,000.00	0.500	04/01/2016	04/01/2014	4,996,250.00	0.530	0.537	Fed Home Ln Mtg Corp	5,001,550.00
10445	FAC	5,000,000.00	0.570	06/20/2016	06/20/2013	5,000,000.00	0.562	0.570	Fed Home Ln Mtg Corp	5,000,100.00
10620	FAC	5,000,000.00	0.500	06/20/2016	12/20/2013	5,000,000.00	0.493	0.500	Fed Home Ln Mtg Corp	4,996,500.00
10640	FAC	5,000,000.00	0.600	07/07/2016	01/07/2014	5,000,000.00	0.591	0.600	Fed Home Ln Mtg Corp	4,999,500.00
10704	FAC	5,000,000.00	0.700	09/27/2016	03/27/2014	5,000,000.00	0.690	0.700	Federal Home Loan Bank	5,001,450.00
10799	FAC	5,000,000.00	0.570	09/30/2016	06/30/2014	4,998,000.00	0.579	0.587	Federal Home Loan Bank	4,988,650.00
10802	FAC	5,000,000.00	0.700	10/14/2016	07/14/2014	5,000,000.00	0.689	0.699	Fed Home Ln Mtg Corp	4,993,350.00
10814	FAC	5,000,000.00	0.750	10/28/2016	07/29/2014	5,000,000.00	0.738	0.749	Fed Home Ln Mtg Corp	4,987,950.00
10547	FAC	5,000,000.00	0.800	11/07/2016	11/07/2013	5,000,000.00	0.789	0.800	Fed Home Ln Mtg Corp	4,990,900.00
10556	FAC	5,000,000.00	0.750	11/14/2016	11/14/2013	5,000,000.00	0.739	0.750	Fed Natl Mtg Assoc	4,993,900.00
10774	FAC	5,000,000.00	0.700	11/21/2016	05/21/2014	5,000,000.00	0.690	0.700	Federal Home Loan Bank	4,993,100.00
10684	FAC	5,000,000.00	0.750	12/12/2016	03/12/2014	5,000,000.00	0.739	0.750	Fed Home Ln Mtg Corp	4,993,350.00
10789	FAC	5,000,000.00	0.700	12/12/2016	06/12/2014	5,000,000.00	0.690	0.700	Fed Home Ln Mtg Corp	4,990,800.00
10605	FAC	5,000,000.00	0.750	12/13/2016	12/13/2013	5,000,000.00	0.739	0.750	Fed Home Ln Mtg Corp	4,993,450.00
10610	FAC	5,000,000.00	0.750	12/16/2016	12/16/2013	5,000,000.00	0.739	0.750	Fed Home Ln Mtg Corp	4,989,750.00
10690	FAC	5,000,000.00	0.650	12/19/2016	03/19/2014	4,998,500.00	0.652	0.661	Federal Home Loan Bank	4,997,500.00
10617	FAC	5,000,000.00	0.500	12/19/2016	12/19/2013	5,000,000.00	0.795	0.806	Fed Home Ln Mtg Corp	4,999,950.00
10256	MC1	178,000.00	3.560	12/19/2016	12/19/2012	178,000.00	3.511	3.560	Town of Ross	178,000.00
10626	FAC	5,000,000.00	0.800	12/27/2016	12/27/2013	5,000,000.00	0.789	0.800	Fed Home Ln Mtg Corp	4,987,800.00
10630	FAC	5,000,000.00	0.800	12/30/2016	12/30/2013	5,000,000.00	0.789	0.800	Fed Natl Mtg Assoc	4,986,700.00
10646	FAC	5,000,000.00	0.830	01/13/2017	01/13/2014	5,000,000.00	0.818	0.830	Fed Home Ln Mtg Corp	4,999,450.00
10658	FAC	5,000,000.00	0.900	01/30/2017	01/30/2014	5,000,000.00	0.887	0.900	Fed Home Ln Mtg Corp	4,992,300.00
10705	FAC	5,000,000.00	0.450	03/27/2017	03/27/2014	5,000,000.00	0.990	1.004	Federal Home Loan Bank	4,999,700.00
10579	FAC	5,000,000.00	0.875	03/27/2017	11/27/2013	5,000,000.00	0.863	0.875	Fed Natl Mtg Assoc	4,984,700.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
10730	FAC	5,000,000.00	1.000	04/10/2017	04/10/2014	5,000,000.00	0.986	1.000	Fed Home Ln Mtg Corp	4,993,850.00
10763	FAC	5,000,000.00	1.000	05/05/2017	05/05/2014	5,000,000.00	0.986	1.000	Federal Home Loan Bank	4,999,950.00
10771	FAC	5,000,000.00	1.000	05/19/2017	05/19/2014	5,000,000.00	0.986	1.000	Federal Home Loan Bank	4,986,800.00
10780	FAC	5,000,000.00	1.050	05/26/2017	05/28/2014	5,000,000.00	1.035	1.050	Fed Home Ln Mtg Corp	5,001,700.00
10788	FAC	10,000,000.00	0.500	06/12/2017	06/12/2014	10,000,000.00	1.049	1.063	Federal Home Loan Bank	9,982,300.00
10798	FAC	5,000,000.00	1.150	06/30/2017	06/30/2014	5,000,000.00	1.134	1.150	Fed Home Ln Mtg Corp	4,989,250.00
10806	FAC	5,000,000.00	1.000	07/17/2017	07/17/2014	5,000,000.00	0.986	1.000	Fed Agric Mrg Corp (FarmerMac)	4,988,700.00
10813	FAC	5,000,000.00	1.150	07/28/2017	07/28/2014	5,000,000.00	1.134	1.150	Federal Home Loan Bank	4,972,450.00
10257	MC1	172,777.00	3.648	12/19/2017	12/19/2012	172,777.00	3.598	3.648	Town of Ross	172,777.00
10800	RRP	235,675.00	3.500	07/01/2019	07/01/2014	235,675.00	3.452	3.500	MARIN COUNTY	235,675.00
		675,010,192.55				**674,871,503.41**				**674,738,207.81**
AMORTIZATION & ACCRETION OF PREMIUMS & DISCOUNTS						**275.77**			ACCRUED INTEREST DISCOUNT INVESTMENTS	
		675,010,192.55				**674,871,779.18**				**674,738,207.81**

