NEW ISSUE—FULL BOOK-ENTRY

RATING: Moody's: Aaa
(See "MISCELLANEOUS - Rating" herein.)

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

$3,499,743.90
LAYTONVILLE UNIFIED SCHOOL DISTRICT
Mendocino County, California
Election of 2000 General Obligation Bonds, Series A
(Bank Qualified)

Dated: **Current Interest Bonds: September 1, 2000**
Capital Appreciation Bonds: Date of Delivery

Due: September 1, as shown below

The Laytonville Unified School District, Mendocino County, California, Election of 2000 General Obligation Bonds, Series A (the "Bonds"), were authorized at an election of the registered voters of the Laytonville Unified School District (the "District") held on June 6, 2000, at which more than two-thirds of the persons voting on the proposition voted to authorize the issuance and sale of $3,500,000 principal amount of general obligation bonds of the District. The Bonds are being issued to repair and construct school facilities within the District.

The Bonds are general obligations of the District. The Board of Supervisors of Mendocino County is empowered and is obligated to levy *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of interest on and principal of the Bonds when due.

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 The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers will not receive certificates representing their interest in the Bonds.

Interest with respect to the Current Interest Bonds accrues from September 1, 2000 and is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2001. The Current Interest Bonds are issuable in denominations of $5,000 or any integral multiple thereof.

The Capital Appreciation Bonds are dated the date of delivery of the Bonds and accrete interest from such date, compounded semiannually March 1 and September 1 of each year, commencing March 1, 2001, payable at maturity. The Capital Appreciation Bonds are issuable in denominations of $5,000 Maturity Value or any integral multiple thereof.

Payments of principal of, Maturity Value, and interest on the Bonds will be made by Wells Fargo Bank, National Association, as the designated Paying Agent, Bond Registrar and Transfer Agent (the "Bond Registrar"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the beneficial owners of the Bonds. (See "THE BONDS — Book-Entry Only System").

The Bonds are subject to optional and mandatory sinking fund redemption as described herein.

Payment of the principal of and interest on the Bonds (or in the case of Capital Appreciation Bonds, the Maturity Value) when due will be insured by MBIA Insurance Corporation under a municipal bond insurance policy issued simultaneously with the delivery of the Bonds. (See "THE BONDS - Bond Insurance" herein and APPENDIX E — FORM OF MUNICIPAL BOND INSURANCE POLICY).

MATURITY SCHEDULE
$2,710,000 Current Interest Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Maturity (September 1)	Principal Amount	Interest Rate	Yield
2001	$20,000	4.000%	4.000%	2008	$105,000	4.250%	4.250%
2002	25,000	4.000	4.000	2009	120,000	4.300	4.300
2003	35,000	4.050	4.050	2010	140,000	4.400	4.400
2004	45,000	4.100	4.100	2011	160,000	4.500	4.500
2005	60,000	4.150	4.150	2012	180,000	4.600	4.600
2006	70,000	4.200	4.200	2013	205,000	4.700	4.700
2007	85,000	4.250	4.250	2014	230,000	4.800	4.800

$1,230,000 5.125% Term Bonds due September 1, 2018 - Yield 5.250%
(Plus accrued interest from September 1, 2000)

$789,743.90 Capital Appreciation Serial Bonds

Due (September 1)	Original Principal Amount	Reoffering Principal Amount	Maturity Value	Approximate Yield	Due (September 1)	Original Principal Amount	Reoffering Principal Amount	Maturity Value	Approximate Yield
2019	$95,725.80	$138,173.85	$405,000	5.750%	2023	$136,241.40	$136,241.40	$510,000	5.830%
2020	94,195.80	137,277.50	430,000	5.800	2024	135,248.40	135,248.40	540,000	5.860
2021	96,182.45	136,909.50	455,000	5.810	2025	135,935.75	135,935.75	575,000	5.860
2022	96,214.30	137,516.90	485,000	5.820					

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. The Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York on or about September 12, 2000.

Dated: August 31, 2000

George K. Baum & Company
INVESTMENT BANKERS SINCE 1928

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

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

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

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

MENDOCINO COUNTY

Michael Delbar, Chairman
Patricia Campbell, Vice Chair
Richard Shoemaker, Member
Tom Lucier, Member
J. David Colfax, Member

LAYTONVILLE UNIFIED SCHOOL DISTRICT

District Board of Trustees

Calvin Harwood, President
Beverly Celso, Clerk
Shanna Braught, Member
Sharon Kotte, Member
Marsha Smythe, Member

District Administration

John Markatos, Superintendent
Bette Loflin, Business Manager

PROFESSIONAL SERVICES

Bond Counsel

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

Paying Agent, Registrar and Transfer Agent

Wells Fargo Bank, National Association
San Francisco, California

Underwriter

George K. Baum & Company
Sacramento, California

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LAYTONVILLE UNIFIED SCHOOL DISTRICT
Mendocino County, California
Election of 2000 General Obligation Bonds, Series A

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of Laytonville Unified School District, Mendocino County, California, Election of 2000 General Obligation Bonds, Series A (the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The Laytonville Unified School District (the "District") was formed on July 1, 1981. The District is located in the City of Laytonville in northern Mendocino County (the "County"), approximately 150 miles north of San Francisco and encompasses an area of approximately 370 square miles. The District maintains one high school, one continuation high school, one community day school, an adult program and three elementary schools. The District's audited actual average daily attendance for fiscal year 1999-2000 was estimated at 487 and the District has a 1999-2000 assessed valuation of $193,054,537. See "LAYTONVILLE UNIFIED SCHOOL DISTRICT."

Purpose of the Bonds

The net proceeds of the Bonds will be used to renovate, construct and modernize classrooms and school facilities.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and pursuant to a resolution adopted by the Board of Education of the District. See "THE BONDS - Authority for Issuance."

Sources of Payment for the Bonds

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

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially 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. See "THE BONDS - General Provisions" and "Book-Entry Only System." In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See "THE BONDS - Discontinuation of Book-Entry Only System; Payment to Beneficial Owners."

Current Interest and Capital Appreciation Bonds. The Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"). The Capital Appreciation Bonds are payable only at maturity and will not bear interest on a current basis. The maturity value of each Capital Appreciation Bond is equal to its accreted value upon the maturity thereof ("Maturity Value"), being comprised of its initial purchase price (the "Denominational Amount") and the interest accreting thereon between the delivery date and its respective maturity date.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount or Maturity Value, as applicable, or any integral multiple thereof. One Capital Appreciation Bond may have an odd Maturity Value.

Redemption. The Current Interest Bonds maturing on or after September 1, 2011, may be redeemed before maturity at the option of the District from any source of funds, on September 1, 2010, or any Bond Payment Date (as defined herein) thereafter. The Current Interest Term Bond maturing on September 1, 2018 is subject to mandatory sinking fund redemption as described herein. The Capital Appreciation Bonds are not subject to optional redemption or sinking fund redemption prior to their fixed maturity dates. See "THE BONDS - Redemption" herein.

Payments. Interest on the Current Interest Bonds accrues from September 1, 2000, and is payable semiannually on each March 1 and September 1 (each a "Bond Payment Date"), commencing March 1, 2001. Principal of the Current Interest Bonds is payable on September 1, commencing September 1, 2001, in the amounts and years as set forth on the cover page hereof. Interest on the Capital Appreciation Bonds accretes from the date of their delivery at the approximate yields per annum set forth on the cover page hereof, compoundable semiannually on March 1 and September 1 of each year, commencing March 1, 2001, payable only at maturity, according to the amounts set forth in the table of accreted values as shown in APPENDIX F. The Maturity Value of the Capital Appreciation Bonds is payable on September 1, in the amounts and years as set forth in APPENDIX F and on the cover page hereof. Payments of the principal of, Maturity Value, and interest on the Bonds will be made by Wells Fargo Bank, National Association, the designated paying agent, registrar and transfer agent (the "Bond Registrar"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the beneficial owners of the Bonds.

Bond Insurance. Payment of the principal of and interest on the Bonds (or in the case of Capital Appreciation Bonds, the Maturity Value) when due will be insured by a municipal bond insurance policy to be issued simultaneously with the delivery of the Bonds by MBIA Insurance Corporation. See "THE BONDS — Bond Insurance" and "MISCELLANEOUS - Rating" herein.

Tax Matters

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

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through DTC in New York, New York on or about September 12, 2000.

Bondowner's Risks

The Bonds are general obligations of the District payable from *ad valorem* taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all taxable property in the District. For more complete information regarding the District's financial condition and taxation of property within the District, see "LAYTONVILLE UNIFIED SCHOOL DISTRICT."

Continuing Disclosure

The District has covenanted that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. "Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate relating to disclosure of annual financial information and notices of certain events executed by the District as of the date of issuance and delivery of the Bonds, as it may be amended from time to time in accordance with the terms thereof. See "APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Bank Qualified

The District has designated the Bonds as "bank qualified" under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, is acting as Bond Counsel to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation, is located at 44 Montgomery Street, Suite 4200, San Francisco, California 94104. Wells Fargo Bank, National Association is acting as Bond Registrar and Paying Agent for the Bonds. The principal corporate trust office of the Paying Agent is 120 Kearny Street, Suite 2530, San Francisco, California 94104. Stradling Yocca Carlson & Rauth, a Professional Corporation, will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement and any continuing disclosure documents of the District are intended to be made available through The Bond Buyer, Secondary Market Disclosure, 395 Hudson Street, 3rd Floor, New York, New York 10014, telephone: (212) 807-3814.

Copies of documents referred to herein and information concerning the Bonds are available from the Laytonville Unified School District, 150 Ramsey Road, Laytonville, California 95454, telephone: (707) 984-6414. The District may impose a charge for copying, mailing and handling.

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

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

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

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Division 2 of Title 5 of the California Government Code of the State of California (the "Act") and pursuant to a resolution adopted by the Board of Trustees of the District on June 29, 2000 (the "Resolution"). The District received authorization at an election held on June 6, 2000 by a two-thirds majority of the votes cast by eligible voters within the District to issue $3,500,000 of general obligation bonds (the "Authorization"). The Bonds represent the first series of bonds within the Authorization.

Security and Sources of Payment

The Bonds are general obligations of the District. The Bonds are payable from *ad valorem* taxes. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of the interest on and principal of the Bonds upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be placed by the County in the District's Debt Service Fund, which is segregated and maintained by the County and which is irrevocably pledged for the payment of the Bonds and interest thereon when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and will maintain the Debt Service Fund pledged to the repayment of the Bonds, the Bonds are not a debt of the County.

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. A reduction in the assessed valuation of taxable property in the District's control, such as economic recession, deflation of land values, a relocation out of the District by one or more major property owners, or the complete or partial destruction of such property caused by, among other eventualities, an earthquake, flood or other natural disaster, could cause a reduction in the assessed value of the District and necessitate an unanticipated increase in annual tax levy.

Bond Insurance

Concurrently with the issuance of the Bonds, MBIA Insurance Corporation (the "Insurer"), will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds (or in the case of Capital Appreciation Bonds, the Maturity Value) when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The following information regarding the Policy and the Insurer has been furnished by the Insurer for use in this Official Statement. Reference is made to APPENDIX E for a specimen of the Policy.

The Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the District to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Insurer's Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payment to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof, or (iv) any Preference relating to (i) through (iii) above. The Insurer's Policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Trustee payment of the insured amounts due on such Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has two European branches, one in the Republic of France and the other in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Insurer, changes in control and transactions among affiliates. Additionally, the Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

As of December 31, 1999, the Insurer had admitted assets of $7.0 billion (audited), total liabilities of $4.6 billion (audited), and total capital and surplus of $2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 2000, the Insurer had admitted assets of $7.3 billion (unaudited), total liabilities of $4.9 billion (unaudited), and total capital and surplus of $2.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Furthermore, copies of the Insurer's year end financial statements prepared in accordance with statutory accounting practices are available without charge from the Insurer. A copy of the Annual Report on Form 10-K of the Company is available from the Insurer or the Securities and Exchange Commission. The address of the Insurer is 113 King Street, Armonk, New York 10504. The telephone number of the Insurer is (914) 273-4545.

Moody's Investors Service, Inc. rates the financial strength of the Insurer "Aaa."

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., rates the financial strength of the Insurer "AAA."

Fitch IBCA, Inc. rates the financial strength of the Insurer "AAA."

Each rating of the Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. The

Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.3 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

General Provisions

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

Interest with respect to the Current Interest Bonds accrues from September 1, 2000, and is payable semiannually on March 1 and September 1 of each year commencing March 1, 2001. Each Current Interest Bond shall bear interest from the Bond 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 Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before February 15, 2001, in which event it shall bear interest from September 1, 2000. The Current Interest Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Current Interest Bonds mature on September 1, in the years and amounts set forth on the cover page hereof.

The Capital Appreciation Bonds are dated the date of delivery of the Bonds and accrete interest from such date, compounded semiannually on March 1 and September 1 of each year, commencing March 1, 2001. The Capital Appreciation Bonds are issuable in denominations of $5,000 Maturity Value or any integral multiple thereof. The Capital Appreciation Bonds are payable only at maturity, according to the amounts set forth in the table of accreted values (See "APPENDIX F — TABLE OF ACCRETED VALUES" herein.).

Payment of interest on any Current Interest Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by check mailed to such Owner on the Bond Payment Date, such interest to be paid by check mailed to such Owner on the Bond Payment Date at his address as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate Principal Amount or Maturity Value of $1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Current Interest Bonds and the Maturity Value on the Capital Appreciation Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The interest, Maturity Value, principal and premiums, if any, on the Bonds shall 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.

