NEW ISSUE—FULL BOOK-ENTRY

RATINGS:
S&P: "AA" (BAM-Insured)
S&P: "A" (Underlying)
(See "RATINGS" herein)

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

$6,425,000
CERTIFICATES OF PARTICIPATION
(2015 Sheriff's Facility Financing Project)
Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the COUNTY OF YUBA, CALIFORNIA As the Rental for Certain Property Pursuant to a Lease Agreement with the County of Yuba Public Facilities Corporation

Dated: Date of Delivery **Due: February 1, as set forth below**

The $6,425,000 Certificates of Participation (2015 Sheriff's Facility Financing Project) (the "Certificates"), are being sold to provide funds, together with other available moneys, to (a) finance the costs of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff's facility, (b) purchase a reserve fund municipal bond insurance policy in lieu of cash funding a bond reserve fund for the Certificates, and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates. The Certificates will evidence direct, undivided fractional interests of the owners thereof in Lease Payments (as defined herein) to be made by the County of Yuba (the "County") to the County of Yuba Public Facilities Corporation (the "Corporation") for the use and occupancy of the Property (as defined herein) under and pursuant to a Lease Agreement, dated as of February 1, 2015, by and between the County and the Corporation (the "Lease Agreement"). The Corporation will assign its right to receive Lease Payments from the County under the Lease Agreement and its right to enforce payment of the Lease Payments when due or otherwise protect its interest in the event of a default by the County thereunder to U.S. Bank National Association, San Francisco, California, as trustee (the "Trustee"), for the benefit of the registered owners of the Certificates.

The Certificates will be executed and delivered in book-entry form only, and will be initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (referred to herein as "DTC"). Purchasers of the Certificates (the "Beneficial Owners") will not receive physical certificates representing their interest in the Certificates. Interest with respect to the Certificates accrues from their date of delivery, and is payable semiannually by check mailed on each February 1 and August 1, commencing August 1, 2015. The Certificates may be executed and delivered in denominations of $5,000 or any integral multiple thereof. Payments of principal and interest with respect to the Certificates will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Certificates. See "THE CERTIFICATES—Book-Entry-Only System."

The Certificates are subject to optional and mandatory redemption, as described herein. See "THE CERTIFICATES—Redemption."

NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES A DEBT OR INDEBTEDNESS OF THE COUNTY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS OR RESTRICTION OR AN OBLIGATION FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The scheduled payment of principal and interest with respect to the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.**

BAM
BUILD AMERICA MUTUAL

MATURITY SCHEDULE

$1,485,000 Serial Certificates

CUSIP Prefix: 988294†

Maturity (February 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†	Maturity (February 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
2021	$135,000	5.000%	1.700%c	BK9	2026	$170,000	5.000%	2.200%c	BQ6
2022	140,000	5.000	1.850c	BL7	2027	180,000	5.000	2.250c	BR4
2023	150,000	5.000	1.900c	BM5	2028	190,000	5.000	2.350c	BS2
2024	155,000	5.000	2.000c	BN3	2029	200,000	5.000	2.400c	BT0
2025	165,000	5.000	2.100c	BP8					

$1,420,000 5.000% Term Certificates maturing February 1, 2035; Price: 111.554%c to Yield 2.700%—CUSIP: 988294 BU7†

$3,520,000 5.000% Term Certificates maturing February 1, 2045; Price: 110.754%c to Yield 2.850%—CUSIP: 988294 BV5†

The following firm, serving as financial advisor to the County, has structured this issue:

Capitol | PFG
Crafting Optimal Financial Solutions

The cover page contains certain information for general reference only. It is not a summary of all the provisions of the Certificates. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "RISK FACTORS" herein for a discussion of special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Certificates.

The Certificates will be offered when, as and if delivered and received by the Underwriter subject to approval by Quint & Thimmig LLP, Larkspur, California, as Special Counsel. Certain matters will be passed upon for the County by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel, and by Angil Morris-Jones, Esq., County Counsel, and for the Underwriter by Stradling Yocca Carlson & Rauth, P.C., Newport Beach, California. It is anticipated that the Certificates will be available for delivery to DTC in New York, New York, on or about February 24, 2015.

Southwest Securities, Inc.

Dated: February 5, 2015

c Priced to the August 1, 2020, par call date.

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

This Official Statement is not to be construed as a contract with the purchasers of the Certificates. 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 facts.

The information set forth herein has been obtained from the County and from other sources and is believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the 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 County since the date hereof. This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the County. All summaries of the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease, or other documents, are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County Administrator for further information. See "INTRODUCTION—Other Information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES 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 CERTIFICATES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the County's forecasts in any way. Neither the County nor the Corporation is obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur or do not occur.

The execution, sale and delivery of the Certificates has not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM supplied by the BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX H—SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

The County maintains a website. Unless specifically indicated otherwise, the information presented on such website is ***not*** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Certificates.

TABLE OF CONTENTS

COUNTY OF YUBA

915 8th Street, Suite 115
Marysville, CA 95901
http://www.yuba.org

MEMBERS OF THE BOARD OF SUPERVISORS

Mary Jane Griego, *Chair*
Roger Abe, *Vice Chair*
Randy Fletcher, *Boardmember*
John Nicoletti, *Boardmember*
Andrew Vasquez, *Boardmember*

COUNTY OFFICIALS

Robert Bendorf, *County Administrator*
Dan M. Mierzwa, *Treasurer-Tax Collector*
Lorraine Daggett, *Chief Deputy Treasurer-Tax Collector*
C. Richard Eberle, *Auditor-Controller*
Doug McCoy, *Director, Administrative Services*
Bruce Stottlemeyer, *Assessor*
Steven L. Durfor, *Sheriff/Coroner*
Donna Stottlemeyer, *Clerk of the Board*
Angil Morris-Jones, Esq., *County Counsel*

SPECIAL SERVICES

Special Counsel and Disclosure Counsel
Quint & Thimmig LLP
Larkspur, California

Financial Advisor
Capitol Public Finance Group, LLC
Roseville, California

Trustee
U.S. Bank National Association
San Francisco, California

COUNTY OF YUBA LOCATION MAP

$6,425,000
CERTIFICATES OF PARTICIPATION
(2015 Sheriff's Facility Financing Project)
Evidencing Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
COUNTY OF YUBA
as the Rental for Certain Property
Pursuant to a Lease Agreement with the
County of Yuba Facilities Corporation

INTRODUCTION

This introduction does not purport to be complete and reference is made to the body of this Official Statement, appendices and the documents referred to herein for more complete information with respect to matters concerning the captioned Certificates. Potential investors are encouraged to read this entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement and in APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS.

General

This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the execution, sale and delivery of $6,425,000 aggregate principal amount of Certificates of Participation (2015 Sheriff's Facility Financing Project) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of February 1, 2015 (the "Trust Agreement"), by and among the County of Yuba (the "County"), the County of Yuba Facilities Corporation (the "Corporation") and U.S. Bank National Association, as trustee (the "Trustee").

Proceeds of the Certificates will be used to (a) finance the costs of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff's facility, (b) purchase a reserve fund municipal bond insurance policy in lieu of cash funding a reserve fund for the Certificates, and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates. See "PLAN OF FINANCING."

The County will lease certain existing property (collectively, the "Property") to the Corporation pursuant to a Site and Facility Lease, dated as of February 1, 2015 (the "Site and Facility Lease"). The Corporation will lease the Property back to the County pursuant to a Lease Agreement, dated as of February 1, 2015 (the "Lease Agreement"). The Certificates are payable solely from and secured by certain lease payments ("Lease Payments") to be made by the County to the Corporation pursuant to the Lease Agreement. See "SOURCE OF PAYMENT FOR THE CERTIFICATES" and "THE PROPERTY."

Interest with respect to the Certificates is payable on February 1 and August 1 of each year, commencing August 1, 2015. The Certificates will mature in the amounts and on the dates and be payable at the interest rates shown on the cover of this Official Statement. See "THE CERTIFICATES."

The Certificates will be delivered in fully registered form only, in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as the depository for the Certificates and all payments due with respect to the Certificates will be made to Cede & Co. Ownership interests in the Certificates may be purchased only in book-entry form. See "THE CERTIFICATES—Book-Entry Only System" and APPENDIX F—DTC'S BOOK-ENTRY ONLY SYSTEM.

Source of Payment for the Certificates

The Certificates represent direct, undivided fractional interests of the Owners thereof in the Lease Payments to be paid by the County to the Corporation pursuant to the Lease Agreement. Lease Payments are calculated to be sufficient to permit the payment of the principal and interest with respect to the Certificates when due. The Lease Payments are payable by the County from its general fund for the right to use and possess the Property. The Lease Payments are subject to abatement during any period in which by reason of damage or destruction there is substantial interference with the use and occupancy by the County of the Property or any portion thereof. The County will covenant under the Lease Agreement to take such action as necessary to include the Lease Payments in its annual budget and to make all necessary appropriations therefor (subject to abatement under certain circumstances described in the Lease Agreement). Pursuant to an Assignment Agreement, dated as of February 1, 2015 (the "Assignment Agreement"), by and between the Corporation and the Trustee, the Corporation will assign to the Trustee, for the benefit of the Owners of the Certificates, certain of its rights under the Lease Agreement, including its right to receive Lease Payments from the County for the purpose of securing the payment of principal and interest with respect to the Certificates. See "SOURCE OF PAYMENT FOR THE CERTIFICATES" and "RISK FACTORS."

A Reserve Fund equal to the Reserve Requirement will be funded from the proceeds of the Certificates. Money in the Reserve Fund will be used by the Trustee in the event amounts in the Lease Payment Fund are insufficient to pay principal and/or interest with respect to the Certificates. See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Reserve Fund."

THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES AN INDEBTEDNESS OF THE COUNTY OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

The County's ability to make the Lease Payments is dependent, in part, upon the continuing agreement of the Yuba Levee Financing Authority (the "Authority") to pay a portion of the County's obligations with respect to the $64,175,000 Yuba Levee Financing Authority Revenue Bonds, 2008 Series A (Yuba County Levee Financing Project) (the "Series A Bonds"), and its $14,195,000 Yuba Levee Financing Authority Taxable Revenue Bonds, 2008 Series B (Yuba County Levee Financing Project) (the "Series B Bonds" and, with the Series A Bonds, the "Authority Bonds"). That agreement currently expires on February 15, 2020, subject to renewal. See "OTHER COUNTY FINANCIAL INFORMATION—Long Term Obligations—General Fund Obligations—Yuba Levee Authority Revenue Bonds" and "RISK FACTORS—Nonrenewal of Payment Agreement."

Municipal Bond Insurance Policy

The scheduled payment of the principal and interest with respect to the Certificates when due will be guaranteed under a municipal bond insurance policy (the "Municipal Bond Insurance Policy") to be issued by Build America Mutual Assurance Company ("BAM") simultaneously with the delivery of the Certificates. See "MUNICIPAL BOND INSURANCE." In addition, BAM has made a commitment to issue a municipal bond insurance policy for the Reserve Fund (the "Reserve Fund Insurance Policy") in an amount equal to the Reserve Requirement for the benefit of the Certificates. See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Reserve Fund."

The County

The County was one of the original 27 counties established by the Legislature of the State in 1850. The County is located in the northern part of the Sacramento Valley. The City of Marysville, the County seat, is located at the confluence of the Feather and Yuba rivers, 120 miles east of San Francisco, and 45 miles north of the State Capital in Sacramento.

According to the U.S. Census Bureau, the County has a total area of 644 square miles (1,670 km^2), of which 632 square miles (1,640 km^2) is land and 12 square miles (31 km^2) (1.9%) is water. It is the fifth-smallest county in California by total area. The county lies along the western slope of the Sierra Nevada, the steep slopes making it prime territory for the siting of hydroelectric power plants.

A portion of the County, where Marysville (the county seat) and most of the population lives, is west of the mountains on the valley floor. There is a great deal of agriculture business in this part of the county, especially fruit orchards, rice fields, and cattle grazing.

See "THE COUNTY," "COUNTY FINANCIAL INFORMATION" and APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE COUNTY.

Continuing Disclosure

The County will covenant in a Continuing Disclosure Certificate to prepare and deliver an annual report to the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system. See "CONTINUING DISCLOSURE" and APPENDIX G—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

Summaries of Documents

This Official Statement contains descriptions of the Certificates, the Trust Agreement, the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and various other agreements and documents. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally. Copies of the various documents described herein are available for inspection during business hours at the corporate trust office of the Trustee at One California Street, Suite 1000, San Francisco, CA 94111.

Other Information

This Official Statement speaks only as of its date as set forth on the cover hereof, the information and expressions of opinion herein are subject to change without notice and neither the 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 County since the date hereof.

Unless otherwise expressly noted, all references to internet websites in this Official Statement, including without limitation, the County's website, are shown for reference and convenience only and none of their content is incorporated herein by reference. The information contained within such websites has not been reviewed by the County and the County makes no representation regarding the accuracy or completeness of the information therein.

SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of the proceeds from the sale of the Certificates and other moneys:

Sources	
Par Amount of the Certificates	$6,425,000.00
Plus: Original Issue Premium	761,899.40
Total Sources	$7,186,899.40
Uses	
Deposit to Project Fund (1)	$6,900,000.00
Deposit to Delivery Costs Fund (2)	286,899.40
Total Uses	$7,186,899.40

(1) Amounts deposited in the Project Fund will be used to finance the Project. See PLAN OF FINANCING.

(2) Delivery Costs include the Underwriter's discount, fees and expenses of the financial advisor, special counsel, disclosure counsel and the Trustee, printing expenses, rating fees, title insurance, the premiums for the Municipal Bond Insurance Policy and the Reserve Policy and other costs.

PLAN OF FINANCING

Proceeds of the Certificates will be used to (a) finance the costs of the Project, and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates, including the purchase of the Municipal Bond Insurance Policy and the Reserve Policy .

The Project consists of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff's facility. The County's intention is to move its entire Sheriff operations and administration staff into this facility. Critical operations such as dispatch, records, administration, emergency operations center and emergency generator will all be located on the second floor as to allow for continued operations during a flood event.

THE PROPERTY

Pursuant to the Site and Facility Lease, the County will lease the Property to the Corporation. Pursuant to the Lease Agreement, the Corporation will, in turn, lease the Property back to the County. See APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Site and Facility Lease and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement.

The Property consists of the County's Animal Care Facility, located at 5245 Feather River Boulevard, Olivehurst, California, and the County Library, located at 303 Second Street, Marysville, California.

The **Animal Care Facility** was built in late 2003/early 2004 and is a modern facility capable of handling a wide variety of small and large animals. It was developed to replace the old animal control building originally constructed in the 1930s. The facility is comprised of two sections, the administration section, comprised of 4,755 square feet, and the kennel section, comprised of 2,495 square feet.

The **County Library** is a 22,717 square foot facility constructed in 1972 when the County acquired the property from the City of Marysville for the purposes of establishing a new, larger library facility.

The total current insured value of the Animal Shelter and the County Library, including the value of the land, exceeds $6,750,000.

For a description of certain terms of the Lease Agreement see "SOURCE OF PAYMENT FOR THE CERTIFICATES" and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT.

Pursuant to the Lease Agreement, the County may substitute the Property, in whole or in part, by other properties, upon the satisfaction of certain conditions. For more information regarding the substitution of property see "SOURCE OF PAYMENT FOR THE CERTIFICATES—Substitution or Release of Site or Facility" and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement.