TREASURER DIVISION - DEPARTMENT OF FINANCE
PORTFOLIO SUMMARY REPORT - OPERATING FUNDS
COUNTY OF MARIN, SCHOOLS & SPECIAL DISTRICTS
July 31, 2014

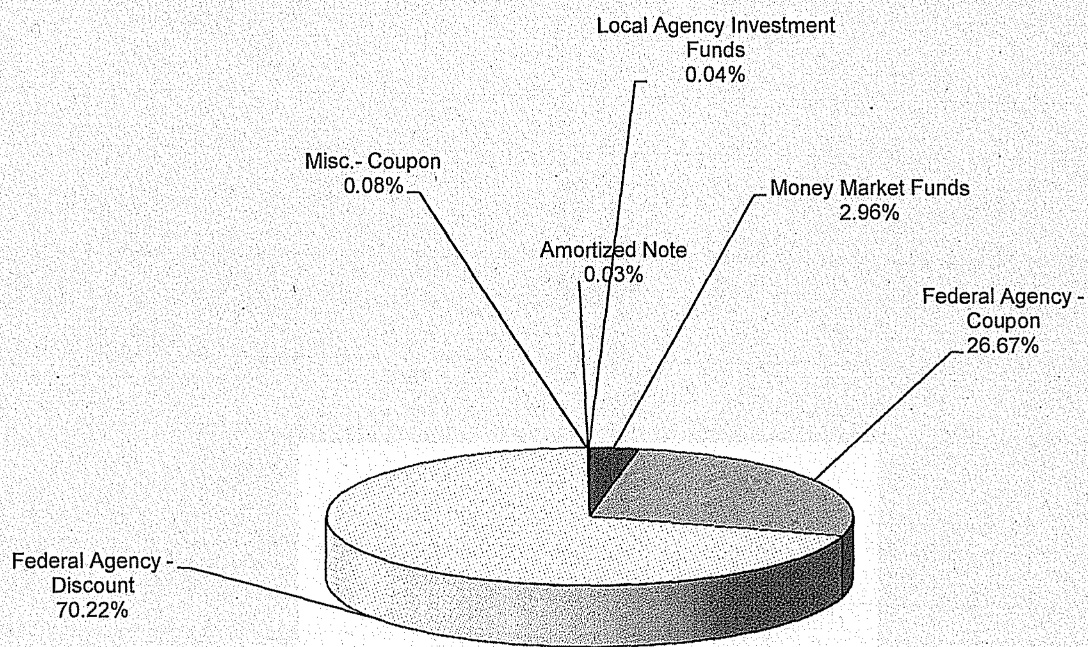
DESCRIPTION	ENDING BALANCE July 31, 2014	AVERAGE BALANCE July 31, 2014	WEIGHTED AVERAGE DAYS TO MATURITY	ANNUALIZED YIELD July 31, 2014	YIELD July 31, 2014
LOCAL AGENCY INVESTMENT FUNDS	$236,377.31	$236,318.46	1	0.244	0.244
MONEY MARKET FUNDS	$20,004,363.24	$19,036,621.30	1	0.010	0.010
FEDERAL AGENCY ISSUES - COUPON	$179,992,750.00	$182,251,586.99	838	0.700	0.772
FEDERAL AGENCY ISSUES - DISCOUNT	$473,867,560.86	$524,180,803.64	67	0.067	0.065
TREASURY SECURITIES - COUPON					
TREASURY SECURITIES - DISCOUNT					
MISC SECURITIES - COUPON	$534,777.00	$534,777.00	863	3.568	3.568
AMORTIZED NOTE	$235,675.00	$235,675.00	1795	3.502	3.500
TOTALS & AVERAGES	$674,871,503.41	$726,475,782.39	272	0.228%	0.256%