Annual Debt Service

The following table summarizes the annual debt service requirements of the District for the Bonds:

	Current Interest Bonds		Capital Appreciation Bonds		
Year Ending (September 1)	Annual Principal Payment	Annual Interest Payment	Annual Principal Payment	Annual Accreted Interest Payment	Total Annual Debt Service
2001	$20,000	$129,080.00	--	--	$149,080.00
2002	25,000	128,280.00	--	--	153,280.00
2003	35,000	127,280.00	--	--	162,280.00
2004	45,000	125,862.50	--	--	170,862.50
2005	60,000	124,017.50	--	--	184,017.50
2006	70,000	121,527.50	--	--	191,527.50
2007	85,000	118,587.50	--	--	203,587.50
2008	105,000	114,975.00	--	--	219,975.00
2009	120,000	110,512.50	--	--	230,512.50
2010	140,000	105,352.50	--	--	245,352.50
2011	160,000	99,192.50	--	--	259,192.50
2012	180,000	91,992.50	--	--	271,992.50
2013	205,000	83,712.50	--	--	288,712.50
2014	230,000	74,077.50	--	--	304,077.50
2015	255,000	63,037.50	--	--	318,037.50
2016	290,000	49,968.75	--	--	339,968.75
2017	325,000	35,106.25	--	--	360,106.25
2018	360,000	18,450.00	--	--	378,450.00
2019	--	--	$95,725.80	$309,274.20	405,000.00
2020	--	--	94,195.80	335,804.20	430,000.00
2021	--	--	96,182.45	358,817.55	455,000.00
2022	--	--	96,214.30	388,785.70	485,000.00
2023	--	--	136,241.40	373,758.60	510,000.00
2024	--	--	135,248.40	404,751.60	540,000.00
2025	--	--	135,935.75	439,064.25	575,000.00
Total	$2,710,000	$1,721,012.50	$789,743.90	$2,610,256.10	$7,831,012.50

Application and Investment of Bond Proceeds

The proceeds from the sale of the Bonds will be used by the District to: (i) pay for the renovation, construction, and acquisition of classrooms and school facilities throughout the District, and (ii) pay certain costs of issuance of the Bonds, including the insurance premium, if any.

The proceeds from the sale of the Bonds shall be paid to the County to the credit of the "Series A Laytonville Unified School District Building Fund" (the "Building Fund"). The accrued interest and any premium received by the County from the sale of the Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the "Series A Laytonville Unified School District General Obligation Bond Debt Service Fund" (the "Debt Service Fund") for the Bonds and used only for payment of Maturity Value or principal of and interest on the Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of Maturity Value or principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the General Fund of the District.

Moneys in the Building Fund are expected to be invested in any one or more investments generally permitted to school districts under the laws of the State of California or as permitted by the Resolution, including guaranteed investment contracts. Moneys in the Building Fund and the Debt

Service Fund are expected to be invested through the Mendocino County Investment Pool. See "MENDOCINO COUNTY INVESTMENT POOL" herein.

Redemption

Optional Redemption. The Current Interest Bonds maturing on or before September 1, 2010 are not subject to redemption. The Current Interest Bonds maturing on or after September 1, 2011 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole, or in part, at the direction of the District and by lot within a maturity, on any Bond Payment Date on or after September 1, 2010, at the following redemption prices (expressed as a percentage of the principal amount of the Bonds called for redemption), together with interest accrued thereon to the date of redemption:

Redemption Date	Redemption Price
September 1, 2010 and March 1, 2011	101%
September 1, 2011 and therafter	100

The Capital Appreciation Bonds are not subject to optional redemption.

Mandatory Redemption. The Current Interest Bonds maturing on September 1, 2018, are subject to mandatory redemption prior to their stated maturity date in part (by lot) from moneys in the Debt Service Fund on each September 1, on and after September 1, 2015, at the principal amount thereof, together with accrued interest thereon to the date fixed for redemption, without premium in the principal amounts as set forth in the following table:

Redemption Date (September 1)		Principal Amount
2015		$255,000
2016		290,000
2017		325,000
2018[1]		360,000
	Total:	$1,230,000

[1] Final Maturity

The Capital Appreciation Bonds are not subject to mandatory redemption.

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

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

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Moody's Investors Service, 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bond Department; and Standard and Poor's J. J. Kenny Information Services' "Called Bond Record," 55 Water Street, 45th Floor, New York, New York 10041. "Securities Depositories" shall mean The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures - Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street; Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496-5058.

The actual receipt by the owner of any Bond (hereinafter referred to as "Bondowner") or of any Information Service or Securities Depository of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

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

When notice of redemption has been given, substantially as described above, and when the amount necessary for the payment of principal of and premium, if any, is set aside for the purpose in the Debt Service Fund, the Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof, and upon presentation and surrender of said Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at said redemption price out of the Debt Service Fund, and no interest will accrue on such Bonds called for redemption after the redemption date specified in such notice, and the owners of said Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the premium thereon only to said Debt Service Fund.

Book-Entry Only System

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

Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC 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). One fully-registered Bond certificate for each maturity will be issued for the Bonds in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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, but Beneficial Owners are 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 Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no 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 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.

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

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. 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).

Principal, Maturity Value, premium, if any, and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on a payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on a payment date. 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, Maturity Value, premium, if any, and interest to DTC is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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

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

Transfer and Exchange

Any Current Interest Bond may be exchanged for Current Interest Bonds of any authorized denomination and any Capital Appreciation Bond may be exchanged for Capital Appreciation Bonds of any authorized Maturity Value upon presentation and surrender at the office of the Paying Agent, initially located in San Francisco, California, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered 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 shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Current Interest Bond during the period from the 15th day of the month preceding each Interest Payment Date to such Interest Payment Date or from the sixteenth day next preceding a date for which such Current Interest Bond has been selected for redemption in whole or in part.

Defeasance

Any outstanding Bonds shall be deemed to have been paid if there shall be on deposit in the Debt Service Fund of the District moneys in an amount sufficient (together with interest thereon) to pay the principal, Maturity Value, interest and premium, if any, represented by such outstanding Bonds, payable on their respective principal maturity dates or on any redemption date prior thereto. The Bondowners of such Bonds shall be entitled to the principal, Maturity Value, interest and premium, if any, represented by such Bonds, and the District shall remain liable for such payments, but only out of such moneys on deposit in the Debt Service Fund of the District for such payment.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds, excluding accrued interest, are expected to be applied as follows:

Sources of Funds

Principal Amount of Bonds	$3,499,743.90
Accrued Interest	3,944.11
Plus Net Original Issue Premium	149,785.90
Total Sources	$3,653,473.91

Uses of Funds

Building Fund	$3,499,743.90
Debt Service Fund(1)	3,944.11
Costs of Issuance(2)	149,785.90
Total Uses	$3,653,473.91

(1) Represents accrued interest on the Current Interest Bonds from September 1, 2000, to the delivery date of the Bonds.
(2) All costs of issuance, including insurance premium and the Underwriter's discount.

MENDOCINO COUNTY INVESTMENT POOL

This section provides a general description of the County's investment policy, current portfolio holdings, and valuation procedures. The information has been adapted from material prepared by the County for inclusion in this Official Statement. The District makes no representation as to the accuracy or completeness of such information. Further information may be obtained from the office of the Treasurer-Tax Collector of the County of Mendocino, 501 Low Gap Road, Ukiah, California 95482.

Funds held by the County in the Investment Pool (the "County Pool") are invested in accordance with the County's Statement of Investment Policy prepared by the County Treasurer-Tax Collector (the "Treasurer") as authorized by Section 53601 of the Government Code of California. The Investment Policy is submitted to the County Board of Supervisors annually. The Treasurer is in the process of preparing amendments to the County's Investment Policy for approval by County of Supervisors to reflect changes to State law. The Treasurer does not anticipate any major substantive changes to the Investment Policy in connection with the approval of these amendments.

The County Pool represents moneys entrusted to the Treasurer by the County and schools and special districts within the County. State law requires that all moneys of the County, school districts, and certain special districts be held by the Treasurer.

Moneys deposited in the County Pool by the participants to represent an individual interest in all assets and investments in the County Pool based upon the amount deposited. All income is distributed to participants based on the average daily balance.

The Treasurer's Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition of the portfolio will change over time as old investments mature, or are sold, and as new investments are made.

Funds on deposit with the Treasurer are managed to insure preservation of capital through high quality investments, maintenance of liquidity and then yield. Further, no single investment of operating funds can exceed five years and the average maturity of pooled investments cannot exceed two years.

The County policy does not prohibit investment in derivatives or reverse repurchase agreements, but these type of investments are not usually included in the portfolio.

A description of the portfolio structure of the County Pool as of August 18, 2000 is as follows:

MENDOCINO COUNTY INVESTMENT POOL
PORTFOLIO STRUCTURE
As of August 18, 2000

Description of Investments	Par Value	% of Total
Certificates of Deposit	$3,003,543.49	3.89%
Local Agency Investment Fund	21,000,000.00	27.23
Commercial Paper	0.00	0.00
Bankers Acceptance	0.00	0.00
Repurchase Agreements	0.00	0.00
Corporate Notes	28,805,220.75	37.35
U.S. Treasuries	0.00	0.00
Mutual Fund	8,000,000.00	10.37
Agency	12,000,000.00	15.56
Cash	4,038,324.96	5.23
Government Securities (GNMA's) Agencies	279,724.24	0.35
Total	$77,126,813.44	100.00%

The County believes that the County Pool is prudently invested and that the investments therein are scheduled to mature at the times and in the amounts necessary to meet the County's expenditures and other scheduled withdrawals.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under "full cash value", or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA requires a vote of two-thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, and (b), as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978. In addition, Article XIIIA requires the approval of two-thirds of all members of the state legislature to change any state taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the 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.

Unitary Property

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

Until fiscal year 2000-01, SBE assessment of investor-owned gas and electric companies, incumbent local exchange companies, AT&T Corp., and AT&T Communications of California, Inc., will be subject to a court-approved agreement dated March 1, 1992 (the "Settlement Agreement"), among those companies, the SBE and all California Counties. The Settlement Agreement arose from litigation against SBE in which the court held that the SBE's valuation approaches had overvalued AT&T's unitary property, and ordered AT&T's statewide assessed value to be reduced from approximately $1.75 billion to approximately $1.1 billion. The Settlement Agreement provides that its valuation method is not intended to be precedent for calculation fair market value of unitary property in years following its expiration.

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

Proposition 62

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

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

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 shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

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

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

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

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

Article XIIIC and Article XIIID of the California Constitution

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

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

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

Propositions 98 and 111

On December 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 July 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 new exceptions have been 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 their current nine cents per gallon level, 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 counts on raising over $15 billion in additional taxes over the next ten years to fund transportation programs.

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

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

Proposition 227

Proposition 227 was enacted in the California Primary Election held on June 2, 1998, and amends the California Education Code to require that all children in California public schools be taught exclusively in English, and require that all children who do not speak English or whose native language is not English be placed in English language immersion classrooms during a temporary transition period, normally not to exceed one year. Once such students acquire a good working knowledge of English, they are to be transferred to English language mainstream classrooms. The statute mandates penalties associated with not following the law as written.

Proposition 227 will also allocate $50 million per year for free or subsidized adult English language instruction programs to parents or other members of the community who pledge to provide English language tutoring to California school children with limited English proficiency. The State Legislative Analyst's Office has concluded that since the level of spending on K-12 programs is based on a formula in the State Constitution, the $50 million allocated for these adult English classes would probably not cause the level of State spending for K-12 programs to increase. On the contrary, as a result of this provision of Proposition 227, spending on other school programs would likely decrease by a corresponding amount. At the school level, it is possible that funds associated with bilingual programs may be reduced. At the District level, such amounts may be redirected to other programs.

On the day after the June 2nd election, a coalition of civil rights groups filed a lawsuit in the United States District Court in San Francisco seeking to enjoin implementation of Proposition 227. The District is currently analyzing various methods for compliance with Proposition 227, although many issues remain to be clarified.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 62, 98 and 227 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

State Budget Act and Proposition 98

The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information.

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under the first test and the second test described herein under "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS - Proposition 98 and 111" are dependent on State General Fund revenues. During prior fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels. The State determined that there were loans to K-14 districts of $1.3 billion during fiscal year 1990-91 and $1.1 billion during fiscal year 1991-92, which loans were treated as being repaid during the respective subsequent fiscal year. The State further determined that "prepayments" of future Proposition 98 appropriations were made in fiscal years 1991-92 and 1992-93 in the amount of \$1.0 billion and \$.8 billion, respectively, \$1.0 billion during fiscal year 1992-93, \$787 million during fiscal year 1993-94 and \$8 million during fiscal year 1994-95. These "prepayments" have been combined into one loan totaling approximately \$1.8 billion. Repayment would come from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

1999-2000 State Budget. The 1999-2000 State Budget was signed into law by the Governor on June 29, 1999. It makes important new investments in public education by significantly increasing spending beyond the Proposition 98 guarantee and fully funding the Governor's new education initiatives. The 1999-2000 State Budget also makes new investments in public works projects, assists local government with additional funding and provides tax relief. The 1999-2000 State Budget provides for a reserve of \$881 million for economic uncertainty. Significant features of the 1999-2000 State Budget for K-12 school districts include:

- *Proposition 98:* Total spending is \$37.9 billion, an increase of \$2.3 billion (6.5%) over the current year. General fund spending is \$26.4 billion, an increase of \$1.6 billion (6.6%). Spending per pupil increases by more than \$274 from \$5,751 in 1998-99 to \$6,025 in 1999-2000, over a 4% increase.

- *School and Student Accountability:* More than \$192 million to fund newly enacted legislation to hold schools accountable for their performance and to reward high achieving and improving schools. Also included is \$2 million to develop a high school exit examination, passage of which will be required as a condition of graduation beginning in June 2004.

- *Improving Teacher Quality:* \$50 million to provide performance incentives to teachers at low-performing schools that demonstrate significant academic improvement, as well as \$50 million in incentive funds to encourage schools to establish \$32,000 as the minimum teacher salary for fully qualified teachers.