The County has not granted any security interest in the Property for the benefit of the Certificates and there is no remedy of foreclosure on the Property upon the occurrence of an Event of Default under the Lease Agreement. For a discussion of remedies upon an Event of Default under the Lease Agreement, see "RISK FACTORS—Limitations on Remedies."

SEMI-ANNUAL DEBT SERVICE

The following table shows the scheduled annual debt service for the Certificates:

Interest Payment Date(1)	Principal(2)	Interest	Total	Interest Payment Date	Principal(2)	Interest	Total
8/1/15	—	$140,100.69	$140,100.69	8/1/30	—	$118,250.00	$118,250.00
2/1/16	—	160,625.00	160,625.00	2/1/31	$220,000	118,250.00	338,250.00
8/1/16	—	160,625.00	160,625.00	8/1/31	—	112,750.00	112,750.00
2/1/17	—	160,625.00	160,625.00	2/1/32	230,000	112,750.00	342,750.00
8/1/17	—	160,625.00	160,625.00	8/1/32	—	107,000.00	107,000.00
2/1/18	—	160,625.00	160,625.00	2/1/33	240,000	107,000.00	347,000.00
8/1/18	—	160,625.00	160,625.00	8/1/33	—	101,000.00	101,000.00
2/1/19	—	160,625.00	160,625.00	2/1/34	255,000	101,000.00	356,000.00
8/1/19	—	160,625.00	160,625.00	8/1/34	—	94,625.00	94,625.00
2/1/20	—	160,625.00	160,625.00	2/1/35	265,000	94,625.00	359,625.00
8/1/20	—	160,625.00	160,625.00	8/1/35	—	88,000.00	88,000.00
2/1/21	$135,000	160,625.00	295,625.00	2/1/36	280,000	88,000.00	368,000.00
8/1/21	—	157,250.00	157,250.00	8/1/36	—	81,000.00	81,000.00
2/1/22	140,000	157,250.00	297,250.00	2/1/37	295,000	81,000.00	376,000.00
8/1/22	—	153,750.00	153,750.00	8/1/37	—	73,625.00	73,625.00
2/1/23	150,000	153,750.00	303,750.00	2/1/38	310,000	73,625.00	383,625.00
8/1/23	—	150,000.00	150,000.00	8/1/38	—	65,875.00	65,875.00
2/1/24	155,000	150,000.00	305,000.00	2/1/39	325,000	65,875.00	390,875.00
8/1/24	—	146,125.00	146,125.00	8/1/39	—	57,750.00	57,750.00
2/1/25	165,000	146,125.00	311,125.00	2/1/40	340,000	57,750.00	397,750.00
8/1/25	—	142,000.00	142,000.00	8/1/40	—	49,250.00	49,250.00
2/1/26	170,000	142,000.00	312,000.00	2/1/41	355,000	49,250.00	404,250.00
8/1/26	—	137,750.00	137,750.00	8/1/41	—	40,375.00	40,375.00
2/1/27	180,000	137,750.00	317,750.00	2/1/42	375,000	40,375.00	415,375.00
8/1/27	—	133,250.00	133,250.00	8/1/42	—	31,000.00	31,000.00
2/1/28	190,000	133,250.00	323,250.00	2/1/43	395,000	31,000.00	426,000.00
8/1/28	—	128,500.00	128,500.00	8/1/43	—	21,125.00	21,125.00
2/1/29	200,000	128,500.00	328,500.00	2/1/44	410,000	21,125.00	431,125.00
8/1/29	—	123,500.00	123,500.00	8/1/44	—	10,875.00	10,875.00
2/1/30	210,000	123,500.00	333,500.00	2/1/45	435,000	10,875.00	445,875.00

(1) Principal and interest payments with respect to the Certificates on each February 1 and August 1 are derived from Lease Payments made by the County on the preceding January 15 and July 15.

(2) Principal payments including sinking fund installment with respect to the term Certificates.

THE CERTIFICATES

General

The Certificates will be executed and delivered in the aggregate principal amount and will mature on the dates and interest with respect thereto will be payable at the rates per annum as set forth on the cover of this Official Statement. The Certificates will be delivered in the form of fully registered Certificates without coupons in the denomination of $5,000 or any integral multiple thereof. Interest with respect to the Certificates will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on February 1 and August 1 of each year, commencing August 1, 2015 (each an "Interest Payment Date"), until maturity or earlier redemption thereof. The Certificates will be initially executed, delivered and registered in the name of "Cede & Co." as nominee of DTC and will be evidenced by one Certificate maturing on each of the maturity dates in a denomination corresponding to the total principal therein designated to mature on such date. See "THE CERTIFICATES—Book-Entry Only System."

Interest with respect to the Certificates will be payable from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed as of an Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (ii) it is executed after a Regular Record Date (i.e., the close of business on the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a Business Day) and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (iii) it is executed on or before July 15, 2015, in which event interest with respect thereto will be payable from its dated date; *provided, however*, that if, as of the date of execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates. Payment of defaulted interest shall be paid by check mailed to the Owners as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the Owners not less than ten (10) days prior to such special record date.

Payment of interest due with respect to any Certificate on any Interest Payment Date will be made to the person appearing on the Registration Books as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such Owner at his or her address as it appears on the Registration Books as of such Regular Record Date or, upon written request filed with the Trustee prior to the Regular Record Date by an Owner of at least $1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by such Owner in such written request. Any such written request shall remain in effect until rescinded in writing by the Owner. The principal and redemption price with respect to the Certificates at maturity or upon prior redemption shall be payable by check denominated in lawful money of the United States of America upon surrender of the Certificates at the Principal Corporate Trust Office.

Redemption

Optional Redemption. The Certificates are subject to optional redemption in whole or in part on any date in such order of maturity as shall be designated by the County (or, if the County shall fail to so designate the order of redemption, in *pro rata* among maturities) and by lot within a maturity, on or after August 1, 2020, at a redemption price equal to the principal amount of the Certificates to be redeemed, together with accrued interest, without premium, to the date fixed for redemption, from the proceeds of the optional prepayment of Lease Payments made by the County pursuant to the Lease Agreement.

Mandatory Sinking Fund Redemption. The Certificates maturing on February 1, 2035, are subject to mandatory redemption in part on February 1, 2030, and on each February 1 thereafter, to and including February 1, 2035, from the principal components of scheduled Lease Payments required to be paid by the County pursuant to the Lease Agreement with respect to each such redemption date (subject to abatement, as set forth in the Lease Agreement), at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (February 1)	Principal Amount of Certificates to be Redeemed
2030	$210,000
2031	220,000
2032	230,000
2033	240,000
2034	255,000
2035†	265,000

†Maturity.

The Certificates maturing on February 1, 2045, are subject to mandatory redemption in part on February 1, 2036, and on each February 1 thereafter, to and including February 1, 2045, from the principal components of scheduled Lease Payments required to be paid by the County pursuant to the Lease Agreement with respect to each such redemption date (subject to abatement, as set forth in the Lease Agreement), at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (February 1)	Principal Amount of Certificates to be Redeemed
2036	$280,000
2037	295,000
2038	310,000
2039	325,000
2040	340,000
2041	355,000
2042	375,000
2043	395,000
2044	410,000
2045†	435,000

†Maturity.

Extraordinary Redemption from Net Proceeds of Insurance, Title Insurance, Condemnation or Eminent Domain Award. The Certificates are subject to extraordinary redemption in whole on any date or in part on any Interest Payment Date from the Net Proceeds of an insurance, title insurance, condemnation or eminent domain award relating to all or a portion of the Property, to the extent credited towards the prepayment of the Lease Payments by the County pursuant to the Lease Agreement, in such order of maturity as shall be designated by the County (or, if the County shall fail to so designate the order of redemption, in *pro rata* among maturities) and by lot within a maturity, at a redemption price equal to the principal amount of the Certificates to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Selection of Certificates for Redemption. Whenever provision is made in the Trust Agreement for the redemption of Certificates and less than all of the Outstanding Certificates are to be redeemed, the Trustee will select Certificates for redemption from the Outstanding Certificates not previously called for redemption in such order of maturity as will be designated by the County (and, in lieu of such designation, *pro rata* among maturities) and by lot within a maturity. The Trustee will select Certificates for redemption within a maturity by lot in any manner which the Trustee will, in its sole discretion, deems appropriate. For purposes of such selection, Certificates will be deemed to be composed of $5,000 portions and any such portion may be separately redeemed. The Trustee will promptly notify the County in writing of the Certificates so selected for redemption. Selection by the Trustee of Certificates for redemption will be final and conclusive.

Notice of Redemption. Unless waived in writing by any Owner of a Certificate to be redeemed, notice of any such redemption will be given by the Trustee on behalf and at the expense of the County, by mailing a copy of a redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption, to such Owner of the Certificate or Certificates to be redeemed at the address shown on the Registration Books or at such other address as is furnished in writing by such Owner to the Trustee; *provided, however*, that neither the failure to receive such notice nor any defect in any notice will affect the sufficiency of the proceedings for the redemption of the Certificates.

Effect of Redemption. If notice of redemption has been given as described above, the Certificates or portions of Certificates so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, interest with respect to such Certificates or portions of Certificates will cease to be payable.

Partial Redemption of Certificate. Upon surrender of any Certificate redeemed in part only, the Trustee will execute and deliver to the Owner thereof a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered and of the same interest rate and the same maturity.

Transfer and Exchange of Certificates

The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his or her attorney duly authorized in writing upon surrender of such Certificate for cancellation at the Principal Corporate Trust Office, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The County shall pay any costs of the Trustee incurred in connection with such transfer, except that the Trustee may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Trustee shall not be required to transfer (i) any Certificates or portion thereof during the period between the date fifteen (15) days prior to the date of selection of Certificates for redemption and such date of selection, or (ii) any Certificates selected for redemption.

Certificates may be exchanged, upon surrender thereof, at the Principal Corporate Trust Office for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. Whenever any Certificate or Certificates shall be surrendered for exchange, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The County shall pay any costs of the Trustee incurred in connection with such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange (i) any Certificate or any portion thereof during the period between the date fifteen (15) days prior to the date of selection of Certificates for redemption and such date of selection, or (ii) any Certificate selected for redemption.

Book-Entry Only System

The Certificates will be initially executed, delivered and registered as one fully registered certificate for each maturity, without coupons, in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Certificates. Individual purchases may be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive physical certificates representing their interest in the Certificates purchased. Principal and interest will be paid to DTC which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Certificates as described herein. So long as DTC's book-entry system is in effect with respect to the Certificates, notices to Owners of the Certificates by the County or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and then to the beneficial owners of the Certificates, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. See APPENDIX F—DTC'S BOOK-ENTRY ONLY SYSTEM.

In the event that such book-entry system is discontinued with respect to the Certificates, the County will cause the Trustee to execute and deliver replacements in the form of registered certificates and, thereafter, the Certificates will be transferable and exchangeable on the terms and conditions provided in the Trust Agreement. In addition, the following provisions would then apply: Payment of interest due with respect to any Certificate on any Interest Payment Date will be made to the person appearing on the Registration Books as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such Owner at his or her address as it appears on the Registration Books as of such Regular Record Date or, upon written request filed with the Trustee prior to the Regular Record Date by an Owner of at least $1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by such Owner in such written request. Any such written request will remain in effect until rescinded in writing by the Owner. The principal and redemption price with respect to the Certificates at maturity or upon prior redemption shall be payable by check denominated in lawful money of the United States of America upon surrender of the Certificates at the Principal Corporate Trust Office.

SOURCE OF PAYMENT FOR THE CERTIFICATES

General

Each Certificate represents a direct, undivided fractional interest in the Lease Payments. Pursuant to the Lease Agreement, the County will lease the Property from the Corporation and agree to make Lease Payments. See "THE PROPERTY." Upon satisfaction of certain conditions set forth in the Lease Agreement, the County may substitute the Property with other properties. See "Substitution or Release of Site or Facility" below.

As security for the Certificates, the Corporation will assign to the Trustee for the payment of principal and interest with respect to the Certificates, the Corporation's rights, title and interest in the Lease Agreement (with certain exceptions), including the right to receive Lease Payments to be made by the County under the Lease Agreement and the right to enforce remedies in the event of a default by the County. The Lease Payments are designed to be sufficient, in both time and amount, to pay when due, the principal and interest with respect to the Certificates. The Lease Payments are payable by the County from any source of legally available funds.

THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES AN INDEBTEDNESS OF THE COUNTY OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

Lease Payments; Covenant to Appropriate

Pursuant to the Lease Agreement, the County has agreed to make Lease Payments for the lease of the Property which are calculated to be sufficient to pay principal and interest due with respect to the Certificates. Lease Payments will be made by the County to the Trustee on January 15 and July 15 in each year, in advance of the corresponding February 1 and August 1 Interest Payment Dates. The County will also pay as additional payments ("Additional Payments"), amounts required for the payment of all costs and expenses incurred by the County to comply with the provisions of the Trust Agreement and the Lease Agreement or in connection with the execution and delivery of the Certificates. The County has covenanted under the Lease Agreement to take such action as may be necessary to include all Lease Payments and Additional Payments in its annual budget and to make the necessary annual appropriations for all such payments. Under certain circumstances described under the Lease Agreement, however, Lease Payments are subject to abatement during periods of substantial interference with the County's use and occupancy of the Property or any portion thereof. See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Abatement."

Insurance

The County is required to keep or cause to be kept casualty insurance against loss or damage by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, in an amount at least equal to one hundred percent (100%) of the replacement cost of the Property. Such insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. The County is not required by the Lease Agreement to maintain earthquake coverage with respect to the Property and the County does not expect to purchase such coverage.

To insure against loss of rental income caused by perils mentioned above, the County is required to maintain, or cause to be maintained throughout the term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property as a result of any of the hazards described above in an amount equal to two times the maximum annual Lease Payments.

Public liability and property damage insurance coverage is required in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $100,000 (subject to a deductible clause of not to exceed $5,000) for damage to property resulting from each accident or event.

Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the County and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the County. The net proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

The County shall provide, from moneys in the Delivery Costs Fund or at its own expense, on the Closing Date, a CLTA title insurance policy in the amount of not less than the principal amount of the Certificates, insuring the Corporation's leasehold interest in the Property and the County's subleasehold estate in the Property, subject only to Permitted Encumbrances.

See APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT—Insurance.

Abatement

Pursuant to the Lease Agreement, Lease Payments will be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the County of the Property or any portion thereof (other than certain portions of the Property which have been modified by the County as described in the Lease Agreement) to the extent to be agreed upon by the County and the Corporation and communicated by a County Representative to the Trustee. The parties agree that amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in an exhibit attached to the Lease Agreement, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed (giving due consideration to the factors identified related to fair rental value as discussed in the Lease Agreement), based upon the opinion of an MAI appraiser with expertise in valuing such properties, or based upon any other appropriate method of valuation, in which event the Lease Payments will be abated such that they represent said fair rental value. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as communicated by a County Representative to the Trustee. In the event of any such damage or destruction, the Lease Agreement will continue in full force and effect and the County waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there will be no abatement of Lease Payments under the Lease Agreement to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Reserve Fund and/or the Insurance and Condemnation Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated under the Lease Agreement. See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Insurance," APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement—Insurance and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement—Abatement of Lease Payments in the Event of Damage or Destruction.