The Local Agency Investment Funds is an open ended account and is not included in the total weighted days to maturity.

Treasurer Division - Department of Finance
Portfolio Yield Report - Operating Funds
County of Marin, Schools & Special Districts
July 31, 2014

INVESTMENT HOLDINGS	BOOK VALUE	7/31/14
Local Agency Investment Funds	$236,377.31	0.244%
Money Market Funds	$20,004,363.24	0.010%
Federal Agency - Coupon	$179,992,750.00	0.772%
Federal Agency - Discount	$473,867,560.86	0.065%
Misc.- Coupon	$534,777.00	3.568%
Amortized Note	$235,675.00	3.500%
TOTAL	$674,871,503.41	0.256%

PORTFOLIO ALLOCATION



APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Trustees of the
Larkspur-Corte Madera School District
230 Doherty Drive
Larkspur, California 94939

OPINION: $19,000,000 Larkspur-Corte Madera School District (Marin County, California) General Obligation Bonds, Election of 2014, Series A (2014)

Members of the Board of Trustees:

We have acted as bond counsel to the Larkspur-Corte Madera School District (the "District") in connection with the issuance by the District of $19,000,000 principal amount of Larkspur-Corte Madera School District (Marin County, California) General Obligation Bonds, Election of 2014, Series A (2014) (the "Bonds"), pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code (the "Act"), and a resolution adopted by the Board of Trustees of the District on September 10, 2014 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

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

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

3. The Bonds have been duly authorized, executed and delivered by the Board and are valid and binding general obligations of the District. The Board of Supervisors of Marin County is required under the Act to levy a tax upon all taxable property in the District for the interest and redemption of all outstanding bonds of the District, including the Bonds. The Bonds are payable from an *ad valorem* tax levied without limitation as to rate or amount.

4. Subject to the District's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest

on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

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

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

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

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the LARKSPUR-CORTE MADERA SCHOOL DISTRICT (the "District") in connection with the issuance by the District of its $19,000,000 Larkspur-Corte Madera School District (County of Marin, California) General Obligation Bonds, Election of 2014, Series A (2014) (the "Bonds"). The Bonds are being issued pursuant to resolutions adopted by the Board of Trustees of the District on September 10, 2014 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

"*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 who (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 Goodwin Consulting Group, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation. In the absence of such a designation, the District shall act as the Dissemination Agent.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

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

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Participating Underwriter*" shall mean the original underwriter of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

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

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report*. The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2013-14 Fiscal Year, which is due not later than March 31, 2015, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that 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.

(b) *Change of Fiscal Year*. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent*. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District.