- *School Safety:* \$100 million to provide funding to school sites and school districts serving grades 8 through 12 for a variety of school safety measures.

- *Deferred Maintenance:* \$143.7 million for deferred maintenance, ensuring the State's ability to fully fund the 1½% State match provided for by statute.

- *Textbooks and Library Materials:* \$134 million in one-time funding for school districts to purchase textbooks that are aligned to state content standards or, alternatively, to fund additional staff development. The 1999-2000 State Budget also provides \$25 million for school districts to purchase reading materials for kindergarten and grades 1 through 4 classroom libraries.

- *Discretionary Spending:* Additional general purpose funding of \$455 million to school districts and county offices of education for revenue limit deficit reduction to restore purchasing power lost during the recession. These funds can be used by school districts and county offices for any purpose. When combined with the COLA of 1.41%, this represents a total increase in discretionary funds of approximately 3.2%.

2000-01 State Budget On June 30, 2000, Governor Davis signed the 2000-01 State Budget. It makes significant new investments in public education, giving schools new resources while funding efforts to improve student achievement, recruit and retain qualified teachers and upgrade technology. The 2000-01 State Budget also invests in transportation, health care and tax relief. The 2000-01 State Budget also includes $7.5 billion in one-time expenditures and a prudent reserve of $1.78 billion. Significant features of the 2000-01 State Budget for K-12 school districts include:

- *Proposition 98*: Total spending is $38.6 billion, an increase of $3.2 billion (9.0%) over the prior fiscal year. K-12 spending per pupil increases by $480 from $6,321 in 1999-2000 to $6,801 in 2000-01, a 7.5% increase.

- *Elimination of K-12 Deficit:* $1.84 billion to eliminate the deficit caused by the underfunding of COLAs in the 1990s. Combined with the 3.17% COLA, this reflects a historic discretionary funding increase in excess of 10 percent.

- *School Improvement and Pupil Achievement Block Grant*: (a) $245 million for expenditure by school districts for school safety, deferred maintenance, technology staff development, education technology connectivity, or facility improvements; and (b) $180 million for expenditure by school sites for instructional materials staff development, computers, education technology, library materials, deferred maintenance, enrichment activities, tutoring services, or any other one-time educational purpose.

- *Teacher Tax Credit:* $218 million for a personal income tax credit which may claimed by teachers, ranging from $250 for teachers with at least four years of teaching experience to $1,500 for those teachers who have taught at least 20 years, and limited to 50% of the tax liability from teaching.

- *Beginning Teacher Salaries:* $55 million to school districts participating in the Beginning-Teacher Salary Program in order to increase annual salaries of beginning teachers in those districts to a minimum of $34,000.

- *English Language Learning:* $260 million to provide intensive English language and literacy instruction, including $250 million for grades K-12 to provide such instruction after school and during intersession/summer breaks.

- *Educational Technology:* More than $215 million to improve access to computers and technology for students in the classroom, and $188 million for the final year of implementation for the Digital High School Program.

Future Budgets. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. The State budget will be affected by national and state economic conditions and other factors over which the District will have no control.

For more information on State Funding of public education, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS - Proposition 98 and 111."

GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

The information in this section concerning the State funding of public 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 or interest on the Bonds is payable from State revenues. The

Bonds are payable from the proceeds of an *ad valorem* tax which is required to be levied by the County in an amount sufficient for the payment thereof.

State Funding of Education

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

Annual state apportionments of basic and equalization aid to school districts for general purposes are computed up to a revenue limit per unit of average daily attendance (A.D.A.). Generally, these apportionments amount to the difference between the district's revenue limit and its property tax allocation. The revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. 1997-98, 1998-99 audited actual A.D.A. and Annual Revenue Limits per A.D.A., as defined by the State, and the 1999-2000 estimated A.D.A. and projected revenue limit for the District are shown below:

LAYTONVILLE UNIFIED SCHOOL DISTRICT
A.D.A. and Annual Revenue Limit

Year	A.D.A.	Revenue Limit
1997-98	543	$2,608,045
1998-99	495	2,670,751
1999-2000	475	2,738,989

Source: The District.

For 1998-99, the District received $2,670,751 of revenue limit sources income, which is approximately 61% of its General Fund revenue. For 1999-2000, the District has budgeted $2,738,989 from revenue limit sources, accounting for approximately 63% of its General Fund revenue.

Class Size Reduction Kindergarten - University Public Education Facilities Bond Act of 1998

The Class Size Reduction Kindergarten - University Public Education Facilities Bond, Act of 1998 appeared on the December 1998 ballot as Proposition 1A and was approved by the California voters. This measure authorizes $9.2 billion in general obligation bonds for construction at schools and higher educational campuses. It includes $6.7 billion to finance acquisition of land, new construction, renovation and Class Size Reduction Program costs for public schools from Kindergarten through high school (K - 12) and $2.5 billion to finance new construction, renovation and the purchase of equipment and California's public colleges and universities.

Of the $6.7 billion for K - 12 school facilities, Proposition 1A authorizes: at least $2.9 billion to buy land and construct new school buildings (districts would be required to pay 50 percent of eligible project costs with local revenues); at least $2.1 billion for reconstruction and modernization of existing buildings (districts would be required to pay 20 percent of eligible project costs with local revenues); up to $700 million for Class Size Reduction Program facilities costs; up to $1 billion for projects where the State determines that a district is either unable to provide sufficient local matching funds or will incur excessive school construction costs.

Of the \$2.5 billion for public colleges and universities, \$165 million would be allocated specifically for new campuses of the University of California and new campuses, campuses with enrollments of less than \$5,000 full-time equivalent students, and off-campus centers at the California State University and the California Community Colleges.

State Lottery

In the December 1984 general election, the voters of the State approved a constitutional amendment establishing a State lottery (the "State Lottery"), the net revenues of which are used to supplement money allocated to public education. This amendment stipulated that the funds derived from the State Lottery be used for the education of students and prohibited their use for noninstructional purposes, such as the acquisition of real property, the construction of facilities or the financing of research. State Lottery net revenues — gross revenues less prizes and administration expenses — are allocated by computing an amount per A.D.A, which is derived by dividing the total net revenues figures by the total A.D.A. for grades K-12, community colleges, the University of California system and other participating educational institutions. Each district receives an amount equal to its total A.D.A multiplied by the per A.D.A. figure. The District received \$63,274 as its 1998-99 allocation (approximately 1% of total General Fund revenues) and expects \$56,925 as its 1999-2000 allocation (approximately 1% of budgeted General Fund revenues).

Other State Revenues

As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues ("State Sources"). In 1998-99, State Sources equaled approximately 20% of total General Fund revenues. In 1999-2000, State Sources are budgeted to equal approximately 19% of total General Fund revenues.

Other Local Revenues

In addition to property taxes, the District receives additional local revenues. These other local revenues equaled approximately 14% in fiscal year 1998-99 and are budgeted to equal approximately 12% in fiscal year 1999-2000.

Federal Revenues

The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Drug-Free Schools. The federal revenues, most of which are restricted, are estimated to equal approximately 5% of such revenues in 1998-99 and are budgeted to equal approximately 6% of such revenues in 1999-2000.

Budget Process

The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by A.B. 1200, which became law on October 14, 1991. Portions of A.B. 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 15 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

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

For all dual budget options and for single budget option districts whose budgets have been disapproved, the district must revise and readopt its budget by September 15, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8 will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code §42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

The District has never had an adopted budget disapproved by the County Superintendent of Schools. In the last three fiscal years, the District has never received a "negative" or "qualified" certification of an Interim Financial Report pursuant to A.B. 1200.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
COMPARISON OF GENERAL FUND BUDGETS
FISCAL YEARS 1998-99, 1999-2000 AND 2000-01

	Adopted Budget Fiscal Year 1998-99	Fiscal Year 1998-99 Actual	Adopted Budget Fiscal Year 1999-2000	Fiscal Year 1999-2000 Estimated Actuals	Adopted Budget Fiscal Year 2000-01
REVENUES					
Revenue Limited Sources	$2,668,596	$2,670,751	$2,738,989	$2,738,989	$2,939,509
Federal Revenue	197,995	215,403	260,412	291,356	352,525
Other State Revenue	703,570	871,512	801,324	815,549	676,125
Other Local Revenue	468,113	587,326[1]	525,523	547,208	432,330
TOTAL REVENUES	$4,038,274	$3,966,999	$4,326,248	$4,393,102	$4,400,039
EXPENDITURES:					
Certificated Salaries	$1,761,766	$1,801,934	$1,834,339	$1,885,466	$1,832,888
Classified Salaries	599,445	623,657	650,473	708,284	695,669
Employee Benefits	633,695	626,538	667,205	623,346	777,147
Books & Supplies	180,005	193,453	267,934	238,635	288,604
Operations and Services	403,411	368,239	510,315	409,137	416,242
Capital Outlay	82,931	139,695	73,887	55,062	0
Other Outgo	70,975	71,209	69,232	3,909	3,107
Other outgo-direct support	0	(2,500)	(2,932)	75,166	(2,945)
TOTAL EXPENDITURES	$3,732,228	$3,822,225	$4,070,453	$3,999,005	$4,010,712
Excess of Revenue Over/under Expenditures	306,046	144,764	255,795	394,097	389,327
Other Financing Sources (Uses)					
Transfers In	0	0	0	50,000	0
Transfers Out	26,993	(300,952)	161,353	(211,353)	0
Other Sources	0	0[1]	0	0	100,165
Total Other Financing Sources (Uses)	(26,993)	(300,952)	(161,353)	(161,353)	(100,165)
Excess of Revenue & other financing sources over/under	279,053	221,815	94,442	232,744	289,162
BEGINNING BALANCE (Adjusted)	160,204	219,194	434,552	441,009	673,753
NET ENDING BALANCE	$439,257	$441,009	$528,994	$673,753	$962,915

[1] In 1999, the District's auditor referred to certain revenues designated as Special Education funds as "Other Sources" rather than "Other Local Revenues." For purposes of this Official Statement, these funds in the amount of $377,993 have been moved from the Other Financial Sources (Uses) section, and are included within the Other Local Revenues.

Source: The District.

Accounting Practices

The accounting policies 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. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

LAYTONVILLE UNIFIED SCHOOL DISTRICT

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

Introduction

The Laytonville Unified School District (the "District") was formed on July 1, 1981. The District is located in the City of Laytonville in northern Mendocino County (the "County"), approximately 150 miles north of San Francisco and encompasses an area of approximately 370 square miles. The District maintains one high school, one continuation high school, one community day school, an adult program and three elementary schools. The District's audited actual average daily attendance for fiscal year 1999-2000 was estimated at 487 and the District has a 1999-2000 assessed valuation of $193,054,537.

Administration

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

LAYTONVILLE UNIFIED SCHOOL DISTRICT
BOARD OF TRUSTEES

Name	Office	Term Expires
Calvin Harwood	President	November 2002
Beverly Celso	Clerk	November 2004
Shanna Braught	Member	November 2002
Sharon Kotte	Member	November 2004
Marsha Smythe	Member	November 2004

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Currently, John Markatos is the District's Superintendent. The Business Manager is the Chief Financial Officer of the District. Currently, Bette Loflin is the Business Manager.

John Markatos has been the District Superintendent since February 2000. Prior to becoming Superintendent, he served as Principal at Laytonville High School in the District. He has spent 28 years in the education field in California. Mr. Markatos received his A.B. degree from the University of California, Berkeley and his M.S. degree from California State University at San Diego.

Average Daily Attendance and Enrollment

The total average daily attendance for the 1999-2000 academic year was 475. On average throughout the District, the pupil:teacher ratio is approximately 20:1 in grades K-3 and 23:1 for the remainder of the grade levels. The District has fully implemented class size reduction in grades K-3.

The following table reflects the ADA and enrollment for the District for the last six years and a projection through 2000-01:

LAYTONVILLE UNIFIED SCHOOL DISTRICT
AVERAGE DAILY ATTENDANCE AND ENROLLMENT
Fiscal Years 1994-95 through 2000-01*

Fiscal Year	Average Daily Attendance	Enrollment
1994-95	589	614
1995-96	566	616
1996-97	557	601
1997-98	543	580
1998-99	495	547
1999-2000	475	521
2000-01*	466	500

Source: The District.
* Projected.
Note: The ADA figures for 1998-99 and thereafter are based on District implementation of recently passed legislation, which requires that Average Daily Attendance be based on actual attendance only. The District's Revenue Limit is adjusted to account for the change in attendance accounting and is revenue neutral with prior years.

Labor Relations

As of June 30, 2000, the District employed 43 full-time certificated employees and 50 classified employees. These employees, except management and some part-time employees, are represented by the two bargaining units as noted below:

LAYTONVILLE UNIFIED SCHOOL DISTRICT
DISTRICT EMPLOYEES

Labor Organization	Number of Employees In Bargaining Unit	Contract Expiration Date
California Teachers Association/Laytonville Teachers Association (CTA/LVTA)	39	June 30, 2002
California Schools Employees Association	45	June 30, 2002

Source: The District.

Retirement Programs

The District participates in the State of California Teachers Retirement System ("STRS"). This plan covers all full-time and most part-time certificated employees. The District's contribution to STRS was $130,845 for fiscal year 1997-98, $136,023 for fiscal year 1998-99 and for fiscal year 1999-2000 is estimated to be $141,102. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools.

The District also participates in the State of California Public Employees Retirement System ("PERS"). This plan covers all classified personnel who are employed more than four hours per day. The

District's contribution to PERS was $86,045 for fiscal year 1997-98, $67,984 for fiscal year 1998-99 and for fiscal year 1999-2000 is estimated to be $75,166. In order to receive PERS benefits, an employee must be at least 50 years old and have provided five years of service to California public schools.