Eminent Domain

Pursuant to the Lease Agreement, if all of the Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Property is taken permanently, or if all of the Property or any part thereof is taken temporarily under the power of eminent domain, (1) the Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there will be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments under the Lease Agreement, in an amount to be agreed upon by the County and the Corporation and communicated to the Trustee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property, except to the extent of special funds, such as amounts in the Reserve Fund available for the payment of Lease Payments. The Net Proceeds of such eminent domain award are required to be applied to the redemption of Certificates as provided in the Lease Agreement and the Trust Agreement.

Reserve Fund

The Trust Agreement provides that the Trustee will establish and maintain a reserve fund (the "Reserve Fund"). Pursuant to the Trust Agreement, immediately after the execution and delivery of the Certificates, the amount deposited in the Reserve Fund will equal the "Reserve Requirement." Except as otherwise expressly provided in the Trust Agreement, all money in the Reserve Fund will be held in trust as a reserve for the payment when due of the Lease Payments on behalf of the County. "Reserve Requirement" means an amount equal to maximum annual Lease Payments, which amount shall be $457,500.00 on the Closing Date. The amount of the Reserve Requirement shall not be reduced unless the Certificates are partially refunded, in which such amount shall be reduced to an amount equal to the maximum annual Lease Payments relating to the Certificates not so refunded.

On the date of delivery of the Certificates, in lieu of a cash deposit to the Reserve Fund, BAM will issue the Reserve Fund Policy, in an amount equal to the initial "Reserve Requirement."

Optional Prepayment

Pursuant to the Lease Agreement, the County has an option to prepay the principal components of the Lease Payments in full, by paying the aggregate unpaid principal components of the Lease Payments, or in part, in a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, together with the premium set forth for the redemption of Certificates. See "THE CERTIFICATES—Redemption—Optional Redemption."

Said option may be exercised with respect to Lease Payments due on and after July 15, 2021, in whole or in part on any date, commencing July 15, 2020. In the event of prepayment in part, the partial prepayment will be applied against Lease Payments in such order of payment date as will be selected by the County. Lease Payments due after any such partial prepayment will be in the amounts set forth in a revised Lease Payment schedule which will be provided by, or caused to be provided by, the County to the Trustee and which will represent an adjustment to the schedule set forth in the Lease Agreement taking into account said partial prepayment. The Trustee agrees to notify the Corporation in the event of any prepayment of Lease Payments, as provided in the Trust Agreement.

Mandatory Prepayment from Net Proceeds of Insurance, Title Insurance or Eminent Domain

The County will be obligated to prepay the Lease Payments, in whole on any date or in part on any Lease Payment Date, from and to the extent of any Net Proceeds of an insurance, title insurance or condemnation award with respect to the Property theretofore deposited in the Lease Payment Fund for such purpose pursuant to the Lease Agreement and the Trust Agreement. The County and the Corporation agree that such Net Proceeds will be applied first to the payment of any delinquent Lease Payments, and thereafter will be credited towards the County's obligations under the mandatory prepayment provisions of the Lease Agreement. Lease Payments due after any such partial prepayment will be in the amounts set forth in a revised Lease Payment schedule which will be provided by, or caused to be provided by, the County to the Trustee and which will represent an adjustment to the schedule set forth in the Lease Agreement taking into account said partial prepayment. See "THE CERTIFICATES—Redemption—Extraordinary Redemption from Net Proceeds of Insurance, Title Insurance, Condemnation or Eminent Domain Award."

Substitution or Release of Site or Facility

Substitution of Site or Facility. The County shall have, and is granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") and/or a substitute facility (a "Substitute Facility") for the Site (the "Former Site"), or a portion thereof, and/or the Facility (the "Former Facility"), or a portion thereof, provided that the County shall satisfy all of the following requirements (to the extent applicable) which are hereby declared to be conditions precedent to such substitution:

(i) If a substitution of the Site, the County shall file with the Corporation and the Trustee an amendment to the Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) If a substitution of the Site, the County shall file with the Corporation and the Trustee an amendment to the Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) If a substitution of the Facility, the County shall file with the Corporation and the Trustee an amendment to the Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iv) If a substitution of the Facility, the County shall file with the Corporation and the Trustee an amendment to the Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(v) The County shall certify in writing to the Corporation and the Trustee that such Substitute Site and/or Substitute Facility serve the purposes of the County, constitutes property that is unencumbered, subject to Permitted Encumbrances, and constitutes property which the County is permitted to lease under the laws of the State;

(vi) The County delivers to the Corporation and the Trustee evidence (which may be insurance values or any other reasonable basis of valuation and need not require an appraisal) that the value of the Property following such substitution is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee that the indemnification provided pursuant to the Trust Agreement applies with respect to the Substitute Site and/or Substitute Facility;

(vii) The Substitute Site and/or Substitute Facility shall not cause the County to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by an officer's certificate delivered to the Trustee;

(viii) The County shall obtain an amendment to the title insurance policy required pursuant to the Lease Agreement which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(ix) The County shall provide notice of the substitution to any rating agency then rating the Certificates which rating was provided at the request of the County or the Corporation; and

(x) The County shall furnish the Corporation and the Trustee with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such substitution does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

Release of Site. The County shall have, and is granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the County shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The County shall file with the Corporation and the Trustee an amendment to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The County shall file with the Corporation and the Trustee an amendment to the Lease Agreement which describes the Site, as revised by such release;

(iii) The County delivers to the Corporation and the Trustee evidence (which may be insurance values or any other reasonable basis of valuation and need not require an appraisal) that the value of the Property, as revised by such release, is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee and the Corporation that the indemnification provided pursuant to the Trust Agreement applies with respect to the Site, as revised by such release;

(iv) Such release shall not cause the County to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by an officer's certificate delivered to the Trustee; and

(vi) The County shall provide notice of the release to any rating agency then rating the Certificates which rating was provided at the request of the County or the Corporation.

Release of Facility. The County shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Facility, provided that the County shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The County shall file with the Corporation and the Trustee an amendment to the Site and Facility Lease which describes the Facility, as revised by such release;

(ii) The County shall file with the Corporation and the Trustee an amendment to the Lease Agreement which describes the Facility, as revised by such release;

(iii) The County delivers to the Corporation and the Trustee evidence (which may be insurance values or any other reasonable basis of valuation and need not require an appraisal) that the value of the Property, as revised by such release, is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee and the Corporation that the indemnification provided pursuant to the Trust Agreement applies with respect to the Facility, as revised by such release;

(iv) Such release shall not cause the County to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by an officer's certificate delivered to the Trustee; and

(v) The County shall provide notice of the release to any rating agency then rating the Certificates which rating was provided at the request of the County or the Corporation.

Amendment of Lease Agreement

The Corporation and the County may, at any time, amend or modify any of the provisions of the Lease Agreement, but only (a) with the prior written consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates, or (b) without the consent of any of the Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County contained in the Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power reserved in the Lease Agreement to or conferred upon the County;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Lease Agreement, or in any other respect whatsoever as the Corporation and the County may deem necessary or desirable, provided that, in the opinion of Special Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners; or

(iii) to amend any provision thereof relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest with respect to the Certificates under the Code, in the opinion of Special Counsel.

MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Policy

Concurrently with the delivery of the Certificates, BAM will issue the Municipal Bond Insurance Policy for the Certificates. The Municipal Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Municipal Bond Insurance Policy included as an exhibit to this Official Statement.

The Municipal Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $492.2 million, $38.0 million and $454.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when' approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Certificates. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

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THE COUNTY

General

The County was one of the original 27 counties established by the Legislature of the State in 1850. The County is located in the northern part of the Sacramento Valley. The City of Marysville, the County seat, is located at the confluence of the Feather and Yuba rivers, 120 miles east of San Francisco, and 45 miles north of the State Capital in Sacramento.

According to the U.S. Census Bureau, the county has a total area of 644 square miles (1,670 km^2), of which 632 square miles (1,640 km^2) is land and 12 square miles (31 km^2) (1.9%) is water. It is the fifth-smallest county in California by total area. The county lies along the western slope of the Sierra Nevada, the steep slopes making it prime territory for the siting of hydroelectric power plants.

A portion of the county, where Marysville (the county seat) and most of the population lives, is west of the mountains on the valley floor. There is a great deal of agriculture business in this part of the county, especially fruit orchards, rice fields, and cattle grazing.

Organization; Personnel

The County is governed by a five-member Board of Supervisors (the "Board") who serve staggered four-year terms. The Chairman is elected by and from among the members of the Board. Elections for members of the Board of Supervisors are held every two years. Policy and legislative authority are vested in the Board, which is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees, as well as hiring the County Administrator and the County Counsel. The County Administrative Officer is responsible for carrying out the policies and ordinances of the Board, and for overseeing the day-to-day operation of the County. Other elected officials of the County include the District Attorney-Public Administrator, the Auditor-Controller, Superior Court Judges, Municipal Court Judges, Treasurer-Tax Collector, School Superintendent, Assessor, Sheriff-Coroner and Clerk-Recorder. The current members of the County Board and key administrative personnel are set forth on page "iii" of this Official Statement.

The County organization is divided into 25 departments. Six of these departments are headed by officials elected by the voters in elections conducted during gubernatorial election years: Sheriff/Coroner, District Attorney, Clerk-Recorder, Assessor, Auditor/Controller and Treasurer/Tax Collector. Six departments are headed by officials appointed by the Board of Supervisors: Clerk of the Board, Agriculture Commissioner, County Counsel, County Administrator, Behavioral Health, Public Health, Probation and Public Defender. The remaining 12 departments are headed by officials appointed by the County Administrative Officer or his designates.

County Services

The County provides a wide range of services to its residents, including police protection, medical and health care, senior citizen assistance, consumer affairs, public libraries, judicial institutions including support programs, airport service, parks, and a variety of public assistance programs. Other services such as fire protection, lighting road maintenance, and flood control are provided by special districts which are governed by the Board of Supervisors.

Some municipal services are provided by the County, on a contractual basis, to incorporated cities within its boundaries. This allows cities to contract for municipal services without incurring the cost of creating numerous city departments and facilities.

See APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE COUNTY for demographic and statistical information.

COUNTY FINANCIAL INFORMATION

Financial Statements

The County's accounting policies conform to generally accepted accounting principles. The audited financial statements also conform to the principles and standards for public financial reporting established by the Governmental Accounting Standards Board.

Basis of Accounting and Financial Statement Presentation. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Audited Financial Statements. The County retained the firm of Gallina LLP, Roseville, California (the "County's Auditor"), to examine the general purpose financial statements of the County as of and for the year ended June 30, 2013. The audited financial statements for fiscal year ended June 30, 2013, are included in APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013. The County has not requested, and the County's Auditor has not provided, any review or update of such financial statements in connection with their inclusion in this Official Statement.

Budgetary Process

The Board of Supervisors adopts a biennial budget with appropriations for all County funds prior to the beginning of the fiscal year, which begins on July 1 of each year. The Board of Supervisors has the legal authority to amend the budget at any time during the fiscal year. The County maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Board of Supervisors. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the County's operating budget is at the fund level. For the operating budget, the County Administrator has the authority to move appropriations between accounts (without dollar limitation) within a budget program and within the same fund. All other appropriation changes require the approval of the Board of Supervisors. The County Administrator provides quarterly expenditure and revenue reports to the Board of Supervisors and also presents to the Board a mid-year review.

All appropriations lapse at the end of the fiscal year unless specific carryovers are approved by the Board of Supervisors.

The following table shows the County's budget and actual results for general fund revenues and expenditures for fiscal years 2012-13 and 2013-14 and the proposed budget for fiscal year 2014-15.

TABLE 1
General Fund Budget Summary
Fiscal Years 2012-13 through 2014-15

	Budget FY12-13	Actual FY12-13	Budget FY13-14	Unaudited Actual FY13-14	Final Budget FY14-15
Revenues					
Taxes	22,438,869	22,578,365	21,716,815	22,184,420	22,399,672
Licenses, permits and fees	1,312,751	638,005	3,135,051	5,188,666	3,072,248
Fines, forfeits and penalties	560,716	485,927	629,000	911,326	750,000
Use of money and property	304,300	447,799	303,582	361,544	274,500
Intergovenmental	5,279,145	4,605,556	4,843,183	4,450,203	7,044,481
Charges for services	5,963,359	5,325,067	5,100,686	5,330,875	4,794,120
Other revenues	277,271	325,991	1,000	6,271	-
Amounts available for appropriation	36,136,411	34,406,710	35,729,317	38,433,305	38,335,021
Charges to appropriations (outflows):					
General government	10,624,084	9,387,134	10,175,993	9,261,050	11,342,167
Public protection	12,056,925	10,643,502	12,588,930	11,670,071	12,425,135
Health and sanitation	1,663,406	1,454,735	1,676,937	1,384,011	1,483,843
Public assistance	628,050	574,751	569,566	540,984	568,476
Education	697,403	468,645	507,415	516,054	462,594
Recreation	-	-	-	2,495	170,000
Capital outlay	-	-	407,985	244,637	5,000
Total charges for appropriations	25,669,868	22,528,767	25,926,826	23,619,302	26,457,215
Other Financing Sources (Uses):					
Transfers in	1,072,341	289,145	313,152	626,086	333,905
Transfers out	(13,673,509)	(13,420,166)	(13,122,392)	(13,225,892)	(13,608,063)
Total Other Financing Sources (Uses)	(12,601,168)	(13,131,021)	(12,809,240)	(12,559,806)	(13,274,158)
Net Change in Fund Balances	(2,134,625)	(1,253,078)	(3,006,749)	2,214,197	(1,396,352)
Fund Balances – Beginning of Year	1,856,746	1,856,746	15,299,951(1)	15,299,951(1)	17,514,148
Fund Balances – End of Year	(277,879)	604,668	12,293,202	17,514,148	16,117,796

Source: County of Yuba FY12-13 CAFR, County of Yuba Finance Department. FY13-14 data is unaudited.
(1) Fund balances at the beginning of FY13-14 differs from the FY12-13 ending fund balances due to a change in the internal fund grouping identified that makes up the General Fund. The change was identified through internal processes and was deemed necessary to improve clarity of financial reporting.

County Financial Management Policies

The Board of Supervisors has adopted a comprehensive set of financial management policies to provide for: (i) establishing targeted general fund reserves; and (ii) the prudent investment of County funds. The County's practice is to incur debt only after deliberation over the effect of such debt on the County's General Fund and other resources of the County, and in those circumstances where the use of debt would be appropriate to the scale and economic life of the asset being financed and the accumulation or availability of reserves to fund the capital requirement.

General Fund Reserve Policy. The following table shows the County's general fund reserve policy guidance, actual reserves for fiscal year 2013-14 and proposed reserve for fiscal year 2014-15.

TABLE 2
General Fund Reserve Policy

	Policy Guidance	Actual FY 2013-14	Proposed FY 2014-15
% of Expenses	5%	$1,472,588	$1,742,588

Source: County of Yuba Finance Department.

Investment Policy. The investment of funds of the County (except pension and retirement funds) is made in accordance with the County's Investment Policy, most recently approved on December 21, 2011 (the "Investment Policy"), and section 53601 *et seq*. of the California Government Code. The Investment Policy is subject to revision at any time and is reviewed at least annually to ensure compliance with the stated objectives of safety, liquidity, yield, and current laws and financial trends. All amounts held under the Trust Agreement are invested at the direction of the County in Permitted Investments, as defined in the Trust Agreement, and are subject to certain limitations contained therein. See APPENDIX C—INVESTMENT POLICY OF THE COUNTY and APPENDIX D—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—TRUST AGREEMENT—Investments.