(d) *Report of Non-Compliance*. If the District is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the District shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the District is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification*. The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

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

(a) *Financial Statements.* Audited financial statements of the District for the preceding fiscal year, prepared in accordance generally accepted accounting principles. 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.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the District, the Annual Report shall also include financial and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the official statement for the Bonds, as follows:

(i) Adopted budget (or summary) of the District for the current fiscal year, or any interim budget reports approved as of the date of filing of the Annual Report;

(ii) Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County; and

(iii) Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on EMMA. The District shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The District shall, or shall cause the Dissemination (if not the District) to, give notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.
(2) Unscheduled draws on debt service reserves reflecting financial difficulties.
(3) Unscheduled draws on credit enhancements reflecting financial difficulties.
(4) Substitution of credit or liquidity providers, or their failure to perform.
(5) Defeasances.
(6) Rating changes.
(7) Tender offers.
(8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
(9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(b) *Material Reportable Events.* 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) Non-payment related defaults.
(2) Modifications to rights of security holders.
(3) Bond calls.
(4) The release, substitution, or sale of property securing repayment of the securities.
(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
(6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Resolutions.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

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

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent*. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the District, 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. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the District. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the District shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the District.

(b) *Compensation of Dissemination Agent*. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the District or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent*. In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the District to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the District under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances*. If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), 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) *Compliance as of Issue Date*. The undertaking, as amended or taking into account such waiver, would, in the opinion of a 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) *Consent of Holders; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Resolutions for amendments to the Resolutions with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the District shall describe such amendment or waiver in the next following 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(c), 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner 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. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Paying Agent under the Resolutions. The obligations of the District under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Date: [Closing Date]

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

By ____
Valerie Pitts, Ed.D.
Superintendent

ACKNOWLEDGED:

GOODWIN CONSULTING GROUP, INC., as Dissemination Agent

By ____
Name ______________________________________
Title ______________________________________

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Larkspur-Corte Madera School District

Name of Issues: Larkspur-Corte Madera School District (County of Marin, California) General Obligation Bonds, Election of 2014, Series A (2014)

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issues as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _______________.

Dated: __________________________

GOODWIN CONSULTING GROUP, INC., as Dissemination Agent

By ____
Title ______________________________________

cc: Paying Agent

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX G

BOOK-ENTRY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined below) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other Bond related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com 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 the 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 requested by an authorized representative of DTC. The deposit of the 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 or 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 tenders, defaults, and proposed amendments to the Bonds documents. For example, Beneficial Owners of the 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 Paying Agent and request that copies of notices be provided directly to them.

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

Payments of principal of and interest 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 principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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.

DTC may discontinue providing its service 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, the Bond certificates will be printed and delivered to DTC.

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

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the District determines that DTC shall no longer act and delivers a written certificate to the Paying Agent to that effect, then the District will discontinue the Book-Entry System with DTC for the Bonds. If the District determines to replace DTC with another qualified securities depository, the District will prepare or direct the preparation of a new single separate, fully registered Bond for each maturity of the Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Resolution. If the District fails to identify another qualified securities depository to replace the incumbent securities depository for the Bonds, then the Bonds shall no longer be restricted to being registered in the Bond registration books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Bonds shall designate.

In the event that the Book-Entry System is discontinued, the following provisions would also apply: (i) the Bonds will be made available in physical form, (ii) payment of principal of and interest on the Bonds will be payable upon surrender thereof at the trust office of the Paying Agent identified in the Resolution, and (iii) the Bonds will be transferable and exchangeable as provided in the Resolution.

The District and the Paying Agent do not have any responsibility or obligation to DTC Participants, to the persons for whom they act as nominees, to Beneficial Owners, or to any other person who is not shown on the registration books as being an owner of the Bonds, with respect to (i) the accuracy of any records maintained by DTC or any DTC Participants; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal of and interest on the Bonds; (iii) the delivery of any notice which is permitted or required to be given to registered owners under the Resolution; (iv) any consent given or other action taken by DTC as registered owner; or (v) any other matter arising with respect to the Bonds or the Resolution. The District and the Paying Agent cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of and interest on the Bonds paid to DTC or its nominee, as the registered owner, or any notices to the Beneficial Owners or that they will do so on a timely basis or will serve and act in a manner described in this Official Statement. The District and the Paying Agent are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner in respect to the Bonds or any error or delay relating thereto.

THIS PAGE INTENTIONALLY LEFT BLANK