Contribution rates to theses two retirement systems vary annually depending on changes in actuarial assumptions and other factors, such as changes in benefits. The contribution rates are based on statewide rates set by the STRS and PERS retirement boards. STRS has substantial statewide unfunded liability. Since this liability has not been broken down by each school district, it is impossible to determine the District's share.

Insurance

The District maintains insurance with the Northern California Schools Insurance Group, with such retentions and other terms providing coverages for property damage, fire and theft, and general public liability as the District believes are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for insured claims are adequate.

The District is also a member of the School Insurance Group Northern Alliance, which is a joint power authority which provides self-insurance coverage for workers' compensation claims.

The District participates in School Excess Liability Fund (SELF) for the joint purchase of excess liability coverage.

Ad Valorem Property Taxation

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

The valuation of secured property is established as of July 1 and is subsequently equalized in September. Property taxes are payable in two installments due November 1 and March 1, respectively, and become delinquent on December 10 and April 10 for each respective installment. Taxes on unsecured property (personal property and leasehold) are due on September 31 of each year based on the preceding fiscal year's secured tax rate and become delinquent on October 31.

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

Assessed Valuations

The District, which is located in Mendocino County uses the facilities of Mendocino County for the assessment and collection of taxes. District taxes are collected at the same time and on the same tax rolls as are county, city and special district taxes. Assessed valuations are the same for both District and County taxing purposes.

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

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

For assessment and collection purposes, property is classified as either "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 real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all property not attached to land such as personal property or business property. Boats and airplanes are examples of unsecured property. Unsecured property is assessed on the "unsecured roll."

The following table represents the five year history of assessed valuations in the District:

LAYTONVILLE UNIFIED SCHOOL DISTRICT
Assessed Valuations
Fiscal Years 1995-96 through 1999-2000

	Secured	Utility	Unsecured	Total
1995-96	$151,012,450	$0	$3,391,225	$154,403,675
1996-97	159,410,220	0	3,114,000	162,524,220
1997-98	168,413,489	0	3,462,235	171,875,724
1998-99	180,763,302	0	4,218,800	184,982,102
1999-2000	188,715,479	0	4,339,058	193,054,537

Source: California Municipal Statistics, Inc.

The following table is an analysis of the District's assessed valuation by land use:

LAYTONVILLE UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use

	1999-2000 Assessed Valuation(1)	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	$60,563,406	32.09%	1,146	34.45%
Commercial	6,007,719	3.18	40	1.20
Vacant Commercial	638,179	0.34	11	0.33
Industrial	5,312,358	2.82	13	0.39
Recreational	948,447	0.50	12	0.36
Government/Social/Institutional	67,516	0.04	7	0.21
Miscellaneous	132,300	0.07	27	0.81
Subtotal Non-Residential	$73,669,925	39.04%	1,256	37.75%
Residential:				
Single Family Residence	$79,802,067	42.29%	990	29.76%
Rural Residential	21,624,336	11.46	349	10.49
Mobile Home	5,794,552	3.07	107	3.22
2 Residential Units	126,480	0.07	4	0.12
3+ Residential Units/Apartments	720,810	0.38	7	0.21
Vacant Residential	6,977,309	3.70	614	18.46
Subtotal Residential	$115,045,554	60.96%	2,071	62.25%
Total	$188,715,479	100.00%	3,327	100.00%

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

Tax Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the District as of the preceding July 1. A supplemental tax is levied when property changes hands or new construction is completed.

A ten percent penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty (i.e., interest) to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning December 1 of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Each County levies (except for levies to support prior voter-approved indebtedness) and collects all property taxes for property falling within that county's taxing boundaries.

Teeter Plan

The Board of Supervisors of Mendocino County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the District, for which the county acts as the tax-levying or tax-collecting agency. The Teeter Plan was effective beginning December 1993 for Mendocino County.

The Teeter Plan is applicable only to secured tax levies for which the county acts as the tax-levying or tax-collecting agency, or for which the county treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy in fiscal year 1995-96. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the Boards of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year, 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 are to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. 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.

Tax Rates

The following table summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical tax rate area within the District during the five year fiscal year period from 1995-96 to 1999-2000.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
Summary of *Ad Valorem* Tax Rates
Fiscal Years 1995-96 through 1999-2000
Typical Total Tax Rates (TRA 155-003)

	1995-96	1996-97	1997-98	1998-99	1999-2000
General	1.000	1.000	1.000	1.000	1.000
Superintendent of Schools Building Loan	.001	.001	.002	.001	-
Total	1.001	1.001	1.002	1.001	1.000

Source: California Municipal Statistics, Inc.

Principal Taxpayers

The following table lists the major taxpayers in the District based on their 1999-2000 secured assessed valuations:

LAYTONVILLE UNIFIED SCHOOL DISTRICT
Largest 1999-2000 Local Secured Taxpayers

	Property Owner	Primary Land Use	1999-2000 Assessed Valuation	% of Total[1]
1.	Harwood Products Inc.	Industrial	$ 4,919,802	2.61%
2.	Motluk Bewley Family LP	Agricultural	4,364,469	2.31
3.	Georgia Pacific Corporation	Agricultural	3,922,635	2.08
4.	Luster Family Foundation Inc.	Residential Properties	2,408,834	1.28
5.	R. Stuart Bewley	Agricultural	1,863,003	0.99
6.	James E. and Barbara A. Mitchell	Agricultural	1,598,145	0.85
7.	Rodney L. Weaver	Commercial and Residential Properties	1,554,332	0.82
8.	William G. and Judit A. Bailey	Commercial	1,249,462	0.66
9.	Black Oak Ranch LP	Agricultural	1,002,777	0.53
10.	Mark d. Wuerfel	Agricultural	975,406	0.52
11.	Sloan Ranches	Agricultural	945,583	0.50
12.	Steven Segal	Agricultural	926,604	0.49
13.	Nick and Juanita C. Holquin, Jr.	Agricultural	817,295	0.43
14.	Robert L. and Sheila Larson	Commercial and Residential Properties	793,452	0.42
15.	R. Gene Geisler	Agricultural	605,934	0.32
16.	James J. and Eloise Musgrave	Residential Properties	594,788	0.32
17.	Arthur H. and Virginia Z. Harwood	Residential Properties	579,399	0.31
18.	Wayne Turner, and Marita Lambert	Commercial	559,544	0.30
19.	John E. Pinches	Agricultural	529,326	0.28
20.	Jesse Cisney and Barbara Peters	Residential Properties	518,622	0.27
			$30,729,412	16.28%

(1) 1999-2000 Local Secured Assessed Valuation: $188,715,479
Source: California Municipal Statistics, Inc.

Comparative Financial Statements

The following table reflects the District's revenues, expenditures and fund balances from fiscal year 1995-96 to fiscal year 1999-2000:

LAYTONVILLE UNIFIED SCHOOL DISTRICT
General Fund
Revenues, Expenditures and Fund Balances
1995-96 through 1999-2000

	Audited Fiscal Year 1995-96	Audited Fiscal Year 1996-97	Audited Fiscal Year 1997-98	Audited Fiscal Year 1998-99	Projected Fiscal Year 1999-2000
REVENUES					
Revenue Limit Sources	$2,471,473	$2,557,088	$2,673,354	$2,670,751	$2,738,989
Federal Revenue	214,828	204,300	200,355	215,403	291,356
Other State Revenue	831,876	1,112,866	769,109	871,512	815,549
Other Local Revenue	100,380	109,244	563,863	587,326(1)	547,208
TOTAL REVENUES	$3,618,557	$3,983,498	$4,206,681	$3,966,999	$4,393,102
EXPENDITURES:					
Certificated Salaries	$1,599,182	$1,797,259	$1,871,435	$1,801,934	$1,885,466
Classified Salaries	672,949	683,235	747,125	623,657	708,284
Employee Benefits	642,757	678,123	694,668	626,538	623,346
Books & Supplies	225,109	192,006	179,166	193,453	238,635
Operations and Services	500,551	452,746	489,358	368,239	409,137
Capital Outlay	67,193	120,821	140,634	139,695	55,062
Other Outgo	0	0	42,328	(2,500)	3,909
Other outgo-direct support	0	0	0	71,209	75,166
TOTAL EXPENDITURES	$3,707,741	$3,924,190	$4,164,714	$3,822,225	$3,999,005
Excess of Revenue Over/ under Expenditures	(89,184)	59,308	41,967	144,764	394,097
OTHER FINANCING SOURCES/(USES)					
Operating Transfers In (Sources)	143,556)	54,584	30,000	0	50,000
Operating Transfers Out (Uses)	(56,960)	(162,701)	(78,254)	(300,952)	(211,353)
Other Sources	(29,239)	(28,290)	0	0(1)	0
Total Other Financing Sources/(Uses)	57,357	(136,407)	(48,254)	(300,952)	(161,353)
Excess of Revenue & other financing sources over/under	(31,827)	(77,099)	(6,287)	221,815	232,744
Beginning Balance (Adjusted)	275,417	243,590	166,491	219,194	441,009
Net Ending Balance	$243,590	$169,491	$160,204	$441,009	$673,753

(1) In 1999, the District's auditor referred to certain revenues designated as Special Education funds as "Other Sources" rather than "Other Local Revenues." For purposes of this Official Statement, these funds in the amount of $377,993 have been moved from the Other Financial Sources (Uses) section, and are included within the Other Local Revenues.
Source: The District.

District Debt Structure

Short-Term Debt. In July 2000, the District issued $1,050,000 of Tax and Revenue Anticipation Notes (the "Notes"). The Notes will mature in July 2001 and are expected to yield 4.27% interest. The Notes were sold to supplement cash flow.

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 1999 is shown below:

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
Compensated absences	$5,079	$1,545	$0	$6,624
Capital lease obligations	626,000	0	0	626,000
Totals	$631,079	$1,545	$0	$632,624

Capital Leases. During fiscal year 1992-93, the District entered into an agreement to lease five portable school buildings valued at $264,131. During fiscal year 1995-96, the District entered into a long-term lease for a gymnasium building valued at $146,195. During fiscal year 1998-99, the District refinanced these two leases as well as the $535,000 Certificates of Participation which the District had executed and delivered in fiscal year 1996-97. Title to the buildings will pass to the District upon expiration of the lease period. Future minimum lease payments are as follows:

Year Ending (June 30)	Lease Payment
2000	$81,647
2001	80,532
2002	81,165
2003	80,617
2004	80,919
Thereafter	443,540
Total	848,420
Less amount representing interest	(222,420)
Net minimum lease payments	$626,000

Statement of Direct and Overlapping Debt. Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated August 1, 2000. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 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 column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT STATEMENT

1999-2000 Assessed Valuation: $193,054,537

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 8/1/00	
Laytonville Unified School District	100. %	$ -	(1)
Laytonville County Water District	100.	339,000	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$339,000	
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Mendocino County Certificates of Participation	3.865%	$ 601,974	
Mendocino County Pension Obligations	3.865	1,058,044	
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT		$1,660,018	
COMBINED TOTAL DEBT		$1,999,018	(2)

(1) Excludes general obligation bonds to be sold.
(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Assessed Valuation:
Direct Debt.. - %
Total Direct and Overlapping Tax and Assessment Debt...............0.18%
Combined Total Debt..1.04%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/00: $0

Source: California Municipal Statistics, Inc.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of corporations. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. The amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

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

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

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

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

LEGAL MATTERS

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 Government Code of the State, are eligible for security for deposits of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of bondholders (including beneficial owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than 270 days following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 1999-2000 Fiscal Year, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the District with each Nationally Recognized Municipal Securities Information Repository (and with the appropriate State information depository, if any). The notices of material events will be filed by the District with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). The specific nature of the information to be contained in the Annual Report or the notices of material events is included under the caption "APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The District has never defaulted on any prior continuing disclosure obligation.

No Litigation

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

There are a number of lawsuits and claims pending against the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the finances of the District.

Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Rating

The Bonds have been assigned a rating of "Aaa" by Moody's Investors Service, based on the issuance by MBIA Insurance Corporation of its Municipal Bond Insurance Policy. The rating reflects only the view of the rating agency, and any explanation of the significance of such rating should be obtained from the rating agency at the following address: Moody's Investors Service, 99 Church Street, New York, NY 10007-2796. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

Underwriting

George K. Baum & Company (the "Underwriter") has agreed, pursuant to a purchase contract among the District and the Underwriter, to purchase all of the Bonds for a purchase price of $3,580,127.84 (principal amount of the Bonds of $3,499,743.90, plus net original issue premium of $149,785.90, less underwriter's discount of $73,346.07, plus accrued interest of $3,944.11) to the date of delivery of the Current Interest Bonds. The purchase contract related to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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.

LAYTONVILLE UNIFIED SCHOOL DISTRICT

By: /s/ John Markatos
Superintendent

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APPENDIX A

FORM OF OPINION OF BOND COUNSEL

September 12, 2000

Board of Trustees
Laytonville Unified School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $3,499,743.90 Laytonville Unified School District Election of 2000 General Obligation Bonds, Series A (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Division 2 of Title 5 of the California Government Code, a two-thirds vote of the qualified electors of the Laytonville Unified School District (the "District") voting at an election held on June 6, 2000, a resolution of the Board of Trustees of the District (the "Resolution").