Current Investments

The County's investment portfolio, as of September 30, 2014, including cash and investments, had a market value of $259,703,969.88.

Principal Sources of General Fund Revenues

Property taxes were the single largest revenue source to the general fund in fiscal year 2013-14, representing approximately 47.62% of revenues. Sales taxes represented approximately 6.99% of revenues. For a discussion of potential State Budget impacts on general fund revenues, see "—State Budgets." For a discussion of sales tax revenues and property taxes, see "—Sales Tax" and "—*Ad valorem* Property Taxation."

The following table shows the County's general fund tax revenues by source for the most recent four fiscal years and the budgeted tax revenues for the 2014-15 fiscal year:

TABLE 3
Tax Revenues By Source

Source	Actual FY10-11	Actual FY11-12	Actual FY12-13	Unaudited Actual FY13-14	Final Budget FY14-15
Property Taxes	$ 19,382,091	$ 19,388,503	$ 18,711,589	$ 18,300,715	$ 18,335,104
Sales & Use Tax(1)	2,381,235	2,676,756	2,804,341	2,687,764	2,950,000
Other Taxes(2)	867,068	899,175	1,062,435	1,195,940	1,114,568
Total Tax Revenues	$ 22,630,394	$ 22,964,434	$ 22,578,365	$ 22,184,420	$ 22,399,672

Source: County of Yuba Finance Department. FY13-14 data is unaudited.
(1) Includes sales tax and sales tax in-lieu.
(2) Includes sales tax transportation, transient occupancy tax, timber taxes and property doc transfer tax.

In addition, the County receives the following general fund revenues:

Licenses and Permits. Major source of revenue within this category consists of construction permits and franchise fees.

Fines, Forfeitures and Penalties. This category is consists of revenue collections attributed to court ordered fines and fees.

Use of Money and Property. This category consists of investment earnings and rental/concession income.

Intergovernment. This category consists of revenues received from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

Charges for Services. This category consists of revenues received for municipal services. The major revenue source within this category is tipping fees and environmental health fees.

Other Revenues/Transfers In or Out. This category consists of operating transfers from or to other funds.

The following table illustrates other revenue sources by source for the most recent four fiscal years and the budgeted tax revenues for the 2014-15 fiscal year:

TABLE 4
Other Revenue Sources

Source	Actual FY10-11	Actual FY11-12	Actual FY12-13	Unaudited Actual FY13-14	Final Budget FY14-15
Licenses & Permits	$ 1,795,910	$ 210,841	$ 638,005	$ 5,188,666	$ 3,072,248
Fines, Forfeitures	687,586	554,311	485,927	911,326	750,000
Use of Money & Property	671,163	627,935	447,799	361,544	274,500
Intergovernment	7,105,369	4,518,799	4,605,566	4,450,203	7,044,481
Charges for Services	7,062,452	5,367,419	5,325,067	5,330,875	4,794,120
Other Revenues	379,980	213,527	325,991	6,271	-
Total Other Revenues	$ 17,702,460	$ 11,492,832	$ 11,828,355	$ 16,248,885	$ 15,925,349

Source: County of Yuba Finance Department. FY13-14 data is unaudited.

Property Taxes

Tax Levies, Collections and Delinquencies. Property taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County. Property taxes collected in advance are recorded as deferred revenue and recognized as revenue in the year they become available. The County levies, bills and collects property taxes for the County. Property taxes paid to the County by the County within 60 days after the end of the fiscal year are "available" and are, therefore, recognized as revenue.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State/assessed public utilities property and property the taxes on which are a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Secured and unsecured property taxes are levied based on the assessed value as of January 1, the lien date, of the preceding fiscal year. Secured property tax is levied on October 1 and due in two installments, on November 1 and March 1. Collection dates are December 10 and April 10 which are also the delinquent dates. At that time, delinquent accounts are assessed a penalty of 10%. Accounts that remain unpaid on June 30 are charged an additional 1.5% per month. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Treasurer.

Unsecured property tax is levied on July 1 and due on July 31, and has a collection date of August 31 which is also the delinquent date. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Assessed Valuation. 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, nonprofit 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 passage of Assembly Bill 454 in 1987 changed the manner in which unitary and operating nonunitary property is assessed by the State Board of Equalization. The legislation deleted the formula for the allocation of assessed value attributed to such property and imposed a State-mandated local program requiring the assignment of the assessment value of all unitary and operating non-unitary property in each county of each State assessee other than a regulated railway company. The legislation established formulas for the computation of applicable county-wide rates for such property and for the allocation of property tax revenues attributable to such property among taxing jurisdictions in the county beginning in fiscal year 1988-89. This legislation requires each County to issue each State assessee, other than a regulated railway company, a single tax bill for all unitary and operating nonunitary property.

Assessment Appeals. Property tax values determined by the County Assessor may be subject to appeal by property owners. Assessment appeals are annually filed with the Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner.

Each assessment appeal could result in a reduction of the taxable value of the real property, personal property or possessory interest of the property which is the subject of the appeal. Alternatively, an appeal may be withdrawn by the applicant or the Assessment Appeals Board may deny or modify the appeal at a hearing or by stipulation.

Effect of Delinquencies and Foreclosures on Property Tax Collections. As described above, once an installment of property tax becomes delinquent, penalties are assessed commencing on the applicable delinquency date until the delinquent installment(s) and all assessed penalties are paid. In the event of foreclosure and sale of property by a mortgage holder, all past due property taxes, penalties and interest are required to be paid before the property can be transferred to a new owner.

Set forth in the table below are assessed valuations for secured and unsecured property within the County for the five most recent fiscal years.

TABLE 5
Assessed Valuations

Fiscal Year	Local Secured	Non-Unitary Utility	Unsecured	Total	Unitary Utility
2010-11	$ 4,380,474,550	$ 3,148,627	$ 221,828,938	$ 4,605,452,115	$ 248,184,487
2011-12	4,287,348,486	3,151,648	216,493,673	4,506,993,807	239,356,612
2012-13	4,191,944,409	2,920,705	215,108,604	4,409,973,718	237,467,244
2013-14	4,260,103,595	2,756,080	213,440,203	4,476,299,878	244,315,050
2014-15	4,510,758,556	2,756,080	213,390,710	4,726,905,346	246,402,974

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the land use of parcels in the County, according to assessed valuation.

TABLE 6
Assessed Valuation and Parcels by Land Use
Fiscal Year 2014-15

Non-Residential:	2014-15 Assessed Valuation(1)	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 748,192,105	16.59%	4,049	12.91%
Commercial/Office	286,041,123	6.34	617	1.97
Vacant Commercial	32,660,817	.72	253	.81
Industrial	198,430,831	4.40	167	.53
Vacant Industrial	8,068,057	0.18	167	.53
Recreational	45,197,454	1	26	.08
Government/Social/Institutional	349,668	.01	1,793	5.72
Miscellaneous	21,602,270	.48	72	.23
Subtotal Non-Residential	$ 1,340,542,325	29.72%	7,144	22.78%
Residential:				
Single Family Residence	$ 2,664,526,201	59.07%	17,633	56.23%
Condominium/Townhouse	11,335,200	.25	237	.76
Mobile Home	228,028,342	5.06	2,703	8.62
Mobile Home Park	22,040,484	.49	35	.11
Hotel/Motel	12,726,050	.28	14	.04
2-3 Residential Units	41,435,310	.92	352	1.12
4+ Residential Units/Apartments	100,917,623	2.24	201	.64
Miscellaneous Residential	21,547,518	.48	275	.88
Vacant Residential	67,659,503	1.50	2,765	8.82
Subtotal Residential	$ 3,170,216,231	70.28%	24,215	77.22%
Total	$ 4,510,758,556	100%	31,359	100%

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

Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of Single Family Residential parcels in the County, according to assessed valuation.

TABLE 7
Per Parcel 2014-15 Assessed Valuation of Single Family Homes

	No. of Parcels	2014-15 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	17,633	$ 2,664,526,201	$ 151,110	$ 135,000

2014-15 Assessed Valuation	No. of Parcels(1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	301	1.707%	1.707%	$ 5,355,711	.201%	.201%
$25,000 - $49,999	1,419	8.047	9.754	55,850,418	2.096	2.297
$50,000 - $74,999	2,076	11.773	21.528	129,703,104	4.868	7.165
$75,000 - $99,999	2,268	12.862	34.390	197,198,892	7.401	14.566
$100,000 - $124,999	2,019	11.450	45.840	225,005,449	8.444	23.010
$125,000 - $149,999	1,698	9.630	55.470	231,906,100	8.703	31.714
$150,000 - $174,999	1,561	8.853	64.323	252,194,110	9.465	41.179
$175,000 - $199,999	1,466	8.314	72.637	274,223,153	10.292	51.470
$200,000 - $224,999	1,519	8.615	81.251	319,719,644	11.999	63.469
$225,000 - $249,999	1,292	7.327	88.578	303,012,425	11.372	74.841
$250,000 - $274,999	626	3.550	92.128	162,204,008	6.088	80.929
$275,000 - $299,999	393	2.229	94.357	112,079,880	4.206	85.135
$300,000 - $324,999	269	1.526	95.883	83,798,882	3.145	88.280
$325,000 - $349,999	187	1.061	96.943	62,790,149	2.357	90.637
$350,000 - $374,999	139	.788	97.732	50,136,101	1.882	92.518
$375,000 - $399,999	103	.584	98.316	39,701,528	1.490	948
$400,000 - $424,999	73	.414	98.730	30,001,984	1.126	95.134
$425,000 - $449,999	50	.284	99.013	21,760,063	.817	95.951
$450,000 - $474,999	34	.193	99.206	15,682,352	.589	96.540
$475,000 - $499,999	29	.164	99.370	14,125,785	.530	97.070
$500,000 and greater	111	.630	1000	78,076,463	2.930	1000
Total	17,633	100%		$2,664,526,201	100%	

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

Principal Taxpayers. The following table sets forth the principal secured property taxpayers in the County as of fiscal year 2014-15.

TABLE 8
Largest Local Secured Property Tax Payers
Fiscal Year 2014-15

	Property Owner	Primary Land Use	20143-154 Assessed Valuation	% of Total (1)
1.	Western Aggregates Inc.	Mining	$ 29,588,756	.66%
2.	Shoei Foods USA Inc.	Food Processing	28,415,337	.63
3.	Hampac LLC	Office Building	21,000,000	.47
4.	Airport Ranch Co.	Agricultural	17,104,310	.38
5.	Wal-Mart Real Estate Business Trust	Shopping Center	17,060,465	.38
6.	BGE Yuba LLC	Amphitheater	15,508,190	.34
7.	Recology Yuba Sutter	Waste Disposal	15,093,177	.33
8.	Recology Ostrom Road	Waste Disposal	14,473,378	.32
9.	Rio Del Oro Farms #2 & #4 LLC	Agricultural	13,659,340	.30
10.	Yuba County Entertainment LLC	Agricultural	13,490,663	.30
11.	Fellowship of Friends Inc.	Rural Property	13,305,245	.29
12.	Naumes Inc.	Agricultural	12,774,019	.28
13.	Nordic Industries Inc.	Industrial	12,386,775	.27
14.	Bear River Walnut Ranch LLC	Agricultural	12,362,901	.27
15.	Wheatland Farms LLC	Agricultural	10,709,621	.24
16.	RB Satori LP	Agricultural	10,621,831	.24
17.	California Water Service Company	Water Company	9,391,477	.21
18.	James J. Hill III	Agricultural	9,172,423	.20
19.	Thomas L. and Diana L. Bloxham	Apartments	8,907,952	.20
20.	Wolfgang Maike	Shopping Center	8,351,451	.19
			$ 293,377,311	6.50%

Source: California Municipal Statistics, Inc.
(1) 2014-15 Local Secured Assessed Valuation: $4,510,758,556.

Teeter Plan. The Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") has been adopted by 53 of the 58 counties, including the County, as provided for in section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency, including cities, levying property taxes in a county receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. However, although a local agency receives the total levy for its property taxes without regard to actual collections, to the extent of a reserve established and held by its county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency. The Teeter Plan is to remain in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the county, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. The board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in its county. Thus, so long as the County maintains its policy of collecting taxes pursuant to said procedures and the County meets the Teeter Plan requirements, the County will receive 100% of the annual installments levied without regard to actual collections in the County. There is no assurance, however, that the County Board of Supervisors will maintain its policy of apportioning taxes pursuant to the aforementioned procedures.

In 1978, the voters of the State passed Proposition 8, a constitutional amendment to Article XIIIA that allows a temporary reduction in assessed value when real property suffers a decline in value. A decline in value occurs when the current market value of real property is less than the current assessed (taxable) factored base year value as of the lien date, January 1. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Article XIIIA of the California Constitution."

Sales and Use Taxes

A sales tax is imposed on the privilege of consuming personal property in California. California does not tax services. The tax rate is established by the State Legislature, and is presently 7.50%, statewide. In addition, many of California's cities, counties, towns and communities have special taxing jurisdiction to impose a transaction (sales) or use tax. These so-called district taxes increase the tax rate in a particular area by adding the local option tax to the statewide tax. These district taxes can vary up to 1%, and more than one district tax may be in effect for a particular location. The County's share of sales tax is approximately 1% when one considers the combined County share of 0.75% and the State's 0.250% Fiscal Recovery Funding (Triple-Flip swap) explained below. With the enactment of the Triple Flip, the County now receives the 0.250% as reclassified revenue through property tax as an in lieu remittance, the payment of which heretofore coincides with the County property tax calendar.

The State's actual administrative costs with respect to the portion of sales taxes allocable to the County are deducted before distribution and are determined on a quarterly basis.

On March 2, 2004, voters approved a statewide bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of $15 billion of Economic Recovery Bonds to finance ongoing State budget deficits, which are payable from a fund established by the redirection of tax revenues known as the "Triple Flip." The State issued $11.3 billion of Economic Recovery Bonds prior to June 30, 2004. Under the "Triple Flip," one-quarter of local governments' one percent share of the sales tax imposed on taxable transactions within their jurisdiction is being redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, State legislation provides for certain property taxes to be redirected to local government. Because these property tax monies were previously earmarked for schools, the legislation provides for schools to receive other State general fund revenues. It is expected that the swap of sales taxes for property taxes will terminate once the Economic Recovery Bonds are repaid, which is currently expected to occur in approximately 9 to 13 years. See "RISK FACTORS—State Budget Information."

Motor Vehicle In-Lieu Tax

Vehicle license fees are assessed in the amount of 2% of a vehicle's depreciation market value for the privilege of operating a vehicle on California's public highways. A program to offset (or reduce) a portion of the vehicle license fees ("VLF") paid by vehicle owners was established by Chapter 322, Statutes of 1998. Beginning January 1, 1999, a permanent offset of 25% of the VLF paid by vehicle owners became operative. Various pieces of legislation increased the amount of the offset in subsequent years to the existing statutory level of 67.5% of 2% (resulting in the current effective rate of 0.65%). This level of offset was estimated to provide tax relief of $3.95 billion in the fiscal year 2003-04.