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

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

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

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. For purposes of the previous sentence, the stated redemption price at maturity includes the aggregate

sum of all debt service payments on Capital Appreciation Bonds. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

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

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

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

EXCERPTS FROM THE DISTRICT'S 1998-99 AUDITED FINANCIAL STATEMENTS

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LAYTONVILLE UNIFIED SCHOOL DISTRICT
COUNTY OF MENDOCINO
LAYTONVILLE, CALIFORNIA
AUDIT REPORT

JUNE 30, 1999

JOHN S. ROBERTSON & ASSOCIATES, CPA
A Professional Corporation

LAYTONVILLE UNIFIED SCHOOL DISTRICT

COUNTY OF MENDOCINO
LAYTONVILLE, CALIFORNIA

JUNE 30, 1999

GOVERNING BOARD

Name	Office	Term Expires
Mr. Richard Matlock	President	November, 1999
Ms. Marilyn McGuire	Clerk	November, 1999
Mr. Calvin Harwood	Member	November, 2001
Mr. Evan Engber	Member	November, 1999
Mr. Thomas G. Evans	Member	November, 2001

ADMINISTRATION

Mr. Robert Larkins, Superintendent
Ms. Bette Loflin, Business Manager

ADDRESS OF DISTRICT OFFICE

150 Ramsey Road
Laytonville, California 95454

LAYTONVILLE UNIFIED SCHOOL DISTRICT
JUNE 30, 1999

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JUNE 30, 1999

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FINANCIAL SECTION

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JOHN S. ROBERTSON & ASSOCIATES, CPA

A PROFESSIONAL CORPORATION

Board of Education
Laytonville Unified School District
Laytonville, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general-purpose financial statements of the Laytonville Unified School District, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A complete record of general fixed assets is not integrated into the District's general accounting records. Accordingly, the Statement of General Fixed Assets included in the financial report is not a complete presentation as required by generally accepted accounting principles and California law.

In our opinion, except for the incomplete presentation of the Statement of General Fixed Assets, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Laytonville Unified School District, as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 13, 1999 on our consideration of the Laytonville Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Laytonville Unified School District taken as a whole. The accompanying financial and statistical information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements of the Laytonville Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The Year 2000 Supplementary information on page 19 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Laytonville Unified School District is or will become Year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District office does business are or will become Year 2000 compliant.

John S. Robertson & Associates, CPA

Lakeport, California
September 13, 1999

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LAYTONVILLE UNIFIED SCHOOL DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	Governmental Fund Types				Fiduciary Fund Types	Account Groups	Totals
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long-Term Debt	(Memorandum Only)
ASSETS:							
Cash in County Treasury	$ 469,113	$ 233,327	$ 103,970	$ 35,712	$ 137,551		$ 979,673
Cash on Hand and in Banks	1,900	250			29,313		31,463
Cash in Revolving Fund	3,500						3,500
Accounts Receivable	98,108	38,593		6,281	17		142,999
Due From Other Funds	6,281						6,281
Stores Inventory		6,862					6,862
Amount Available in Debt Service Fund						$ 103,970	103,970
Amount to be Provided For:							
Retirement of General Long-Term Debt						528,654	528,654
Total Assets	$ 578,902	$ 279,032	$ 103,970	$ 41,993	$ 166,881	$ 632,624	$ 1,803,402
LIABILITIES:							
Deficit in County Treasury		$ 11,629					$ 11,629
Accounts Payable	$ 39,897	908					40,805
Due To Other Funds				$ 6,281			6,281
Employee Vested Benefits					$ 71,973		71,973
Due to Student Groups					29,313		29,313
Deferred Revenues	97,996						97,996
Compensated Absences						$ 6,624	6,624
Capital Lease Obligations						626,000	626,000
Total Liabilities	137,893	12,537	$ 0	6,281	101,286	632,624	890,621
FUND EQUITY:							
Fund Balances:							
Reserved	45,395	6,862					52,257
Unreserved:							
Designated	178,994	133,591	103,970	35,712	6,348		458,615
Undesignated	216,620	126,042			59,247		401,909
Total Fund Equity	441,009	266,495	103,970	35,712	65,595	0	912,781
Total Liabilities and Fund Equity	$ 578,902	$ 279,032	$ 103,970	$ 41,993	$ 166,881	$ 632,624	$ 1,803,402

The notes to the financial statements are an integral part of this statement.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Governmental Fund Types					Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
REVENUES:						
Revenue Limit Sources:						
State Apportionments	$ 1,361,919	$ 21,906				$ 1,383,825
Local Sources	1,308,832					1,308,832
Total Revenue Limit Sources	2,670,751	21,906				2,692,657
Federal Revenue	215,403	80,283				295,686
Other State Revenue	871,512	95,961		$ 6,281		973,754
Other Local Revenue	209,333	21,428	$ 1,073	1,430	$ 107,632	340,896
Total Revenues	3,966,999	219,578	1,073	7,711	107,632	4,302,993
EXPENDITURES:						
Certificated Salaries	1,801,934	19,913				1,821,847
Classified Salaries	623,657	61,747				685,404
Employee Benefits	626,538	26,895				653,433
Books, Supplies and Equipment	193,453	46,526				239,979
Contract Services and Operating Expenditures	368,239	28,657			95,947	492,843
Capital Outlay	139,695	3,755		6,281		149,731
Direct Support/ Indirect Costs	(2,500)	2,500				0
Other Outgo	71,209	3,430				74,639
Total Expenditures	3,822,225	193,423	0	6,281	95,947	4,117,876
Excess (Deficiency) of Revenues Over (Under) Expenditures	144,774	26,155	1,073	1,430	11,685	185,117
Other Financing Sources (Uses):						
Operating Transfers In		141,000	81,647	78,305		300,952
Operating Transfers Out	(300,952)					(300,952)
Other Sources	377,993					377,993
Total Other Financing Sources (Uses)	77,041	141,000	81,647	78,305	0	377,993
Excess (Deficiency) of Revenues and Other Financiang Sources Over (Under) Expenditures and Other Uses	221,815	167,155	82,720	79,735	11,685	563,110
Fund Balances, July 1, 1998	219,194	99,340	21,250	(44,023)	53,910	349,671
Fund Balances, June 30, 1999	$ 441,009	$ 266,495	$ 103,970	$ 35,712	$ 65,595	$ 912,781

The notes to the financial statements are an integral part of this statement.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Revenue Limit Sources:						
State Apportionments	$ 1,434,672	$ 1,361,919	$ (72,753)	$ 17,923	$ 21,906	$ 3,983
Local Sources	1,233,924	1,308,832	74,908			0
Total Revenue Limit Sources	2,668,596	2,670,751	2,155	17,923	21,906	3,983
Federal Revenue	203,430	215,403	11,973	72,079	80,283	8,204
Other State Revenue	947,791	871,512	(76,279)	74,222	95,961	21,739
Other Local Revenue	194,046	209,333	15,287	19,744	21,428	1,684
Total Revenues	4,013,863	3,966,999	(46,864)	183,968	219,578	35,610
EXPENDITURES:						
Certificated Salaries	1,783,107	1,801,934	(18,827)	17,000	19,913	(2,913)
Classified Salaries	629,724	623,657	6,067	61,311	61,747	(436)
Employee Benefits	635,792	626,538	9,254	26,787	26,895	(108)
Books, Supplies and Equipment	229,522	193,453	36,069	53,631	46,526	7,105
Contract Services and Operating Expenditures	493,565	368,239	125,326	16,267	28,657	(12,390)
Capital Outlay	176,122	139,695	36,427	5,750	3,755	1,995
Direct Support/ Indirect Costs		(2,500)	2,500	2,484	2,500	(16)
Other Outgo	74,157	71,209	2,948	6,592	3,430	3,162
Total Expenditures	4,021,989	3,822,225	199,764	189,822	193,423	(3,601)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,126)	144,774	152,900	(5,854)	26,155	32,009
Other Financing Sources (Uses):						
Operating Transfers In			0		141,000	141,000
Operating Transfers Out	(120,140)	(300,952)	(180,812)			0
Other Sources	362,153	377,993	15,840			0
Total Other Financing Sources (Uses)	242,013	77,041	(164,972)	0	141,000	141,000
Excess (Deficiency) of Revenues and Other Financiang Sources Over (Under) Expenditures and Other Uses	233,887	221,815	(12,072)	(5,854)	167,155	173,009
Fund Balances, July 1, 1998	219,194	219,194	0	99,340	99,340	0
Fund Balances, June 30, 1999	$ 453,081	$ 441,009	$ (12,072)	$ 93,486	$ 266,495	$ 173,009

The notes to the financial statements are an integral part of this statement.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Debt Service Funds			Capital Projects			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Revenue Limit Sources:									
State Apportionments							$ 1,452,595	$ 1,383,825	$ (68,770)
Local Sources							1,233,924	1,308,832	74,908
Total Revenue Limit Sources							2,686,519	2,692,657	6,138
Federal Revenue							275,509	295,686	20,177
Other State Revenue					$ 6,281	$ 6,281	1,022,013	973,754	(48,259)
Other Local Revenue		$ 1,073	$ 1,073		1,430	1,430	213,790	233,264	19,474
Total Revenues	$ 0	1,073	1,073	$ 0	7,711	7,711	4,197,831	4,195,361	(2,470)
EXPENDITURES:									
Certificated Salaries			0			0	1,800,107	1,821,847	(21,740)
Classified Salaries			0			0	691,035	685,404	5,631
Employee Benefits			0			0	662,579	653,433	9,146
Books, Supplies and Equipment			0			0	283,153	239,979	43,174
Contract Services and Operating Expenditures			0			0	509,832	396,896	112,936
Capital Outlay			0		6,281	(6,281)	181,872	149,731	32,141
Direct Support/ Indirect Costs			0			0	2,484	0	2,484
Other Outgo			0			0	80,749	74,639	6,110
Total Expenditures	0	0	0	0	6,281	(6,281)	4,211,811	4,021,929	189,882
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1,073	1,073	0	1,430	1,430	(13,980)	173,432	187,412
Other Financing Sources (Uses):									
Operating Transfers In		81,647	81,647		78,305	78,305	0	300,952	300,952
Operating Transfers Out			0			0	(120,140)	(300,952)	(180,812)
Other Sources			0			0	362,153	377,993	15,840
Total Other Financing and Other Uses	0	81,647	81,647	0	78,305	78,305	242,013	377,993	135,980
Excess (Deficiency) of Revenues and Other Financiang Sources Over (Under) Expenditures and Other Uses	0	82,720	82,720	0	79,735	79,735	228,033	551,425	323,392
Fund Balances, July 1, 1998	21,250	21,250	0	(44,023)	(44,023)	0	(22,773)	(22,773)	0
Fund Balances, June 30, 1999	$ 21,250	$ 103,970	$ 82,720	$ (44,023)	$ 35,712	$ 79,735	$ 205,260	$ 528,652	$ 323,392

The notes to the financial statements are an integral part of this statement.

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual.* The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity (or retained earnings), revenues, and expenditures or expenses as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into three broad categories, which in aggregate include five fund types, and one account group as follows:

Governmental Funds:

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

- *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

- *Debt Service Funds* are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District maintains one debt service fund:

    1. The Long-Term Debt Fund is used to account for the interest and redemption of principal of capital lease obligations.

- *Capital Projects Funds* are used to account for the acquisition and/or construction of all major governmental general fixed assets.

Fiduciary Funds:

- *Agency Funds* are used to account for assets of others for which the District acts as an agent.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Account Groups:

The accounting and reporting treatment applied to the long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheet. Their reported fund balance is considered a measure of "available spendable resources." Thus, the long-term liabilities associated with governmental funds and expendable trust funds are accounted for in the account groups of the District.

- The *General Long-Term Debt Account Group* accounts for long-term liabilities expected to be financed from governmental funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered) except for unmatured interest on general long-term debt which is recognized when due.

Trust and agency fund assets and liabilities are also accounted for on the modified accrual basis.

D. Budgets and Budgetary Accounting

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 final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and District Superintendent during the year to give consideration to unanticipated income and expenditures. It is this final revised budget that is presented in the financial statements.

Formal budgetary integration was employed as a management control devise 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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.

F. Assets, Liabilities, and Equity

1. Deposits and Investments

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

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Mendocino County Treasury. The county pools these funds with those of other Districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

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

Information regarding the amount of dollars invested in derivatives with Mendocino County Treasury was not available.

2. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.

4. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year-end. The noncurrent portion of the liabilities is recognized in the general long-term debt account group.

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

5. Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

6. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. The reserve for revolving fund and reserve for stores inventory reflect the portions of fund balance represented by revolving fund cash and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date.

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

7. Property Tax

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 15 and April 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Mendocino bills and collects the taxes for the District. The District recognizes tax revenues when received.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Mendocino County Treasury as part of the common investment pool ($968,044 as of June 30, 1999). The fair market value of this pool as of that date, as provided by the pool sponsor, was $968,044. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Cash balances held in banks ($31,393 as of June 30, 1999) and in the revolving fund ($3,500) are insured up to $100,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 1999 expenditures exceeded appropriations in individual funds as follows:

Appropriations Category		Excess Expenditures
General Fund:		
Certificated Salaries	$	18,827
Operating Transfers Out		180,812
Expenditures intentionally left unbudgeted to show excess in programs. Independent study exceeded budget, sub costs exceeded budget, staff development buyback days exceeded estimated attendance, program stipends exceeded budgets.		
End of year directed expenditures: reversed anticipated receivable from State, and established Special Reserve for new high school project.		
Special Revenue Funds:		
Cafeteria Fund:		
Classified Salaries	$	8
Sub costs exceeded budget.		
Child Development Fund:		
Classified Salaries	$	623
Direct Support/ Indirect Costs		16
Other Outgo		63
Subs exceeded budget amount.		
Expenditures were higher than anticipated and indirect increased in accord.		
PERS reduction higher than budgeted.		
Deferred Maintenance Fund:		
Contract Services and Operating Expenditures	$	15,634
Did not budget Deferred Maintenance Fund.		
Adult Education Fund:		
Certificated Salaries	$	2,913
Employee Benefits		314
Extra curriculum and staff development hours not budgeted.		
Increased in proportion to increased salary.		
Capital Projects Funds:		
Leroy Greene School Building Fund:		
Capital Outlay	$	6,281
Unbudgeted high school project expenses.		

4. ACCOUNTS RECEIVABLE

Accounts receivables as of June 30, 1999 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund	Trust/ Agency Fund	Totals
Federal Government	$ 13,954	$ 11,099			$ 25,053
State Government:					
Categorical Aid Programs	40,795	25,924			66,719
Lottery	17,230				17,230
Other			$ 6,281		6,281
Local Governments:					
Other	10,555	1,570		$ 17	12,142
Interest	15,574				15,574
Totals	$ 98,108	$ 38,593	$ 6,281	$ 17	$ 142,999

5. INTERFUND TRANSACTIONS

Due From/Due to Other Funds

Individual fund interfund receivable and payable balances as of June 30, 1999, consist of the following:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 6,281	
Capital Projects Funds:		
Leroy Greene State School Building Fund		$ 6,281
Totals	$ 6,281	$ 6,281

5. INTERFUND TRANSACTIONS (continued)

Interfund Transfers

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

Interfund transfers for the 1998-99 fiscal year are as follows:

Transfers In	Transfers Out		
Deferred Maintenance	General	$	16,000
Capital Projects - Leroy Greene	General		69,305
Debt Service	General		81,647
Special Reserve - Non Capital Projects	General		125,000
Special Reserve - Capital Projects	General		9,000
Total		$	300,952

6. GENERAL FUND RESERVED AND DESIGNATED FUND BALANCE

A portion of the General Fund balance has been reserved and designated for the following:

		Reserved		Designated
Legally Restricted:				
Instructional Materials:				
Elementary	$	13,684		
Secondary		30		
K-8 Math		13,251		
9-12 Math		8,444		
GATE		5,786		
10th Grade Counseling		700		
Revolving Fund		3,500		
Designated for Economic Uncertainties			$	151,666
Other Designations:				
Site Block Grant 1997				8,015
Site Block Grant 1999				19,313
Totals	$	45,395	$	178,994

7. CAPITAL LEASE OBLIGATIONS

During the 1992-93 year the District entered into an agreement to lease five portable school buildings valued at $264,131. During the 1995-96 year, the District entered into a long-term lease for a gymnasium building valued at $146,195. During the 1998-99 year, the District refinanced these two leases and the $535,000 Certificate of Participation entered into in the 1996-97 year. Title to the buildings will pass to the District upon expiration of the lease period. Future minimum lease payments are as follows:

Year Ending June 30:	Lease Payment
2000	$ 81,647
2001	80,532
2002	81,165
2003	80,617
2004	80,919
Thereafter	443,540
Total	848,420
Less Amount Representing Interest	(222,420)
Present Value of Net Minimum Lease Payments	$ 626,000

8. GENERAL LONG TERM DEBT SCHEDULE OF CHANGES

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
Compensated Absences	$ 5,079	$ 1,545		$ 6,624
Capital Lease Obligations	626,000			626,000
Totals	$ 631,079	$ 1,545	$ 0	$ 632,624

9. HEALTH AND VISION INSURANCE TRUST FUND

The purpose of the Health Insurance Trust Fund is to reduce health insurance costs to the District. The plan establishes a set amount of money per year for each covered employee to be deposited into a trust fund.

The employee is entitled to have insurance claims paid from his/her portion of the fund. Any fund balance remaining at the end of the year is credited to the employee's account. The District retains the interest on the fund and pays all operating costs of the fund. When an employee terminates employment, that employee is entitled to the balance in the respective account if he or she meets additional collectively-agreed upon criteria.

The June 30, 1999 fund amounts have been allocated as follows:

Vested benefits which are recorded as a liability due to employees	$	71,973
Trust Fund Balance:		
Potentially Vested	$	6,768
Undesignated		19,564
Total	$	26,332

The undesignated trust fund balance is due to interest earned and the amount contributed for terminated employees who terminated prior to the end of the policy year then in force, and 1997-98 amounts which are scheduled for transfer to the employees' fund balance prior to June 30, 1999.

The purpose of the Dental and Vision Insurance Trust Fund is to provide dental and vision insurance for covered members. The June 30, 1999 fund balance is $39,683.

10. JOINT POWERS AGREEMENTS

The Laytonville Unified School District participates in three joint ventures under joint powers agreements (JPA): the Northern California Schools Insurance Group (N.C.S.I.G.), the Schools Insurance Group Northern Alliance (S.I.G.N.A.L.), and the Schools Excess Liability Fund (S.E.L.F.) The relationship between Laytonville Unified School District and the JPAs are such that the JPAs are not component units of the Laytonville Unified School District for financial reporting purposes.

10. JOINT POWERS AGREEMENTS (continued)

N.C.S.I.G. provides property and liability insurance, S.I.G.N.A.L. provides workers' compensation, and S.E.L.F. provides for self-funding and risk management.

A board consisting of a representative from each Member District governs each joint venture. Each board controls the operations of the JPA, including selection of management, independent of any influence by the member Districts beyond their representation on the board. Each member District pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

The Mendocino County Youth Project (MCYP) is a Joint Powers Agency created by schools and cities of Mendocino County to provide a variety of services to children, youth, and their families throughout the County. Services are provided from a network of seven area centers located in Ukiah, Willits, Fort Bragg, Mendocino, Point Arena, Boonville, Laytonville and Covelo.

11. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Award, 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.

12. SPECIAL EDUCATION - MASTER PLAN

The District operates its own special education programs, however, the County Office of Education coordinates the reporting of all special education programs under the Mendocino County Special Education Services Region Consortium. Therefore, the District's special education programs have been included in the Mendocino County Office of Education's Master Plan and Form J-50 Report.

13. COURT AND COUNTY COMMUNITY SCHOOL

The District has entered into agreements with the Mendocino County Office of Education to provide the educational component of the County Court School Program for students on probation and/or identified as "high risk" and in need of additional support to function in the public school. The District has established procedures to include all attendance relating to this program on the Mendocino County office of Education's attendance reports.

14. EMPLOYEE RETIREMENT SYSTEMS

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

Plan Description and Provisions

STRS:

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the Laytonville Unified School District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 1998-99 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The Laytonville Unified School District's contributions to STRS for the fiscal year ending June 30, 1999, 1998, and 1997 were $137,666, $132,039, and $132,312, respectively, and equal 100% of the required contributions for each year.

PERS:

Plan Description

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

14. EMPLOYEE RETIREMENT SYSTEMS (continued)

Funding Policy

Active plan members are required to contribute 7.0% of their salary (7% of monthly salary over $133.33 if the member participates in Social Security), and the Laytonville Unified School District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 1998-99 was 0% of annual payroll. The contribution requirements of the plan members are established by state statute. The Laytonville Unified School District's contributions to CalPERS for the fiscal year ending June 30, 1999, 1998, and 1997 were $0, $46,499, and $50,491, respectively, and equal 100% of the required contributions for each year.

15. SUBSEQUENT EVENTS

On July 2, 1999, the District issued $850,000 in tax revenue anticipation notes (TRANS). The interest rate is 3.1% and the notes are due July 2, 2000. The notes were sold to supplement cash flow.

16. PRIOR PERIOD ADJUSTMENT

Certain errors, resulting in an understatement of the General Fund assets and an overstatement of the Leroy Greene State School Building Fund assets in the prior year were corrected this year. The beginning funding balances have been restated for the effect of the following adjustments:

	General	Leroy Greene State School Building
As Previously Reported	$ 160,204	$ 0
Reimbursement of prior year transportation costs	58,990	
Overstatement of accounts receivable		(69,305)
As Restated	$ 219,194	$ (69,305)

LAYTONVILLE UNIFIED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the District's operations as early as fiscal year 1999.

As of June 30, 1999, the Laytonville Unified School District has not incurred substantial expenses to replace non-Year 2000-compliant software. The Laytonville Unified School District has entered into a contractual agreement with Mendocino County Office of Education to assist in making its computer systems year 2000-compliant. Testing and validation of the systems will need to be completed after the hardware and software are installed.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

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APPENDIX C

ECONOMIC AND DEMOGRAPHIC PROFILE OF THE CITY OF LAYTONVILLE AND THE COUNTY OF MENDOCINO

City of Laytonville

General

The City of Laytonville (the "City") is a small rural community nestled in the center of Long Valley, which is located on U.S. Highway 101, approximately 150 miles north of San Francisco and 20 miles inland from the communities of Ft. Bragg and Mendocino. It lies about halfway between the cities of Santa Rose and Eureka.

The City was founded in 1874 when a blacksmith named Frank Layton moved into the valley from the nearby community of Cahto. The stage line, which ran between Westport on the Mendocino Coast and the inland community of Covelo, soon attracted new businesses to Laytonville and it became a thriving little hamlet. Today, while the town has remained small, it does have a population of approximately 2,000 residents.

The City is surrounded by fire and redwood forests, making its principal industries logging and ranching. The City is the highest community located on the 101 corridor with an elevation of approximately 2,000 feet above the Pacific Ocean, which is located 26 miles west of the City. The Cahto Indian Ranchera is located two miles west of the City.

County of Mendocino

General

Mendocino County (the "County") was one of California's original 27 counties, created in 1850 by the State Legislature. Because of its small population, the County was administered by the government of Sonoma County until 1859, when the government was established in a small building on Main Street in Ukiah. County officials moved into the first courthouse at the site bounded by Standley, Perkins, State and Schools streets on January 24, 1860.

The County derives its name from Cape Mendocino, which lies northward of its northern boundary. Cape Mendocino was given its name by a famous Spanish navigator of the 16th century, Juan Rodriguez Cabrillo. Cabrillo discovered it in 1542 while on a voyage of discovery along the Pacific Coast and named it in honor of Don Antonio de Mendoza, the first Viceroy of New Spain (Mexico), and the patron of the voyageur.

Population

As of January 1999, the State Department of Finance estimated the population of the County to be 87,215. The following table sets forth population statistics for the County of Mendocino and the State of California.

POPULATION ESTIMATES

Year	Mendocino County	State of California
1990	80,345	29,944,000
1991	81,575	30,565,000
1992	82,360	31,188,000
1993	83,035	31,517,000
1994	83,600	31,790,000
1995	83,995	32,063,000
1996	84,520	32,383,000
1997	85,405	32,957,000
1998	86,105	33,252,000
1999	87,215	33,766,000

Source: U.S. Department of Commerce, Bureau of the Census, State Department of Finance and District estimates.

Effective Buying Income

Effective Buying Income is designated by *Sales & Marketing Management Magazine* as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state, and local), non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective Buying Income is a bulk measurement of market potential. It indicates the general ability to buy and is essential in comparing, selecting, and grouping markets on that basis.

The following table demonstrates the growth in estimated annual median effective buying income for the County and the State of California (the "State"):

MENDOCINO COUNTY AND STATE OF CALIFORNIA
ESTIMATED ANNUAL MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME
1993-1998

		Effective Buying Income	Median Effective Buying Income
1993			
	County of Mendocino	$1,120,565	$28,338
	State of California	528,958,745	39,330
1994			
	County of Mendocino	1,166,130	29,558
	State of California	552,074,838	40,969
1995			
	County of Mendocino	1,007,570	24,708
	State of California	477,640,503	34,533
1996			
	County of Mendocino	1,047,362	25,562
	State of California	492,516,991	35,216
1997			
	County of Mendocino	1,105,644	26,429
	State of California	524,439,600	36,483
1998			
	County of Mendocino	1,146,141	26,858
	State of California	551,999,317	37,091

Source: "Survey of Buying Power," *Sales & Marketing Management Magazine.*

Employment

The County's unemployment rate for calendar year 1999 averaged 6.8%. The County's 1999 unemployment rate was higher than the State's at 5.2%, and above the national rate of 4.2%.

The civilian labor force in the County decreased slightly in 1999 reaching an average of 41,960 workers for the year. The total employment component of the labor force also decreased slightly to 39,140. County residents seeking employment averaged 2,820 during 1999.

COUNTY OF MENDOCINO, CALIFORNIA, AND UNITED STATES
Labor Force, Employment and Unemployment
1994-1999

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate*
1994				
Mendocino	41,090	37,190	3,900	9.5%
California	15,450,000	14,122,100	1,327,900	8.6
United States	131,056,000	123,060,000	7,996,000	6.1
1995				
Mendocino	41,330	37,380	3,950	9.6%
California	15,412,200	14,202,800	1,209,400	7.8
United States	132,304,000	124,900,000	7,404,000	5.6
1996				
Mendocino	42,080	38,500	3,580	8.5%
California	15,511,600	14,391,500	1,120,100	7.2
United States	133,943,000	126,708,000	7,236,000	5.4
1997				
Mendocino	42,720	39,340	3,380	8.0%
California	15,947,300	14,942,500	1,004,700	6.3
United States	136,297,000	129,558,000	6,739,000	4.9
1998				
Mendocino	42,580	39,220	3,360	7.9%
California	16,323,900	15,355,600	968,200	5.9
United States	137,673,000	131,463,000	6,210,000	4.5
1999				
Mendocino	41,960	39,140	2,820	6.8%
California	16,585,100	15,721,700	864,200	5.2
United States	139,368,000	133,488,000	5,880,000	4.2

* Unemployment rate is based on unrounded data.
March 1998 Benchmark; data not seasonally adjusted.
Source: California State Employment Development Department.

The County possesses extensive commercial forests, a number of fisheries and rich agricultural lands which support the regional economy. Mendocino is the second largest timber producing county in California. The County table wines rank with those of Napa County and Sonoma County.

The following table summarizes annual average employment by industry in the County.