The following table sets forth the Motor Vehicle License Fees and Property Tax In-Lieu of VLF received by the County for the last four fiscal years.

TABLE 9
Property Tax In-Lieu of VLF

	FY10-11	FY11-12	FY12-13	FY13-14	Estimated Actuals FY14-15
Motor Vehicle License Fees	$ 535,742	$ 651,169	$ 725,639	$ 686,023	$ 700,000
Property Tax In-Lieu of VLF	7,386,466	7,228,553	7,072,947	7,179,325	7,288,000
TOTAL	$ 7,922,208	$ 7,879,722	$ 7,798,586	$ 7,865,348	$ 7,988,000

Source: County of Yuba Finance Department.

Senate Bill 89 was signed into law as part of the State's Fiscal Year 2011-12 Budget Act. SB 89 increases motor vehicle license fees ("VLF") by $12. This new funding source "frees up" $300 million of VLF revenue that had been used to fund DMV operations. Under the provisions of SB 89, this money is transferred to a new Local Law Enforcement Services Account ("LLESA") to fund law enforcement grants. In addition, beginning July 1, 2011, SB 89 transfers the remaining VLF revenue previously allocated to cities to the LLESA. Instead of cities receiving $130 million in VLF revenues, under SB 89 they would only receive $75 million in earmarked grants.

General Fund Revenues and Expenditures

The following two tables summarize the General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of the County's general fund for the fiscal years 2009-10 through 2013-14.

TABLE 10
General Fund Balance Sheet
Fiscal Years 2009-10 through 2013-14

	FY09-10	FY10-11	FY11-12	FY12-13	Unaudited FY13-14
ASSETS					
Cash and investments	36,219,999	17,768,576	16,365,245	15,193,927	18,029,959
Accounts receivable	303,104	454,109	702,176	650,087	1,609,824
Taxes receivable	63,583	396,563	67,893	70,613	-
Interest receivable	221,591	154,365	167,990	82,846	-
Notes receivable	-	-	204,918	115,068	-
Loans receivable	-	-	-	-	140,393
Due from other agencies	1,322,550	853,893	861,890	952,599	-
Due from other funds	127,886	89,685	55,970	89,850	250,448
Imprest cash	8,530	-	-	-	-
Total Assets	38,766,026	19,717,191	18,426,082	17,154,990	20,030,624
LIABILITIES					
Accounts payable	846,054	637,403	489,904	461,906	526,216
Salaries and benefits payable	1,930,410	1,675,487	1,675,431	1,664,726	1,658,477
Due to other funds	12,828	6,405	5,778	-	112,126
Unearned revenues	18,867,032	13,050,440	-	-	-
Deferred inflow – unavailable revenues	-	-	-	-	219,675
Short-term debt	13,387,099	-	-	-	-
Total Liabilities	35,043,423	15,369,735	2,171,113	2,126,632	2,296,819
FUND BALANCES					
Nonspendable		-	204,918	115,068	-
Restricted		-	802,197	879,830	5,092,418
Committed		-	8,996,269	8,047,434	6,677,305
Assigned		4,347,456	4,455,408	4,236,307	2,655,204
Unassigned		-	1,796,177	1,617,193	3,089,221
Total Fund Balances	3,722,603	4,347,456	16,254,969	14,865,832	17,514,148
Total Liabilities and Fund Balances	38,766,026	19,717,191	18,426,082	17,154,990	20,030,624

Source: County of Yuba 2010-2013 CAFRs, County of Yuba Finance Department. FY13-14 data is unaudited.

The following table shows the County's general fund revenues and expenditures and changes in fund balances for fiscal years 2009-10 through 2013-14.

TABLE 11
General Fund Revenues, Expenditures and Changes in Fund Balances
Fiscal Years 2009-10 through 2013-14

	FY09-10	FY10-11	FY11-12	FY12-13	Unaudited FY13-14
REVENUES					
Taxes	23,065,458	22,630,394	22,964,434	22,578,365	22,184,420
Licenses, permits, and fees	1,788,453	1,795,910	210,841	638,005	5,188,666
Fines, forfeitures and penalties	923,228	687,568	554,311	485,927	911,326
Use of money and property	693,081	647,163	627,935	447,799	361,544
Intergovernmental	4,607,633	7,105,369	4,518,799	4,605,566	4,450,203
Charges for services	4,191,427	7,062,452	5,367,419	5,325,067	5,330,875
Other revenues	268,142	379,980	213,527	325,991	6,271
Total Revenues	35,555,422	40,332,854	34,457,266	34,406,720	38,433,305
EXPENDITURES					
General government	9,930,592	12,577,216	7,635,066	9,265,352	9,261,050
Public protection	12,143,194	12,038,707	11,355,032	10,643,502	11,670,071
Health and sanitation	1,271,031	1,523,569	1,427,690	1,454,735	1,384,011
Public assistance	438,402	522,336	548,433	574,751	540,984
Education	710,315	568,125	680,017	468,645	516,054
Recreation	-	-	-	-	170,000
Capital Outlay	-	-	-	-	5,000
Debt Service - Principal	297,187	297,356	-	-	-
Debt Service - Interest	-	7,154	-	-	-
Total Expenditures	24,790,721	27,534,463	21,646,238	22,406,985	23,619,302
Excess (Deficiency) of Revenues over Expenditures	10,764,701	12,798,391	12,811,028	11,999,735	14,814,003
OTHER FINANCING SOURCES (USES):					
Transfers in	59,312	1,515,079	219,813	542,488	626,086
Transfers out	(17,161,535)	(13,688,617)	(14,380,236)	(13,901,360)	(13,225,892)
Total Other Financing Sources (Uses)	(17,102,223)	(12,173,538)	(14,160,423)	(13,358,872)	(12,599,806)
Net Change in Fund Balances	(6,337,522)	624,853	(1,349,395)	(1,359,137)	2,214,197
Fund Balances – Beginning of Year	10,606,125	3,722,603	17,604,364[(2)]	16,254,969	15,299,951[(3)]
Fund Balances – End of Year	3,722,603	4,347,456	16,254,969	14,865,832	17,514,148

Source: County of Yuba 2010-2013 CAFRs, County of Yuba Finance Department. FY13-14 data is unaudited.
(1) Amount represents 14,721,196 LESS prior period adjustment of 380,263.
(2) Restated in FY-2012 to comply with the provisions of GASB 34.
(3) Fund balances at beginning of FY13-14 differs from the FY12-13 ending fund balances due to a change in the internal fund grouping identified that makes up the General Fund. The change was identified through internal processes and was deemed necessary to improve clarity of financial reporting.

OTHER COUNTY FINANCIAL INFORMATION

Labor Relations

Of the approximately 900 full time equivalent employees of the County, approximately 800 are represented by 5 labor organizations. The Yuba County Employees' Association (YCEA) is the principal labor organization which represents approximately 561 employees. The Deputy Sheriff's Association (DSA), the second largest employee association, represents 146 employees. The YCEA has a multi-year contract ending June 30, 2017. The DSA also has a multi-year contract ending June 30, 2016. The County has historically had a successful and positive employee relations program.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For most insurable risks, the County is self-insured up to a maximum amount per claim. Amounts in excess of established limits are covered through the County's membership in the County Supervisors Association of California Excess Insurance Authority or with commercial policies.

The County is a member of the County Supervisors Association of California Excess Insurance Authority (CSAC-EIA), a public entity risk pool currently operating as a common risk manager and insurance program for counties. Should actual losses among pool participants be greater than anticipated, the County will be assessed its pro rata share of the deficiency. Conversely, if the actual pool losses are less than anticipated, the County will be refunded its pro rata share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The County currently reports its risk management activities in the internal services funds, which include general liability, workers' compensation, health, unemployment and short-term disability. All of the County departments budget and participate in the County programs and make payments to the corresponding internal service fund based on estimated costs to pay prior and current years' claims. The estimated claims liability of $915,000 as reported in the internal service funds at June 30, 2013, is based on the requirements of Governmental Accounting Standards Board (GASB) Statement No. 10, as amended by GASB Statement No. 30. These statements require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are based on claims loss reports and actuarial reports. Liabilities are based on the estimated cost of settling the claims.

See APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013—Notes to Basic Financial Statements—NOTE 10.

Employee Retirement Plans

Plan Description. The County contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. Copies of PERS' annual financial reports may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Funding Policy. County employees are required by state statute to contribute 7% for miscellaneous employees and 9% for safety employees of their annual covered salary. The County is required to contribute remaining amounts necessary to fund the benefits for the actuarial members, using the actuarial basis recommended by PERS actuaries and actuarial consultants and adopted by PERS Board of Administration. For the fiscal year ended June 30, 2013, the employer contribution rate was 7% for the miscellaneous plan and 9% for the safety plan. The County makes the contributions required of County employees on their behalf and for their account.

Annual Pension Cost. For fiscal year 2012-2013, the County's annual pension cost of $7,386,715 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2010 actuarial. Assumptions included 7.50% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.30% to 14.20% and include an inflation component of 2.75%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and losses. The unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 31 years.

TABLE 12
Net Pension Obligations

Fiscal Year	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
FY11	6,685,079	100%	-
FY12	7,332,922	100	-
FY13	7,386,715	100	-

Source: County of Yuba 2013 CAFR.

Funded Status and Funding Progress. The following is the funded status information for each plan as of June 30, 2011, the most recent actual valuation date:

TABLE 13
Funded Status and Funding Progress

	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
Miscellaneous	231,937,885	184,292,484	47,645,401	79.5%	37,731,847	126.3%
Safety	76,163,284	61,116,610	15,046,674	80.2	12,445,480	120.9

Source: County of Yuba 2013 CAFR.

See APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013—Notes to Basic Financial Statements—NOTE 9.

PERS announced last year that employer pension rates would increase based upon new actuarial assumptions associated with mortality rates. According to PERS, beginning in Fiscal Year 2016-2017, employer rates will increase over the next five years an estimated total of 5-9%. Increases PERS agency members will depend on the retirement plans in place for safety and miscellaneous members. The County's retirement plan for classic members is not an enhanced benefit plan. To assist in mitigating the assumed increase, the County negotiated with its largest employee bargaining units to annually share 50/50 the employer increase effective in Fiscal Year 2015-2016 and including Fiscal Year 2016-2017, with the intent of negotiating the same for future years. The County also adopted a policy for unrepresented management employees to begin annually sharing the increase 50/50 beginning in Fiscal Year 15/16 in perpetuity. It is the County's intent to negotiate the same sharing formula with remaining bargaining units.

Other Post Employment Benefits

Plan Description. The County Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the County. The Plan provides healthcare insurance benefits to eligible retirees. Benefit provisions are established and may be amended by the County. Retiree medical benefits are provided through the California Public Employees' Retirement System healthcare program. The County contributes the Public Employees Medical and Hospital Care Act (PEMHCA) minimum required employer contribution towards the retiree monthly premium for eligible retirees participating in PEMHCA.

Funding Policy. The contribution requirements of the plan members and the County are established and may be amended by the County. The County is not pre-funding the plan. The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The County ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years.

The following are the components of the County's annual OPEB cost for the fiscal year ended June 30, 2013:

TABLE 14
Net FY13 OPEB Obligations

Annual required contribution	1,404,000
Interest on net OPEB obligation	192,000
Adjustments to ARC	(358,000)
Annual OPEB cost (expense)	1,238,000
Contributions mad	(171,593)
Increase in net OPEB obligation	1,066,407
Net OPEB obligation, beginning of year	4,906,000
Net OPEB obligation, end of year	5,972,407

Source: County of Yuba 2013 CAFR.

Annual OPEB Cost and Net OPEB Obligation. The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the Plan (as described in the funding policy above), and the Net OPEB Obligation for 2012/13 and the prior two fiscal years is as follows:

TABLE 15
Historical Net OPEB Obligations

Fiscal Year	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
FY13	1,238,000	13.9%	5,972,407
FY12	1,375,000	11.1	4,906,000
FY11	1,285,000	12.3	3,684,000

Source: County of Yuba 2013 CAFR.

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2011, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

TABLE 16
UAAL as a % of Covered Payroll

Actuarial accrued liability (AAL)	12,964,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	12,964,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active Plan members)	49,712,000
UAAL as a percentage of covered payroll	26.08%

Source: County of Yuba 2013 CAFR.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), which is the expected long-term investment return on CERBT investments, and an annual PEMHCA minimum cost trend rate of 4% after 3 years (actual PEMHCA minimum costs were used for the first 3 years). This rate includes a 3% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed basis. The remaining amortization period at June 30, 2012 was 26 years.

See APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013—Notes to Basic Financial Statements—NOTE 11.

Short-Term Obligations

The County currently has no outstanding short-term obligations.

Long-Term Obligations

General Fund Obligations.

Yuba Levee Financing Authority Revenue Bonds. On September 23, 2008, the Authority, a joint exercise of powers authority, created by the County and by the Yuba County Water Agency (the "Water Agency"), issued the Authority Bonds to finance a portion of the costs of certain levee improvements in the County. The Authority Bonds are special obligations of the Authority payable from revenues consisting primarily of (a) lease payments (the "Levee Lease Payments") payable by the County under a lease agreement, dated as of September 1, 2008, between the Authority, as lessor, and the County, as lessee (the "Levee Lease Agreement"), and (b) installment payments (the "Levee Installment Payments") payable by the Water Agency under an installment sale agreement, dated as of September 1, 2008, between the Authority, as seller, and the Water Agency, as purchaser. The County is obligated to make Levee Lease Payments in an amount equal to one-half of the principal of and interest on the Authority Bonds and the Water Agency is obligated to make Levee Installment Payments in an amount equal to the other one-half of the principal of and interest on the Authority Bonds. The County's obligation to make the Levee Lease Payments is payable from its general fund. The Water Agency's obligation to make the Levee Installment Payments is payable from all gross income and revenue received by the Water Agency from the ownership or operation of its water and hydroelectric system. Interest on the Authority Bonds through September 1, 2014, was paid from capitalized interest funded from a portion of the proceeds of the Authority Bonds. Thereafter, the County and the Water Agency were obligated to make their respective one-half payments.

The County levies and collects a levee impact fee (the "Fee") on new construction and development within the certain areas protected by the levee improvements. As part of the issuance of the Authority Bonds, the County, the Water Agency and the Authority entered into an Agreement Concerning Levee Impact Fees (the "Fee Agreement"), which governs and restricts County use of Fee revenue and changes to the Fee. The County had anticipated that the Fee revenue deposited in its general fund would be sufficient to fund its share of the debt service on the Authority Bonds (following the exhaustion of the interest account funded by Authority Bonds). However, because of the long recession and ongoing recovery from it, building and construction has not resumed to such a degree as to generate sufficient Fee revenue to cover County's share of the debt service.

As flood control is the principle reason for creation of the Water Agency, the Agency has agreed to pay the Levee Lease Payments to the extent not funded by Fee revenue. In consideration for County's ongoing efforts to improve flood protection and public safety, the Water Agency agreed, pursuant to that certain Funding Agreement relating to Yuba Levee Financing Authority Bonds, dated as of October 28, 2014, that, beginning with the Levee Lease Payment due on August 15, 2015 (the "Payment Agreement"), and continuing for a period of five years (to and including February 15, 2020), subject to a potential extension, the Water Agency will pay the Levee Lease Payments to the extent not covered by the Fees, on and subject to the terms of the Payment Agreement.

The Payment Agreement provides that in early 2020 (sometime prior to August 10, 2020), and every five years thereafter until full payment of the Levee Lease Payments, the County and the Water Agency will meet to (a) evaluate the status of development and buildout of the areas protected by the levees, the amount of Fee revenue collections by County from 2014 through early 2020, the forecast for Fee revenue and other County revenue and funds to be available for future Levee Lease Payments, and the Agency's financial situation, and (b) discuss and negotiate in good faith regarding the potential of the extension of the Water Agency's temporary debt service payment obligation. If the parties agree to an extension, the extension will be memorialized by an amendment to the Payment Agreement, which will require the approval of the governing board of each party.

Notwithstanding the forgoing, the Water Agency has no obligation to extend the Payment Agreement beyond its initial five year period. If the Water Agency elects not to extend the Payment Agreement, the County may not have sufficient general fund revenues, including the Fees, to make all Levee Lease Payments or other obligations of its general fund.

Solar Project Lease Agreement. On March 18, 2011, the County entered into a $9,389,968.58 Lease Agreement with the County of Yuba Public Facilities Corporation to finance solar energy improvements. The lease was funded by Bank of America, N.A. ("B of A "). The lease payments made by the County, payable from the County's general fund, are assigned to B of A. The interest rate payable under the lease is 4.50% per annum. The final payment date of the lease is March 18, 2027. As of September 18, 2014, the remaining principal balance of the lease was $8,363,610.

See APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013—Notes to Basic Financial Statements—NOTE 6.

Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective November 1, 2014. The Debt Report is included for general information purposes only. The County 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 County in whole or in part. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. 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 contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the County; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in the County; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the County, as determined by multiplying the total outstanding debt of each agency by the percentage of the County's assessed valuation represented in column 2.

TABLE 17

Direct and Overlapping Bonded Debt as of November 1, 2014

2014-15 Assessed Valuation: $4,973,308,320 (includes unitary utility valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 11/1/14
Yuba Joint Community College District	17.977%	$ 22,398,606
Marysville Joint Unified School District	98.803	66,305,485
Western Placer Unified School District	0.010	321
Nevada Joint Union High School District	0.611	77,161
Wheatland Union High School District	100.	5,965,000
Yuba County Community Facilities District No. 2004-1	100.	11,450,000
Plumas School District Community Facilities Districts	100.	5,145,000
Olivehurst Public Utility District Community Facilities District No. 2002-1	100.	9,625,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$120,966,573
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Yuba County General Fund Obligations	**100. %**	**$47,548,611**(1)
Yuba County Board of Education Certificates of Participation	100.	3,100,000
Sierra Joint Community College District Certificates of Participation	01	90
Yuba Joint Community College District Certificates of Participation	17.977	3,233,419
Marysville Joint Unified School District Certificates of Participation	98.803	21,470,978
Western Placer Unified School District Certificates of Participation	0.010	12,855
Wheatland Union High School District Certificates of Participation	100.	2,005,866
Plumas School District Certificates of Participation	100.	9,910,000
City of Marysville General Fund Obligations	100.	7,680,000
Linda Fire Protection District Certificates of Participation	100.	550,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$95,511,819
COMBINED TOTAL DEBT		$216,478,392(2)

Ratios to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt................ 2.43%
Combined Direct Debt ($47,548,611) 0.96%
Combined Total Debt 4.35%

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

THE CORPORATION

The Corporation was established on May 9, 1991. The Corporation is a nonprofit, public benefit corporation created to render assistance to the County and any special districts governed by the Board with respect to acquiring, constructing and financing various public facilities and acquiring and leasing real property and equipment for the use, benefit and enjoyment of the public.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIIIA of the California Constitution

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any ad valorem tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

The voters of the State subsequently approved various measures which further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reappraisal under Article XIIIA. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or "severely disabled homeowners" who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Other amendments permit the State Legislature to allow persons who are either 55 years of age or older, or who are "severely disabled," to transfer the old residence's assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence.

In the November 1990 election, the voters approved an amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "new construction" certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIIIA has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of the property damaged or destroyed in a disaster.

Section 51 of the California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property.

Section 4 of Article XIIIA also provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors, impose special taxes, which has been interpreted to include special fees in excess of the cost of providing the services or facility for which the fee is charged, or fees levied for general revenue purposes.

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

Article XIIIB of the California Constitution

On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIIIB to the California Constitution. In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Article XIIIB of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (1) if financial responsibility for providing services is transferred to the governmental entity, or (2) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIIIB include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIIIB do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January l, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (1) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (2) the investment of tax revenues and (3) certain State subventions received by local governments. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the County over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

As amended in June 1990, the appropriations limit for the County in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County's option, either (1) the percentage change in California per capita personal income, or (2) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is, at the County's option, either (1) the percentage change in County population, or (2) the percentage change in County population.

Article XIIIB permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIIIC and XIIID to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the County, to levy and collect both existing and future taxes, assessments, fees and charges. The County is unable to predict whether and to what extent Proposition 218 may be held to be constitutional or how its terms will be interpreted and applied by the courts. Proposition 218 could substantially restrict the County's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. However, the County does not presently believe that the potential financial impact on the County as a result of the provisions of Proposition 218 will adversely affect the County's ability to pay its debt obligations and perform its other obligations payable from the General Fund as and when due.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote. Further, any general purpose tax that the County imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election held within two years of November 5, 1996. The County has not enacted, imposed, extended or increased any tax without voter approval since January 1, 1995. These voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues through General Fund taxes, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIIIC also expressly extends to voters the power to reduce or repeal local taxes, assessments, fees and charges through the initiative process, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. SB 919 provides that the initiative powers extended to voters under Article XIIIC likely excludes actions construed as impairment of contracts under the contract clause of the United States Constitution. SB 919 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the County's General Fund. Further, "fees" and "charges" are not defined in Article XIIIC or SB 919, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIIC as they do in Article XIIID. Accordingly, the scope of the initiative power under Article XIIIC could include all sources of General Fund monies not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIIIC of Proposition 218, by its terms, applies to all local taxes, assessments, fees and charges. The County is unable to predict whether the courts will ultimately interpret the initiative provision to be limited to property related local taxes, assessments, fees and charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County's General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the County would be able to pay the Lease Payments as and when due or any of its other obligations payable from the General Fund.

Article XIIID of Proposition 218 adds several new requirements to make it more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and SB 919 as any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Proposition 218 may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to pay the Lease Payments as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the assessments that presently finance them are reduced or repealed.

Article XIIID also adds several provisions, including notice requirements and restrictions on use, affecting "fees" and "charges" which are defined as "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees and charges under Article XIIID of Proposition 218 is not substantial. Accordingly, presently the County does not anticipate that any impact Proposition 218 may have on future fees and charges will not adversely affect the ability of the County to pay the Lease Payments as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the County.

Proposition 1A of 2004

Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act, approved by the voters in November 2004 and generally effective in 2007-08 Fiscal Year, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. Such shifting occurred in the 2009-10 Fiscal Year. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate then in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or 25 community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable County revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the finances of the County.

See "RISK FACTORS—State Budgets" for information relating to Proposition 1A and the suspension of Proposition 1A in the State's 2009-10 budget.

Proposition 22

Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Proposition 26

On November 2, 2010, the voters passed Proposition 26, which amends the State Constitution to require that certain state and local fees be approved by two-thirds of each house of the Legislature instead of a simple majority, or by local voters. The change in law affects regulatory fees and charges such as oil recycling fees, hazardous materials fees and fees on alcohol containers.

Proposition 26 included a provision that repealed State laws enacted between January 1, 2010, and November 2, 2010, that raised fees by a simple majority vote unless they were approved again by two-thirds of each house of the Legislature. The repeal become effective November, 2011.

The Legislative Analyst's Office was unable to specify Proposition 26's anticipated fiscal impact, but it estimated that passage of Proposition 26 would reduce government revenues and spending over time by up to billions of dollars annually compared to what otherwise would have occurred.

Future Initiatives

Article XIIIA, Article XIIIB, Proposition 218, Proposition 1A and Proposition 22 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, which may place further limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations which may affect the County's revenues or its ability to expend its revenues.

RISK FACTORS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Certificates. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Certificates, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Certificates are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Certificates. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Nonrenewal of Payment Agreement

As described above under "OTHER FINANCIAL INFORMATION—Long-Term Obligations—General Fund Obligations—Yuba Levee Financing Authority Revenue Bonds," the Water Agency has no obligation to extend the Payment Agreement beyond its initial five year period. If the Water Agency elects not to extend the Payment Agreement, the County may not have sufficient general fund revenues, including the Fees, to make all Levee Lease Payments or other obligations of its general fund, including the Lease Payments that support the Certificates of this issue.

Lease Payments Are Not Debt

The obligation of the County to make the Lease Payments under the Lease Agreement does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to make Lease Payments does not constitute a debt of the County, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Lease Agreement to pay the Lease Payments from any source of legally available funds and the County has covenanted in the Lease Agreement that, for so long as the Property is available for its use, it will make the necessary annual appropriations within its budget for the Lease Payments. The County is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Lease Payments, or which the County, in its discretion, may determine to pay prior to the Lease Payments.

The County has the capacity to enter into other obligations payable from the County's general fund, without the consent of or prior notice to the Owners of the Certificates. To the extent that additional obligations are incurred by the County, the funds available to make Lease Payments may be decreased. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other municipal services before making Lease Payments. The same result could occur if, because of State constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. The County's appropriations, however, have never exceeded the limitations on appropriations under Article XIIIB of the California Constitution. For information on the County's current limitations on appropriations, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS–Article XIIIB of the California Constitution."

Valid and Binding Covenant to Budget and Appropriate

Pursuant to the Lease Agreement, the County covenants to take such action as may be necessary to include Lease Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon delivery of the Certificates, Special Counsel will render its opinion (substantially in the form of APPENDIX D–FORM OF OPINION OF SPECIAL COUNSEL) to the effect that, subject to the limitations and qualifications described therein, the Lease Agreement constitutes a valid and binding obligation of the County.

Abatement

In the event of loss or substantial interference in the use and possession by the County of all or any portion of the Property caused by material damage, title defect, destruction to or condemnation of the Property, Lease Payments will be subject to abatement. In the event that such component of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the County's rental interruption insurance will be available in lieu of Lease Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such component of the Property or redemption of the Certificates, there could be insufficient funds to make payments to Owners in full. Reduction in Lease Payments due to abatement as provided in the Lease Agreement does not constitute a default thereunder.

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of the execution and delivery of the Certificates. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Certificates.

No Acceleration Upon Default

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell a fee simple interest in the Property and use the proceeds of such sale to prepay the Certificates or pay debt service thereon. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest as described below.

Risk of Uninsured Loss

The County covenants under the Lease Agreement to maintain certain insurance policies on the Property. See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Insurance." These insurance policies do not cover all types of risk, and the County need not obtain insurance except as available on the open market from reputable insurers. For instance, the County does not covenant to maintain earthquake insurance. The Property could be damaged or destroyed due to earthquake or other casualty for which the Property is uninsured. Additionally, the Property could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Lease Payments could occur and could continue indefinitely. There can be no assurance that the providers of the County's liability and rental interruption insurance will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of the Property will be sufficient to redeem the Certificates.

Under the Lease Agreement the County may obtain casualty insurance which provides for a deductible up to $250,000. Should the County be required to meet such deductible expenses, the availability of general fund revenues to make Lease Payments may be correspondingly affected.

The County is not obligated under the Lease Agreement to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Property. Depending on its severity, an earthquake could result in abatement of Lease Payments under the Lease Agreement. See "—Abatement."

Eminent Domain

If the Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Property is taken permanently, or if the Property or any part thereof is taken temporarily, under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking, and (b) there will be a partial abatement of Lease Payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the County and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property. The County covenants in the Lease Agreement to contest any eminent domain award which is insufficient to either: (i) prepay the Lease Payments in whole, if all the Property is condemned; or (ii) prepay a pro rata share of Lease Payments, in the event that less than all of the Property is condemned.

Hazardous Substances

The existence or discovery of hazardous materials may limit the beneficial use of the Property. In general, the owners and lessees of the Property may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or lessee is obligated to remedy a hazardous substance condition of the property whether or not the owner or lessee had anything to do with creating or handling the hazardous substance.

Further it is possible that the beneficial use of the Property may be limited in the future resulting from the current existence on the Property of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the Property of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly limit the beneficial use of the Property.

The County is unaware of the existence of hazardous substances on the Property site which would materially interfere with the beneficial use thereof.

Earthquakes

The County is not legally obligated under the Lease Agreement to maintain, or cause to be maintained, earthquake insurance on the Property and no assurance is made that any earthquake insurance will be maintained. If there were to be an occurrence of severe seismic activity in the County, there could be substantial damage to and interference with the County's right to use and occupy all or a portion of the Property, which could result in Lease Payments being subject to abatement. Additionally, severe seismic activity in the County could impact the County's general fund expenditures. See "CERTAIN RISK FACTORS—Abatement" above.

Bankruptcy

The County is a unit of State government and therefore is not subject to the involuntary procedures of the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the County may seek voluntary protection from its creditors for purposes of adjusting its debts. In the event the County were to become a debtor under the Bankruptcy Code, the County would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of Owners of Certificates; and (iv) the possibility of the adoption of a plan for the adjustment of the County's debt (a "Plan") without the consent of the Trustee or all of the Owners of Certificates, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the County could either reject the Lease Agreement or assume the Lease Agreement despite any provision of the Lease Agreement which makes the bankruptcy or insolvency of the County an event of default thereunder. In the event the County rejects the Lease Agreement, the Trustee, on behalf of the Owners of the Certificates, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the Certificates. Moreover, such rejection would terminate the Lease Agreement and the County's obligations to make payments thereunder.

Pension Benefit Liability

Many factors influence the amount of the County's pension benefit liabilities, including, without limitation, inflationary factors, changes in statutory provisions of PERS retirement system laws, changes in the level of benefits provided or in the contribution rates of the County, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods (including but not limited to the assumed rate of return), and differences between actual and anticipated investment experience of PERS. Any of these factors could give rise to additional liability of the County to its pension plans as a result of which the County would be obligated to make additional payments to its pension plans in order to fully fund the County's obligations to its pension plans.

Early Redemption Risk

Early redemption of the Certificates may occur in whole or in part without premium, on any date if the Property or a portion thereof is lost, destroyed or damaged beyond repair or taken by eminent domain and from the proceeds of title insurance, or on any Interest Payment Date, without a premium (see "THE CERTIFICATES - Redemption"), if the County exercises its right to prepay Lease Payments in whole or in part pursuant to the provisions of the Lease Agreement and the Trust Agreement.

Limitations on Remedies

The enforcement of any remedies provided in the Lease Agreement and the Trust Agreement could prove both expensive and time consuming. Although the Lease Agreement provides that if the County defaults the Trustee may reenter the Property and re-let the Property, portions of the Property may not be easily recoverable, and even if recovered, could be of little value to others because of the Property's specialized nature. Additionally, the Trustee may have limited ability to re-let the Property to provide a source of rental payments sufficient to pay the principal of and interest on the Bonds so as to preserve the tax-exempt nature of interest with respect to the Certificates. Furthermore, due to the governmental nature of the Property, it is not certain whether a court would permit the exercise of the remedy of re-letting with respect thereto.