MENDOCINO COUNTY
WAGE AND SALARY DATA
(in thousands)*

	1993	1994	1995	1996	1997	1998	1999
Total Agriculture	1.67	1.84	1.93	2.17	2.41	2.47	2.50
Nonagricultural							
Construction and Mining	0.94	0.93	0.95	1.14	1.16	1.25	1.33
Manufacturing	4.39	4.73	4.85	5.00	5.34	5.11	5.02
Trade:							
Wholesale	0.87	0.84	0.85	0.85	0.84	0.86	0.89
Retail	6.12	6.35	6.50	6.76	6.87	6.85	6.88
Trans/Public Utilities	1.06	1.09	1.15	1.20	1.22	1.20	1.17
Finance, insurance and real estate	0.97	0.94	0.89	0.88	0.92	0.95	0.94
Services	6.20	6.50	6.90	7.20	7.46	7.72	7.86
Government	5.07	5.13	5.29	5.33	5.31	5.39	5.58
TOTAL	27.28	28.35	29.30	30.52	31.53	31.80	32.17

Source: State Department of Employment Development.
* Parts may not add to totals due to independent calculations and rounding of annual averages.

Largest Employers

Major employers and their number of employees as of June 1999 are listed in the following table.

MENDOCINO COUNTY
Largest Employers

Company	Product/Service	Employees
Ukiah Adventist Hospital	Medical Care	500
Masonite Corporation	Paperboard Mills	400
Georgia-Pacific Corporation	Sawmills and Planing Mills	400
Fetzer Vineyards	Winery	300
Productive People Employment Services	Labor Resource Services	296
Mendocino Community College	Education	275
Retech Services, Inc.	Industrial Furnaces and Ovens	252
Wal-Mart Stores Inc.	Retail Store	250
Hopland Band of Pomo Indians	Indian Casino	246
Harwood Products Inc.	Sawmills and Planing Mills	237

Source: Economic Development and Financing Corporation.

Commercial Activity

The following table provides information with respect to taxable retail sales activity in the County as measured by transactions subject to sales and use tax for the five-year period 1994 through 1998.

COUNTY OF MENDOCINO
TAXABLE TRANSACTIONS
(000's)

	Taxable Sales ($000)				
	1994	1995	1996	1997	1998*
Apparel Stores	$9,091	$7,966	$7,584	$8,057	$8,453
General Merchandise Stores	69,107	73,648	76,088	76,942	82,071
Drug Stores	18,713	17,953	18,644	19,324	17,263
Food Stores	64,070	65,025	67,173	66,296	67,567
Packaged Liquor Stores	2,993	2,788	2,892	3,190	3,297
Eating & Drinking Places	62,705	64,716	67,351	70,563	71,518
Home Furnishings & Appliances	12,780	12,953	13,604	13,988	13,615
Building Material & Farm Implements	51,288	49,622	70,273	85,276	90,421
Auto Dealers & Supplies	67,696	72,638	79,104	81,190	92,163
Service Stations	50,193	49,322	56,862	58,580	55,218
Other Retail Stores	63,768	69,593	63,930	72,219	79,651
Total Retail Stores	$472,404	$486,224	$523,505	$555,625	$581,237
Business and Personal Services	33,588	36,246	40,054	41,655	42,889
All Other Outlets	147,874	171,307	169,567	189,289	191,857
Total All Other Outlets	181,462	207,553	209,621	230,944	234,746
Total All Outlets	$653,866	$693,777	$733,126	$786,569	$815,983

Source: California State Board of Equalization.
* Latest information available

Construction

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 1994 through 1999 are shown in the following table.

COUNTY OF MENDOCINO
BUILDING PERMIT VALUATIONS
For Years 1994 through 1999

	1994	1995	1996	1997	1998	1999
Valuation ($000's)						
Residential	$24,790	$23,074	$24,411	$28,150	$19,371	$29,868
Non-Residential	6,844	4,657	16,254	31,963	8,790	19,317
Total	$31,634	$27,731	$40,665	$60,113	$28,161	$49,185
Units						
Single Family	218	242	284	221	249	268
Multiple Family	2	5	9	38	39	2
Total	220	247	293	259	288	270

Source: Planning and Building Department, County of Mendocino 1994-1998.
Construction Industry Research Board 1999.

Agriculture

Wine grapes, pears, cattle and calves are the most important agricultural commodities in the County. The production of fine wines is a rapidly growing industry. A six-year summary of gross value of agricultural products in the County is provided in the following table.

COUNTY OF MENDOCINO
GROSS VALUE OF AGRICULTURAL PRODUCTS
FOR YEARS 1993 THROUGH 1998

Crop	1993	1994	1995	1996	1997	1998
Fruits and Nuts	$59,805,400	$50,829,600	$63,991,900	$87,941,800	$115,033,400	$97,808,900
Livestock Production	10,476,900	8,455,000	6,323,100	7,148,400	7,838,900	7,597,400
Livestock, Poultry and Apiary Products	3,199,000	5,149,600	5,514,300	6,704,000	6,090,300	7,156,800
Nursery Products	2,122,800	2,296,400	2,510,000	3,092,000	3,117,300	2,685,000
Vegetable Crops	1,236,700	1,622,000	1,383,600	1,512,800	1,560,100	1,657,500
Field Crops	8,657,900	8,732,900	9,546,400	10,392,000	10,768,500	10,768,500
Totals	$85,498,700	$77,085,500	$89,269,300	$116,791,000	$144,408,500	$127,674,100

Source: County of Mendocino Department of Agriculture.

Transportation

U.S. 101, which connects San Francisco and northern coastal points, traverses the County's inland valleys. Route 1, designated a "scenic highway" by the State, follows the coast line through Point Arena and Fort Bragg. Routes 20 and 129 connect the coastal areas with interior points.

Rail service through the County is provided by Northern Pacific Railroad Company (Southern Pacific) and the California Western Railroad, which operates the "Skunk Train" from Fort Bragg to Willits. A tourist attraction, the train also carries milled timber.

Mendocino Transit Authority and Greyhound Bus Lines serve both inland and coastal communities. Greyhound operates scheduled passenger service and the city is also served by several major truck lines. Ukiah operates a Municipal Airport with a 5,000 foot runway that provides charter service, plan rentals and agricultural services. Noyo Harbor, near Fort Bragg, can accommodate vessels up to a nine-foot draft and is a center of both commercial and sport fishing.

Education

Mendocino College is a part of the California Community College System and provides a variety of curricula and programs, including academic preparation for the California State University and University of California systems, vocational education, community extension and numerous specialized professional preparation programs.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Laytonville Unified School District (the "District") in connection with the issuance of $3,499,743.90 of the District's Election of 2000 General Obligation Bonds, Series A (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District dated June 29, 2000 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

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

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

"Holders" shall mean registered owners of the Bonds.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission can be found at www.sec.gov/consumer/nrmsir.htm.

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

"Repository" shall mean each National Repository and each State Repository.

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

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the District's fiscal year (presently ending July 30), commencing with the report for the 1999-2000 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

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

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

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

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

(b) average daily attendance of the District for the last completed fiscal year;

(c) outstanding District indebtedness;

(d) 10 largest local secured taxpayers for the last completed fiscal year; and

(e) tax delinquencies, if applicable; and

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

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies.

2. non-payment related defaults.

3. modifications to rights of Bondholders.

4. optional, contingent or unscheduled bond calls.

5. defeasances.

6. rating changes.

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

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

9. unscheduled draws on the credit enhancement reflecting financial difficulties.

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriters, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repositories. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

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

Dated: September 12, 2000

LAYTONVILLE UNIFIED SCHOOL DISTRICT

By: ______________________________

John Markatos
Superintendent

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District: LAYTONVILLE UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2000 General Obligation Bonds, Series A

Date of Issuance: September 12, 2000

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

Dated:______________________

LAYTONVILLE UNIFIED SCHOOL DISTRICT

By ______[form only; no signature required]________

APPENDIX E

FORM OF MUNICIPAL BOND INSURANCE POLICY

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MBIA

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

SPECIMEN

Attest:

Assistant Secretary

STD-R-CA-6
4/95

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APPENDIX F

TABLE OF ACCRETED VALUES

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Laytonville Unified School District

Mendocino County, California

Election of 2000 General Obligation Bonds, Series A

Table of Accreted Values

Settlement	09/12/2000
Maturity Date	09/01/2019
Maturity Amount	405,000
Yield to Maturity	7.750%
Original $Price	23.636
Original Principal	95,725.80

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
03/01/2001	99,207.99	1,224.79	24.496
09/01/2001	103,052.30	1,272.25	25.445
03/01/2002	107,045.58	1,321.55	26.431
09/01/2002	111,193.60	1,372.76	27.455
03/01/2003	115,502.35	1,425.95	28.519
09/01/2003	119,978.06	1,481.21	29.624
03/01/2004	124,627.21	1,538.61	30.772
09/01/2004	129,456.52	1,598.23	31.965
03/01/2005	134,472.96	1,660.16	33.203
09/01/2005	139,683.78	1,724.49	34.490
03/01/2006	145,096.53	1,791.32	35.826
09/01/2006	150,719.02	1,860.73	37.215
03/01/2007	156,559.38	1,932.83	38.657
09/01/2007	162,626.06	2,007.73	40.155
03/01/2008	168,927.82	2,085.53	41.711
09/01/2008	175,473.77	2,166.34	43.327
03/01/2009	182,273.38	2,250.29	45.006
09/01/2009	189,336.48	2,337.49	46.750
03/01/2010	196,673.26	2,428.06	48.561
09/01/2010	204,294.35	2,522.15	50.443
03/01/2011	212,210.76	2,619.89	52.398
09/01/2011	220,433.93	2,721.41	54.428
03/01/2012	228,975.74	2,826.86	56.537
09/01/2012	237,848.55	2,936.40	58.728
03/01/2013	247,065.18	3,050.19	61.004
09/01/2013	256,638.96	3,168.38	63.368
03/01/2014	266,583.72	3,291.16	65.823
09/01/2014	276,913.84	3,418.69	68.374
03/01/2015	287,644.25	3,551.16	71.023
09/01/2015	298,790.46	3,688.77	73.775
03/01/2016	310,368.59	3,831.71	76.634
09/01/2016	322,395.37	3,980.19	79.604
03/01/2017	334,888.20	4,134.42	82.688
09/01/2017	347,865.11	4,294.63	85.893
03/01/2018	361,344.89	4,461.05	89.221
09/01/2018	375,347.00	4,633.91	92.678
03/01/2019	389,891.70	4,813.48	96.270
09/01/2019	405,000.00	5,000.00	100.000

Laytonville Unified School District

Mendocino County, California

Election of 2000 General Obligation Bonds, Series A

Table of Accreted Values

Settlement	09/12/2000
Maturity Date	09/01/2020
Maturity Amount	430,000
Yield to Maturity	7.750%
Original $Price	21.906
Original Principal	94,195.80

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
03/01/2001	97,619.82	1,135.11	22.702
09/01/2001	101,402.59	1,179.10	23.582
03/01/2002	105,331.94	1,224.79	24.496
09/01/2002	109,413.56	1,272.25	25.445
03/01/2003	113,653.33	1,321.55	26.431
09/01/2003	118,057.40	1,372.76	27.455
03/01/2004	122,632.12	1,425.95	28.519
09/01/2004	127,384.12	1,481.21	29.624
03/01/2005	132,320.25	1,538.61	30.772
09/01/2005	137,447.66	1,598.23	31.965
03/01/2006	142,773.76	1,660.16	33.203
09/01/2006	148,306.24	1,724.49	34.490
03/01/2007	154,053.11	1,791.32	35.826
09/01/2007	160,022.67	1,860.73	37.215
03/01/2008	166,223.54	1,932.83	38.657
09/01/2008	172,664.71	2,007.73	40.155
03/01/2009	179,355.46	2,085.53	41.711
09/01/2009	186,305.49	2,166.34	43.327
03/01/2010	193,524.82	2,250.29	45.006
09/01/2010	201,023.91	2,337.49	46.750
03/01/2011	208,813.59	2,428.06	48.561
09/01/2011	216,905.11	2,522.15	50.443
03/01/2012	225,310.19	2,619.89	52.398
09/01/2012	234,040.96	2,721.41	54.428
03/01/2013	243,110.04	2,826.86	56.537
09/01/2013	252,530.56	2,936.40	58.728
03/01/2014	262,316.12	3,050.19	61.004
09/01/2014	272,480.87	3,168.38	63.368
03/01/2015	283,039.50	3,291.16	65.823
09/01/2015	294,007.28	3,418.69	68.374
03/01/2016	305,400.06	3,551.16	71.023
09/01/2016	317,234.32	3,688.77	73.775
03/01/2017	329,527.15	3,831.71	76.634
09/01/2017	342,296.32	3,980.19	79.604
03/01/2018	355,560.31	4,134.42	82.688
09/01/2018	369,338.27	4,294.63	85.893
03/01/2019	383,650.13	4,461.05	89.221
09/01/2019	398,516.57	4,633.91	92.678
03/01/2020	413,959.09	4,813.48	96.270
09/01/2020	430,000.00	5,000.00	100.000

Laytonville Unified School District

Mendocino County, California

Election of 2000 General Obligation Bonds, Series A

Table of Accreted Values

Settlement	09/12/2000
Maturity Date	09/01/2021
Maturity Amount	455,000
Yield to Maturity	7.550%
Original $Price	21.139
Original Principal	96,182.45

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
03/01/2001	99,588.45	1,094.38	21.888
09/01/2001	103,347.91	1,135.69	22.714
03/01/2002	107,249.30	1,178.56	23.571
09/01/2002	111,297.96	1,223.05	24.461
03/01/2003	115,499.46	1,269.22	25.384
09/01/2003	119,859.56	1,317.14	26.343
03/01/2004	124,384.26	1,366.86	27.337
09/01/2004	129,079.77	1,418.46	28.369
03/01/2005	133,952.53	1,472.01	29.440
09/01/2005	139,009.23	1,527.57	30.551
03/01/2006	144,256.83	1,585.24	31.705
09/01/2006	149,702.53	1,645.08	32.902
03/01/2007	155,353.80	1,707.18	34.144
09/01/2007	161,218.40	1,771.63	35.433
03/01/2008	167,304.40	1,838.51	36.770
09/01/2008	173,620.14	1,907.91	38.158
03/01/2009	180,174.30	1,979.94	39.599
09/01/2009	186,975.88	2,054.68	41.094
03/01/2010	194,034.22	2,132.24	42.645
09/01/2010	201,359.01	2,212.74	44.255
03/01/2011	208,960.31	2,296.27	45.925
09/01/2011	216,848.57	2,382.95	47.659
03/01/2012	225,034.60	2,472.91	49.458
09/01/2012	233,529.66	2,566.26	51.325
03/01/2013	242,345.40	2,663.14	53.263
09/01/2013	251,493.94	2,763.67	55.273
03/01/2014	260,987.84	2,868.00	57.360
09/01/2014	270,840.13	2,976.27	59.525
03/01/2015	281,064.34	3,088.62	61.772
09/01/2015	291,674.52	3,205.21	64.104
03/01/2016	302,685.23	3,326.21	66.524
09/01/2016	314,111.60	3,451.78	69.036
03/01/2017	325,969.31	3,582.08	71.642
09/01/2017	338,274.66	3,717.30	74.346
03/01/2018	351,044.52	3,857.63	77.153
09/01/2018	364,296.45	4,003.26	80.065
03/01/2019	378,048.65	4,154.38	83.088
09/01/2019	392,319.98	4,311.21	86.224
03/01/2020	407,130.06	4,473.96	89.479
09/01/2020	422,499.22	4,642.85	92.857
03/01/2021	438,448.57	4,818.12	96.362
09/01/2021	455,000.00	5,000.00	100.000

Laytonville Unified School District

Mendocino County, California

Election of 2000 General Obligation Bonds, Series A

Table of Accreted Values

Settlement	09/12/2000
Maturity Date	09/01/2022
Maturity Amount	485,000
Yield to Maturity	7.500%
Original $Price	19.838
Original Principal	96,214.30

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
03/01/2001	99,598.59	1,026.79	20.536
09/01/2001	103,333.54	1,065.29	21.306
03/01/2002	107,208.55	1,105.24	22.105
09/01/2002	111,228.87	1,146.69	22.934
03/01/2003	115,399.95	1,189.69	23.794
09/01/2003	119,727.45	1,234.30	24.686
03/01/2004	124,217.23	1,280.59	25.612
09/01/2004	128,875.38	1,328.61	26.572
03/01/2005	133,708.20	1,378.44	27.569
09/01/2005	138,722.26	1,430.13	28.603
03/01/2006	143,924.34	1,483.76	29.675
09/01/2006	149,321.51	1,539.40	30.788
03/01/2007	154,921.06	1,597.12	31.942
09/01/2007	160,730.60	1,657.02	33.140
03/01/2008	166,758.00	1,719.15	34.383
09/01/2008	173,011.43	1,783.62	35.672
03/01/2009	179,499.36	1,850.51	37.010
09/01/2009	186,230.58	1,919.90	38.398
03/01/2010	193,214.23	1,991.90	39.838
09/01/2010	200,459.76	2,066.60	41.332
03/01/2011	207,977.00	2,144.09	42.882
09/01/2011	215,776.14	2,224.50	44.490
03/01/2012	223,867.75	2,307.91	46.158
09/01/2012	232,262.79	2,394.46	47.889
03/01/2013	240,972.64	2,484.25	49.685
09/01/2013	250,009.11	2,577.41	51.548
03/01/2014	259,384.46	2,674.07	53.481
09/01/2014	269,111.37	2,774.34	55.487
03/01/2015	279,203.05	2,878.38	57.568
09/01/2015	289,673.16	2,986.32	59.726
03/01/2016	300,535.91	3,098.31	61.966
09/01/2016	311,806.00	3,214.49	64.290
03/01/2017	323,498.73	3,335.04	66.701
09/01/2017	335,629.93	3,460.10	69.202
03/01/2018	348,216.05	3,589.86	71.797
09/01/2018	361,274.16	3,724.48	74.490
03/01/2019	374,821.94	3,864.14	77.283
09/01/2019	388,877.76	4,009.05	80.181
03/01/2020	403,460.68	4,159.39	83.188
09/01/2020	418,590.45	4,315.37	86.307
03/01/2021	434,287.59	4,477.19	89.544
09/01/2021	450,573.38	4,645.09	92.902
03/01/2022	467,469.88	4,819.28	96.386
09/01/2022	485,000.00	5,000.00	100.000

Laytonville Unified School District

Mendocino County, California

Election of 2000 General Obligation Bonds, Series A

Table of Accreted Values

Settlement	09/12/2000
Maturity Date	09/01/2023
Maturity Amount	510,000
Yield to Maturity	5.830%
Original $Price	26.714
Original Principal	136,241.40

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
03/01/2001	139,968.29	1,372.24	27.445
09/01/2001	144,048.36	1,412.24	28.245
03/01/2002	148,247.37	1,453.41	29.068
09/01/2002	152,568.78	1,495.77	29.915
03/01/2003	157,016.16	1,539.37	30.787
09/01/2003	161,593.18	1,584.25	31.685
03/01/2004	166,303.63	1,630.43	32.609
09/01/2004	171,151.38	1,677.95	33.559
03/01/2005	176,140.44	1,726.87	34.537
09/01/2005	181,274.93	1,777.21	35.544
03/01/2006	186,559.10	1,829.01	36.580
09/01/2006	191,997.30	1,882.33	37.647
03/01/2007	197,594.02	1,937.20	38.744
09/01/2007	203,353.88	1,993.67	39.873
03/01/2008	209,281.65	2,051.78	41.036
09/01/2008	215,382.21	2,111.59	42.232
03/01/2009	221,660.60	2,173.14	43.463
09/01/2009	228,122.01	2,236.49	44.730
03/01/2010	234,771.76	2,301.68	46.034
09/01/2010	241,615.36	2,368.78	47.376
03/01/2011	248,658.45	2,437.83	48.757
09/01/2011	255,906.84	2,508.89	50.178
03/01/2012	263,366.52	2,582.02	51.640
09/01/2012	271,043.66	2,657.29	53.146
03/01/2013	278,944.58	2,734.75	54.695
09/01/2013	287,075.82	2,814.47	56.289
03/01/2014	295,444.08	2,896.51	57.930
09/01/2014	304,056.27	2,980.94	59.619
03/01/2015	312,919.51	3,067.84	61.357
09/01/2015	322,041.12	3,157.27	63.145
03/01/2016	331,428.61	3,249.30	64.986
09/01/2016	341,089.76	3,344.02	66.880
03/01/2017	351,032.52	3,441.50	68.830
09/01/2017	361,265.12	3,541.81	70.836
03/01/2018	371,796.00	3,645.06	72.901
09/01/2018	382,633.85	3,751.31	75.026
03/01/2019	393,787.63	3,860.66	77.213
09/01/2019	405,266.54	3,973.20	**79.464**
03/01/2020	417,080.06	4,089.02	81.780
09/01/2020	429,237.94	4,208.22	**84.164**
03/01/2021	441,750.23	4,330.88	86.618
09/01/2021	454,627.25	4,457.13	**89.143**
03/01/2022	467,879.63	4,587.06	91.741
09/01/2022	481,518.32	4,720.77	**94.415**
03/01/2023	495,554.58	4,858.38	97.168
09/01/2023	510,000.00	5,000.00	**100.000**

Laytonville Unified School District

Mendocino County, California

Election of 2000 General Obligation Bonds, Series A

Table of Accreted Values

Settlement	09/12/2000
Maturity Date	09/01/2024
Maturity Amount	540,000
Yield to Maturity	5.860%
Original $Price	25.046
Original Principal	135,248.40

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
03/01/2001	138,969.99	1,286.76	25.735
09/01/2001	143,041.82	1,324.46	26.489
03/01/2002	147,232.94	1,363.27	27.265
09/01/2002	151,546.87	1,403.21	28.064
03/01/2003	155,987.19	1,444.33	28.887
09/01/2003	160,557.61	1,486.64	29.733
03/01/2004	165,261.95	1,530.20	30.604
09/01/2004	170,104.13	1,575.04	31.501
03/01/2005	175,088.18	1,621.19	32.424
09/01/2005	180,218.26	1,668.69	33.374
03/01/2006	185,498.66	1,717.58	34.352
09/01/2006	190,933.77	1,767.91	35.358
03/01/2007	196,528.13	1,819.70	36.394
09/01/2007	202,286.40	1,873.02	37.460
03/01/2008	208,213.39	1,927.90	38.558
09/01/2008	214,314.04	1,984.39	39.688
03/01/2009	220,593.45	2,042.53	40.851
09/01/2009	227,056.83	2,102.38	42.048
03/01/2010	233,709.60	2,163.98	43.280
09/01/2010	240,557.29	2,227.38	44.548
03/01/2011	247,605.62	2,292.64	45.853
09/01/2011	254,860.46	2,359.82	47.196
03/01/2012	262,327.87	2,428.96	48.579
09/01/2012	270,014.08	2,500.13	50.003
03/01/2013	277,925.49	2,573.38	51.468
09/01/2013	286,068.71	2,648.78	52.976
03/01/2014	294,450.52	2,726.39	54.528
09/01/2014	303,077.92	2,806.28	56.126
03/01/2015	311,958.11	2,888.50	57.770
09/01/2015	321,098.48	2,973.13	59.463
03/01/2016	330,506.67	3,060.25	61.205
09/01/2016	340,190.51	3,149.91	62.998
03/01/2017	350,158.09	3,242.20	64.844
09/01/2017	360,417.72	3,337.20	66.744
03/01/2018	370,977.96	3,434.98	68.700
09/01/2018	381,847.62	3,535.63	70.713
03/01/2019	393,035.75	3,639.22	72.784
09/01/2019	404,551.70	3,745.85	74.917
03/01/2020	416,405.07	3,855.60	77.112
09/01/2020	428,605.73	3,968.57	79.371
03/01/2021	441,163.88	4,084.85	81.697
09/01/2021	454,089.98	4,204.54	84.091
03/01/2022	467,394.82	4,327.73	86.555
09/01/2022	481,089.49	4,454.53	89.091
03/01/2023	495,185.41	4,585.05	91.701
09/01/2023	509,694.34	4,719.39	94.388
03/01/2024	524,628.39	4,857.67	97.153
09/01/2024	540,000.00	5,000.00	100.000

Laytonville Unified School District

Mendocino County, California

Election of 2000 General Obligation Bonds, Series A

Table of Accreted Values

Settlement	09/12/2000
Maturity Date	09/01/2025
Maturity Amount	575,000
Yield to Maturity	5.860%
Original $Price	23.641
Original Principal	135,935.75

Period Ending	Total Accreted Value	Accreted Value per $5,000	Accreted Price
03/01/2001	139,672.59	1,214.54	24.291
09/01/2001	143,764.99	1,250.13	25.003
03/01/2002	147,977.31	1,286.76	25.735
09/01/2002	152,313.04	1,324.46	26.489
03/01/2003	156,775.82	1,363.27	27.265
09/01/2003	161,369.35	1,403.21	28.064
03/01/2004	166,097.47	1,444.33	28.887
09/01/2004	170,964.13	1,486.64	29.733
03/01/2005	175,973.37	1,530.20	30.604
09/01/2005	181,129.39	1,575.04	31.501
03/01/2006	186,436.49	1,621.19	32.424
09/01/2006	191,899.07	1,668.69	33.374
03/01/2007	197,521.72	1,717.58	34.352
09/01/2007	203,309.10	1,767.91	35.358
03/01/2008	209,266.06	1,819.70	36.394
09/01/2008	215,397.56	1,873.02	37.460
03/01/2009	221,708.70	1,927.90	38.558
09/01/2009	228,204.77	1,984.39	39.688
03/01/2010	234,891.17	2,042.53	40.851
09/01/2010	241,773.48	2,102.38	42.048
03/01/2011	248,857.44	2,163.98	43.280
09/01/2011	256,148.97	2,227.38	44.548
03/01/2012	263,654.13	2,292.64	45.853
09/01/2012	271,379.20	2,359.82	47.196
03/01/2013	279,330.61	2,428.96	48.579
09/01/2013	287,514.99	2,500.13	50.003
03/01/2014	295,939.18	2,573.38	51.468
09/01/2014	304,610.20	2,648.78	52.976
03/01/2015	313,535.28	2,726.39	54.528
09/01/2015	322,721.86	2,806.28	56.126
03/01/2016	332,177.61	2,888.50	57.770
09/01/2016	341,910.42	2,973.13	59.463
03/01/2017	351,928.39	3,060.25	61.205
09/01/2017	362,239.90	3,149.91	62.998
03/01/2018	372,853.52	3,242.20	64.844
09/01/2018	383,778.13	3,337.20	66.744
03/01/2019	395,022.83	3,434.98	68.700
09/01/2019	406,597.00	3,535.63	70.713
03/01/2020	418,510.29	3,639.22	72.784
09/01/2020	430,772.65	3,745.85	74.917
03/01/2021	443,394.28	3,855.60	77.112
09/01/2021	456,385.74	3,968.57	79.371
03/01/2022	469,757.84	4,084.85	81.697
09/01/2022	483,521.74	4,204.54	84.091
03/01/2023	497,688.93	4,327.73	86.555
09/01/2023	512,271.22	4,454.53	89.091
03/01/2024	527,280.76	4,585.05	91.701
09/01/2024	542,730.09	4,719.39	94.388
03/01/2025	558,632.08	4,857.67	97.153
09/01/2025	575,000.00	5,000.00	100.000

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