Alternatively, the Trustee may terminate the Lease Agreement and proceed against the County to recover damages pursuant to the Lease Agreement. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

The rights of the Owners of the Certificates are subject to certain limitations on legal remedies against cities, redevelopment agencies and other governmental entities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the Certificates may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors' rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the County were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Corporation could be prohibited or severely restricted from taking any steps to enforce their rights under the Lease Agreement and from taking any steps to collect amounts due from the County under the Lease Agreement.

Special Counsel has limited its opinion as to the enforceability of the Lease Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Certificates are not subject to acceleration in the event of the breach of any covenant or duty under the Lease Agreement. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Risk of Tax Audit

In December 1999, as a part of a larger reorganization, the Internal Revenue Service (the "Service"), commenced operation of its Tax Exempt and Government Entities Division (the "TE/GE Division"), as the successor to its Employee Plans and Exempt Organizations division. The new TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. Public statements by Service officials indicate that the number of tax-exempt bond examinations (which would include securities such as the Certificates) is expected to increase significantly under the new TE/GE Division. There is no assurance that if an examination of the Certificates was undertaken that it would not adversely affect the market value of the Certificates. See "TAX MATTERS." The County has not been contacted by the Service regarding the examination of any of its bond transactions.

State Budgets

Information regarding the State Budget is regularly available at various State-maintained websites. The Fiscal Year 2014-15 State Budget further described below may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Additionally, an impartial analysis of the State's Budgets is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County, and the County takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2014-15. On June 20, 2014, the Governor approved the State Budget Act for Fiscal Year 2014-15 (the "2014-15 State Budget Act"), which projects Fiscal Year 2013-14 general fund revenues and transfers of $102.2 billion, total expenditures of $100.7 billion and a year-end surplus of $3.90 billion (inclusive of the $2.4 billion fund balance in the General Fund from fiscal year 2012-13), of which $955 million would be reserved for the liquidation of encumbrances and $2.95 billion would be deposited in a reserve for economic uncertainties. The 2014-15 State Budget Act projects Fiscal Year 2014-15 General Fund revenues and transfers of $105.5 billion, total expenditures of $108.0 billion and a year-end surplus of $1.40 billion (inclusive of the projected $3.90 million State General Fund balance as of June 30, 2014 which would be available for Fiscal Year 2014-15), of which $955 million would be reserved for the liquidation of encumbrances and $449 million would be deposited in a reserve for economic uncertainties. The 2014-15 State Budget Act projects that the State's multi-year budget will be balanced for the foreseeable future, but cautions that the unprecedented level of debts, deferrals, and budgetary obligations accumulated over the prior decade contribute to the State's fiscal challenges.

The Fiscal Year 2014-15 State Budget includes the constitutional amendment placed by the State Legislature on the November 2014 ballot proposing to change the formula by which the Rainy Day Fund is funded and to establish certain accounts therein. See "State Funding of Education – State Budget – Fiscal Year 2014-15 Proposed State Budget" and " – May Revision to the Proposed State Budget" herein. The Governor expects that the amendment, if approved by voters, will help the State minimize the volatility of future budgetary surplus and deficit cycles.

Features of the 2014-15 State Budget Act affecting counties in general include, but are not limited to, the following:

1. The 2014-15 State Budget Act continues to suspend all mandates suspended in the current year. The State estimates that it owes to counties, cities, and special districts approximately $900 million relating to mandate costs which were incurred prior to 2004. In accordance with State law, the State must repay such amounts by Fiscal Year 2020-21. The 2014-15 State Budget Act appropriates $100 million to local governments in Fiscal Year 2014-15. The State expects to allocate approximately 73% of this amount to counties, 25% to cities and 2% to special districts. The State expects that these amounts will be applied to fund local government services such as public safety and the implementation of the 2011 Public Safety Realignment. In addition, the 2014-15 State Budget Act provides that additional funds, in an amount not to exceed $800 million, will be provided if the State's estimated General Fund revenues for Fiscal Years 2013-14 and 2014-15 exceed the estimate set forth in the 2014-15 State Budget Act and sufficient moneys remain after payment of the Proposition 98 minimum guarantee for schools.

2. The 2014-15 State Budget Act includes an appropriation of approximately $351 million for loan repayments from the State's General Fund. The appropriation includes approximately $100 million for cities and counties for local streets and roads. The State expects that the majority of the remaining repayments will be allocated to pavement rehabilitation, maintenance projects on the State highway system and traffic management projects.

3. The 2014-15 State Budget Act estimates that in Fiscal Years 2011-12 and 2012-13 combined, cities received $620 million, counties receives $875 million, and special districts received $310 million in connection with the dissolution of redevelopment agencies in the State. The 2014-15 State Budget Act estimates that cities will receive approximately $593 million, counties will receive approximately $731 million and special districts will receive approximately $227 million in general purpose revenues in Fiscal Year 2013-14 and 2014-15 combined.

4. In connection with the State's water shortage, the 2014-15 State Budget Act notes that the State Legislature enacted emergency legislation in February 2014 to assist communities impact by the drought and improve management of water supplies. The State's legislation included, among other things, an allocation of approximately $549 million of bond proceeds for infrastructure grants for local and regional projects. In addition, the State has approved approximately $21 million of special funds and federal funds for the Department of Housing and Community Development and $25 million for the Department of Social Services for housing assistance and food assistance, respectively, to individuals impacted by the drought.

5. In connection with the 2014-15 State Budget Act, the Governor approved a trailer bill which authorizes approximately $500million of lease revenue bond financing authority for the acquisition, design, and construction of local criminal justice facilities. Such authority will supplement the existing lease revenue bond authority provided by Assembly Bill 900 (2007) and Senate Bill 1022 (2012). The Governor expects these bond proceeds to be used for prove housing and to expand program and treatment space for the adult offender population. Recipients of the bond proceeds may use such amounts to replace existing housing capacity subject to certain conditions.

6. In connection with the 2014-15 State Budget Act, the Governor approved legislation which makes a "split-sentence" the default sentence for realigned offenders unless a court finds, in the interest of justice, that it is not appropriate in a particular case. Under a split-sentence, offenders serve a portion of their terms outside of jail. By increasing the number of offenders who receive split sentences, the State expects that probation departments will have a greater number of offenders under their supervision.

7. The State expects that there will be a temporary increase in the average daily population of offenders on post-release community supervision due to, among other things, additional credits earned by certain offenders. Accordingly, the 2014-15 State Budget Act allocates approximately $11.3 million for county probation departments to supervise such offenders. Pursuant to the 2011 Public Safety Realignment, the Governor expects that many of these offenders will be released to post-release community supervision which is a responsibility of county probation departments.

8. The 2014-15 State Budget Act provides funding for the Community Corrections Performance Incentive Grant Program in the amount of $124.8 million. The grant program will provide funds for county probation departments that have reduced the number of adult felony probationers going to county jail or State prison. In addition, the 2014-15 State Budget Act includes $8 million in one-

time funding for each county relating to recidivism reduction (the "Community Recidivism Reduction Grants"). The State will require counties that receive such funds to provide Community Recidivism Reduction Grants to nongovernmental entities engaged in these areas less administrative costs.

9. The 2014-15 State Budget Act allocates $20 million for community reentry programs for mentally ill offenders who are within six to twelve months of release. These programs provide services to assist such offenders as the reintegrate into the community. Programs include, among other things, work training, education, living skills and substance use disorder and mental health treatment. In addition, the 2014-15 State Budget Act allocates $18 million for a competitive grant program seeking to reduce crimes committed by mentally ill individuals.

10. In connection with the State's 2011 Public Safety Realignment program, the State shifted the responsibility for trial court security costs to counties and allocated funding based on historical court security expenditures. The 2014-15 State Budget Act appropriates approximately $1 million of General Fund moneys for increased trial security costs, if any, relating to certain new court facilities if such facility requires an increased level of security compared to the former facility.

State Budget for Fiscal Year 2015-16. On January 9, 2015, the Governor introduced his proposed State budget for Fiscal Year 2015-16 (the "2015-16 Budget Proposal"). Significant details of the 2015-16 Budget Proposal include:

Invests in Water, Flood Protection and Combating Climate Change. The 2015-16 Budget Proposal includes the first $532 million in expenditures from the Proposition 1 water bond to continue the implementation of the Water Action Plan, the administration's five-year roadmap towards sustainable water management. Additionally, the 2015-16 Budget Proposal includes the last $1.1 billion in spending from the 2006 flood bond to bolster the state's protection from floods. It also proposes $1 billion in cap-and-trade expenditures for the state's continuing investments in low-carbon transportation, sustainable communities, energy efficiency, urban forests and high-speed rail. The successful implementation of these projects and continued and even steeper reductions in carbon pollutants are necessary to address the ongoing threat posed by climate change.

Implements Strengthened Rainy Day Fund and Pays Off Debt. Under the 2015-16 Budget Proposal, the state's Rainy Day Fund will have a total balance of $2.8 billion by the end of the year – an insurance policy against future economic downturns. The 2015-16 Budget Proposal spends an additional $1.2 billion from Proposition 2 funds on paying off loans from special funds and past liabilities from Proposition 98. In addition, the 2015-16 Budget Proposal repays the remaining $1 billion in deferrals to schools and community colleges, makes the last payment on the $15 billion in Economic Recovery Bonds that was borrowed to cover budget deficits from as far back as 2002 and repays local governments $533 million in mandate reimbursements.

Increases K-12 School Spending by $2,600 Per Student Compared to 2011-12. For K-12 schools, funding levels will increase by more than $2,600 per student in 2015-16 over 2011-12 levels. This reinvestment provides the opportunity to correct historical inequities in school district funding with continued implementation of the Local Control Funding Formula. Rising state revenues mean that the state can continue implementing the formula well ahead of schedule. When the formula was adopted in 2013-14, funding was expected to be $47 billion in 2015-16. The

2015-16 Budget Proposal provides almost $4 billion more – with the formula instead allocating $50.7 billion this coming year.

Holds Tuition Flat for College Students. University tuition almost doubled during the recession, creating a hardship for many students and their families. The 2015-16 Budget Proposal commits $762 million to each of the university systems that is directly attributable to the passage of Proposition 30. This increased funding is provided contingent on tuition remaining flat. All cost containment strategies must be explored before asking California families to pay even more for tuition.

Expands Workforce Training. The 2015-16 Budget Proposal provides over $1.2 billion in funding to support a coordinated framework for adult education, career technical education, workforce investment and apprenticeships. These funds are intended to provide training and education to workers in California so they can develop the skills they need for self-sufficiency and greater personal advancement.

Provides Medi-Cal Health Care Coverage to 12.2 Million Californians. Due principally to the implementation of federal health care reform, Medi-Cal caseload has increased from 7.9 million in 2012-13 to an estimated 12.2 million this coming year. The program now covers 32 percent of the state's population. This tremendous expansion of health care coverage for low-income Californians continues to be an administrative and financial challenge.

Prefunds Retiree Health Care. The state's unfunded liability for retiree health care benefits is currently estimated at $72 billion. State health care benefits for retired employees remain one of the fastest growing areas of the state budget: in 2001, retiree health benefits made up 0.6 percent of the General Fund budget ($458 million) but today absorb 1.6 percent ($1.9 billion). Without action, the state's unfunded liability will grow to $100 billion by 2020-21 and $300 billion by 2047-48. The 2015-16 Budget Proposal proposes a plan to make these benefits more affordable by adopting various measures to lower the growth in premium costs. The 2015-16 Budget Proposal calls for the state and its employees to share equally in the prefunding of retiree health benefits, to be phased in as labor contracts come up for renewal. Under this plan, investment returns will help pay for future benefits, just as with the state's pension plans, to eventually eliminate the unfunded liability by 2044-45. Over the next 50 years, this approach will save nearly $200 billion.

The full summary of the Governor's Budget Proposal can be viewed at www.ebudget.ca.gov or www.dof.ca.gov.

Future State Budgets. The County receives a significant portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the County and other counties in the State.

The County cannot predict the extent of the budgetary problems the State will encounter in this Fiscal Year or in any future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the County cannot predict the final outcome of current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the County has no control.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest with respect to the Certificates, the County has covenanted in the Lease Agreement not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest with respect to the Certificates under section 103 of the Code. Interest with respect to the Certificates could become includable in gross income for purposes of Federal income taxation retroactive to the date the Certificates were delivered, as a result of acts or omissions of the County in violation of the Code. Should such an event of taxability occur, the Certificates are not subject to early redemption and will remain outstanding to maturity or until prepaid under the optional redemption or mandatory sinking fund redemption provisions of the Trust Agreement.

Secondary Market Risk

There can be no assurance that there will be a secondary market for purchase or sale of the Certificates, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition of the County.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the general fund revenues of the County and consequently, having an adverse effect on the security for the Certificates.

Taxability Risk

As discussed under the caption "TAX MATTERS," interest with respect to the Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date the Certificates were delivered, as a result of future acts or omissions of the County in violation of its covenants in the Lease Agreement. There is no provision in the Certificates or the Trust Agreement for special redemption or acceleration or for the payment of additional interest should such an event of taxability occur, and the Certificates will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Trust Agreement.

In addition, as discussed under the caption "TAX MATTERS," Congress is or may be considering in the future legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Certificates. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal tax legislation. The County can provide no assurance that federal tax law will not change while the Certificates are outstanding or that any such changes will not adversely affect the exclusion of interest with respect to the Certificates from gross income for federal income tax purposes. If the exclusion of interest with respect to the Certificates from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the Certificates would be adversely impacted.

ABSENCE OF LITIGATION

At the time of delivery of and payment for the Certificates, the County will certify that there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court or regulatory agency, public board, or body pending or threatened against the County or the Corporation affecting their existence or the titles of their respective officers or seeking to restrain or to enjoin the issuance, sale, or delivery of the Certificates, or the application of the proceeds thereof in accordance with the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the Certificates, any agreement entered into between the County and any purchaser of the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease or any other applicable agreements or any action of the County or the Corporation contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the County or the Corporation or their authority with respect to the Certificates or any action of the County or the Corporation contemplated by any of said documents, nor, to the knowledge of the County or the Corporation, is there any basis therefor.

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the County has entered into an agreement with U.S. Bank National Association, as Trustee and Dissemination Agent (the "Dissemination Agent"), for the benefit of holders of the Certificates to provide certain financial information and operating data relating to the County and the balances of funds relating to the Certificates, by not later than April 1 of each fiscal year commencing with the report for the 2013-14 fiscal year (the "Annual Information"), and to provide notices of the occurrence of certain enumerated events, if deemed by the County to be material. The Annual Information and notices of material events will be filed by the County or the Dissemination Agent, with the Municipal Securities Rulemaking Board (the "MSRB"), via its Electronic Municipal Market Access ("EMMA") system. The nature of the information to be provided in the Annual Information and the notices of material events is set forth in APPENDIX G—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

The County has advised that during the past five years, the County and its related entities have never failed to comply in all material respects with previous continuing disclosure undertakings pursuant to the Rule, except as follows: in certain instances audited financial statements were not filed or were not filed on a timely basis, certain rating changes of bond insurers were not timely filed and documents indicated as included with certain filings were not so included. The County has now made all necessary filings, except with respect to bonds that have matured prior to the date of this Official Statement. The County has retained an independent dissemination agent to assist it with future continuing disclosure filings. Also, the County plans to adopt continuing disclosure procedures to insure the timely preparation and filing of its continuing disclosure obligations.

FINANCIAL ADVISOR

The County has retained Capitol Public Finance Group, LLC, Roseville, California, as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

LEGAL MATTERS

All legal matters in connection with the execution and delivery of the Certificates are subject to the approval of Quint & Thimmig LLP, Larkspur, California, Special Counsel. Special Counsel's opinion with respect to the Certificates will be substantially in the form set forth in APPENDIX D—FORM OF OPINION OF SPECIAL COUNSEL. Certain legal matters will also be passed on for the County by Quint & Thimmig LLP, as Disclosure Counsel, and for the County by Angil Morris-Jones, Esq., County Counsel. Certain legal matters will also be passed on for the Underwriter by Stradling Yocca Carlson & Rauth, P.C., Newport Beach, California. The fees and expenses of Special Counsel, Disclosure Counsel and Underwriter's counsel are contingent upon the execution and delivery of the Certificates.

TAX MATTERS

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

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

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

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporations' taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest with respect to the Certificates.

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

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

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

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

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

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

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

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

In the further opinion of Special Counsel, interest with respect to the Certificates is exempt from California personal income taxes.

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

The complete text of the final opinion that Special Counsel expects to deliver upon the delivery of the Certificates is set forth in APPENDIX D—FORM OF OPINION OF SPECIAL COUNSEL.

UNDERWRITING

The Certificates are being purchased by Southwest Securities, Inc. (the "Underwriter") at a price of$7,132,286.90 (consisting of $6,425,000 aggregate principal amount of the Certificates, less $54,612.50 of Underwriter's discount, plus $761,899.40 of original issue premium).

The Underwriter intends to offer the Certificates to the public at the offering prices set forth on the cover page of this Official Statement. The Underwriter may offer and sell to certain dealers and others at a price lower than the offering prices stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

RATING

S&P is expected to assign the rating of "AA" (stable outlook) to the Certificates based on the issuance of the Municipal Bond Insurance Policy by BAM at the time of delivery of the Certificates. See

"MUNICIPAL BOND INSURANCE." In addition, S&P has assigned the underlying rating of "A" (stable outlook) to the Certificates without regard to the issuance of the Municipal Bond Insurance Policy. These ratings reflect only the views of S&P and an explanation of the significance of such rating may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of the S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates.

FINANCIAL STATEMENTS

The County's Audited Financial Statements for fiscal year ended June 30, 2013, and the County's Auditor's Report regarding such financial statements, are set forth in APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013. The County's Auditor was not requested to consent to the inclusion of its report in Appendix B and it has not undertaken to update financial statements included in Appendix B. No opinion is expressed by the County's Auditor with respect to any event subsequent to its report.

ADDITIONAL INFORMATION

All of the preceding summaries of the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement, the Site and Facility Lease, and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Certificates.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof.

The County will furnish a certificate dated the date of delivery of the Certificates, from an appropriate officer of the County, to the effect that to the best of such officer's knowledge and belief, and after reasonable investigation, (i) neither the Official Statement or any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (ii) since the date of the Official Statement, no event has occurred which should have been set forth in an amendment or supplement to the Official Statement which has not been set forth in such an amendment or supplement, and the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement, the Site and Facility Lease, and other applicable agreements conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the County has complied with all the agreements and has satisfied all the conditions on its part to be performed or satisfied under the Trust Agreement at and prior to the date of the issuance of the Certificates.

The execution and delivery of the Official Statement by the County have been duly authorized by the Board of Supervisors of the County.

COUNTY OF YUBA

By /s/ Robert Bendorf
County Administrative Officer

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APPENDIX A

GENERAL DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF YUBA

General

Yuba County is located in California's Central Valley along the Feather River. Yuba County was one of the original counties of California, formed in 1850 at the time of statehood. According to the U.S. Census Bureau, the county has a total area of 644 square miles (1,670 km^2), of which 632 square miles (1,640 km^2) is land and 12 square miles (31 km^2) (1.9%) is water. It is the fifth-smallest county in California by total area. National protected areas within Yuba County include portions of the Plumas National Forest and the Tahoe National Forest.

A portion of the county, where Marysville (the county seat) and most of the population lives, is west of the mountains on the valley floor. There is a great deal of agriculture business in this part of the county, especially fruit and nut orchards, rice fields, and cattle grazing.

Population

The table below summarizes population of the County and the State for the past five years.

POPULATION
Yuba County and California

Year	Yuba County	California
2010	72,155	37,253,956
2011	72,316	37,427,946
2012	72,642	37,668,804
2013	73,278	37,984,138
2014	73,682	38,340,074

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2014, with 2010 Census Benchmark. Sacramento, California, May 2014. Dates as of January 1 of each year except 2010 which is measured as of April 1.

Employment

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

YUBA COUNTY
Labor Force and Industry Employment
Annual Averages by Industry

	2009	2010	2011	2012	2013(1)
Total, All Industries	15,600	15,100	15,500	16,600	16,700
Total Farm	900	900	1,000	900	900
Total Nonfarm	14,700	14,200	14,500	15,700	15,900
Goods Producing	1,300	1,200	1,200	2,000	2,000
Mining, Logging and Construction	700	700	700	1,400	1,400
Manufacturing	600	500	500	600	600
Service Providing	13,400	13,000	13,400	13,700	13,800
Trade, Transportation & Utilities	2,000	2,000	2,000	2,100	2,200
Information	200	200	200	200	200
Financial Activities	300	300	300	300	300
Professional & Business Services	800	800	900	900	900
Educational & Health Services	2,500	2,600	2,500	2,700	2,700
Leisure & Hospitality	1,100	1,100	1,200	1,300	1,400
Other Services	300	300	300	400	400
Government	6,200	5,700	6,000	5,900	5,700

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

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

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

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate (1)
2009	Yuba County	28,400	23,500	4,900	17.2%
	California	18,208,300	16,144,500	2,063,900	11.3
	United States	154,142,000	139,877,000	14,265,000	9.3
2010	Yuba County	28,100	22,700	5,400	19.1%
	California	18,316,400	16,051,500	2,264,900	12.4
	United States	153,889,000	139,064,000	14,825,000	9.6
2011	Yuba County	28,000	22,900	5,100	18.3%
	California	18,384,900	16,226,600	2,158,300	11.7
	United States	153,617,000	139,869,000	13,747,000	8.9
2012	Yuba County	27,900	23,200	4,700	16.8%
	California	18,494,900	16,560,300	1,934,500	10.5
	United States	154,975,000	142,469,000	12,506,000	8.1
2013	Yuba County	27,100	23,300	3,800	14.0%
	California	18,596,800	16,933,300	1,663,500	8.9
	United States	155,389,000	143,929,000	11,460,000	7.4

Source: California Employment Development Department Industry Employment & Labor Force - by Annual Average, based on March 2013 benchmark and US Department of Labor, Federal Bureau of Labor Statistics

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

Major Employers

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

YUBA COUNTY
2014 Principal Employers

Employer Name	Location	Industry
Appeal Democrat	Marysville	Newspapers (Publishers/Mfrs)
Beale Air Force Base	Beale AFB	Military Bases
Bishop's Pumpkin Farm	Wheatland	Fruits & Vegetables & Produce-Retail
Comprehensive Security Svc Inc	Marysville	Security Guard & Patrol Service
Golden West Aviation Assn Inc	Marysville	Organizations
Haycart Custom Farming Inc	Plumas Lake	Farming Service
Linda Elementary School	Marysville	Schools
Lindhurst High School	Olivehurst	Schools
Lone Tree School Kitchen	Beale AFB	Schools
Marysville Care & Rehab Ctr	Marysville	Nursing & Convalescent Homes
Marysville School District	Marysville	Schools
Pacific Gas & Electric Co	Marysville	Electric Companies
Pacific Gas & Electric Co	Marysville	Electric Companies
Pacific Gas & Electric Co	Marysville	Electric Companies
Pacific Gas & Electric Co	Marysville	Electric Companies
Recology Yuba-Sutter	Marysville	Garbage Collection
Richard R Wilbur Ranch	Marysville	Ranches
Rideout Regional Medical Ctr	Marysville	Hospitals
Shoei Foods USA Inc	Olivehurst	Food Products-Retail
Sierra Kiwi Inc	Marysville	Fruits & Vegetables-Growers & Shippers
Transportation Department	Marysville	State Government-Transportation Programs
Transportation Dept-Equipment	Marysville	State Government-Transportation Programs
US Post Office	Marysville	Post Offices
Walmart Supercenter	Marysville	Department Stores
Yuba County Health & Human Svc	Marysville	County Government-Social/Human Resources

Source: California Employment Development Department – Major Employers by County. Data retrieved October 9, 2014.

Construction Activity

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

YUBA COUNTY
Building Permits and Valuation
(Dollars in Thousands)

	2009	2010	2011	2012	2013
Permit Valuation:					
New Single-family	$ 14,145	$ 8,748	$ 10,149	$ 11,670	$ 16,318
New Multi-family	214	-	-	-	6,875
Res. Alterations/Additions	2,531	2,794	3,982	1,625	3,203
Total Residential	16,891	11,542	14,131	13,295	26,397
Total Nonresidential	4,962	3,690	13,855	19,677	57,005
Total All Building	$ 21,853	$ 15,233	$ 27,986	$ 32,973	$ 83,403
New Dwelling Units:					
Single Family	107	60	68	75	99
Multiple Family	2	-	-	-	48
Total	109	60	68	75	147

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

Median Household Income

The following table summarizes the median household effective buying income for the County, the State of California and the nation for the past five years.

YUBA COUNTY, CALIFORNIA AND UNITED STATES
Effective Buying Income

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2009	Yuba County	$ 1,202,023	$ 37,891
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	Yuba County	$ 1,106,293	$ 34,836
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	Yuba County	$ 1,097,820	$ 34,935
	California	814,578,457	47,062
	United States	6,438,704,663	41,253
2012	Yuba County	$ 1,149,160	$ 38,161
	California	864,088,827	47,307
	United States	6,737,867,730	41,358
2013	Yuba County	$ 1,065,205	$ 36,860
	California	858,676,636	48,340
	United States	6,982,757,379	43,715

Source: The Nielsen Company (US), Inc.

APPENDIX B

AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013

The Auditor was not requested to consent to the inclusion of its report in this Appendix B and it has not undertaken to update financial statements included in this Appendix B. No opinion is expressed by the Auditor with respect to any event subsequent to its report.

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COUNTY OF YUBA

AUDIT REPORT

JUNE 30, 2013

GALLINA LLP
CERTIFIED PUBLIC ACCOUNTANTS

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COUNTY OF YUBA
AUDIT REPORT
JUNE 30, 2013

Table of Contents

Table of Contents

GALLINA LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
County of Yuba
Marysville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yuba, California, (the County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Yuba County Water Agency and the Yuba First Five Commission, which represents 100% of the assets, net position and revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion insofar as they relate to the amounts included in the aggregate discretely presented component units, is based solely on the report by other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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tel: 916.784.7800 ■ fax: 916.784.7850 ■ www.gallina.com

To the Honorable Board of Supervisors
County of Yuba

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Implementation of New Accounting Standards

As disclosed in Note 1 to the financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statements No. 62 and 63 and implemented GASB Statement No. 65 in advance during the fiscal year 2013. Among these new GASB Statements, GASB Statement No, 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* have significant impact over the County's financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

Gallina LLP

Roseville, California
March 26, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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This *Management Discussion and Analysis* of the County of Yuba's (County) basic financial statements presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $206.1 million. Of this amount, $50.01 million is restricted for capital projects, debt service, and other public uses (restricted net position), and $196.7 million is invested in capital assets, net of related debt. Unrestricted net position is deficit by $40.6 million due to a combination of the cost of levee improvements totaling $76.9 million, a state-owned asset, is expensed as project costs rather than as a capital asset and offset by a approximately $34.0 million in general fund resources committed to functions such as public protection, public works and education endeavors.

- As of June 30, 2013, the County's governmental funds reported combined fund balances of $92.6 million. Of this amount, approximately $8.4 million dollars are designated as assigned and unassigned in accordance with GASB 54 pronouncements.

- At the end of the fiscal year, unrestricted fund balance for the General Fund was $14.02 million, a decrease of $1.3 million from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all County assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator in determining if the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but uncollected revenues and earned but unused vacation leave). Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover their costs through user fees and changes *(business-type activities)*. The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The business-type activities of the County include the County Airport.

Fund Financial Statements are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: _governmental funds, proprietary funds and fiduciary funds_.

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on current *in-flows and outflows of spendable resources* as well as the *balances of available resources* at the end of the fiscal year. Such information may be useful in evaluating the County's short-term financial position and the financial resources available in the near future to support the County's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

In addition to the *General Fund*, the County maintains individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Major funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Major governmental funds include the *General Fund, Public Works Fund, Social Services Fund, Public Safety Fund, and the debt service fund of the Yuba County Financing Authority, a blended component unit.* All other governmental fund types are presented in aggregate as *Other Governmental Funds*.

Proprietary funds are comprised of *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the County Airport. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds for its self-insurance (Risk Management Authority), which includes general liability, workers' compensation, employee health benefits, and for its fleet operations and maintenance (Fleet Management). Because these services predominantly benefit government rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund financial statements provide similar information as the government-wide financial statements, only in more detail. These statements present the County's *enterprise fund (business – type activities)* and *internal service funds (governmental activities).* The *proprietary fund statements* present the County's *enterprise fund* (County Airport) separately, along with the aggregate of the *internal service fund* activity. Additional *internal service fund* financial statements have been provided for Fleet Management and the Risk Management Authority, which provide the detail of each of these funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's programs. The County's fiduciary funds are comprised of agency funds and the investment trust fund.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information regarding the County's budgetary process has been provided along with budgetary comparison schedules for the County's general fund and for each of the major governmental special revenue funds. This budgetary information is in addition to and follows the supplementary schedule concerning the County's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

County of Yuba's Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	$ 111,441	$ 111,384	$ 205	$ 176	$ 111,646	$ 111,560
Capital assets	201,958	196,917	2,836	2,841	204,794	199,758
Total assets	313,399	308,301	3,041	3,017	316,440	311,318
Liabilities:						
Current and other liabilities	14,686	18,012	65	58	14,751	18,070
Long-term liabilities	95,539	100,016	60	170	95,599	100,186
Total liabilities	110,225	118,028	125	228	110,350	118,256
Net Position:						
Net investment in capital assets	193,824	188,599	2,836	2,841	196,660	191,440
Restricted net position	50,012	41,032	--	--	50,012	41,032
Unrestricted net position	(40,662)	(39,358)	80	(52)	(40,582)	(39,410)
Total net position	$ 203,174	$ 190,273	$ 2,916	$ 2,789	$ 206,090	$ 193,062

ANALYSIS OF NET POSITION

As noted earlier, net position may serve other time as a useful indicator of government's financial position. In the case of the County of Yuba, assets exceeded liabilities by $206.1 million at the close of the fiscal year ending June 30, 2013. The County continues work in conjunction with Three Rivers Levee Improvement Authority (TRLIA), a joint venture formed by the County and Reclamation District No. 784, to improve the levee system protecting the citizens of the county and their property. Major work has been completed on levees in the southern portion of the county brining increased flood protection to most of the citizens in that area. Since the creation of TRLIA in 2004 levee improvement projects totaling $326.7 million have been completed, including $7.1 million in levee improvement and maintenance costs for the fiscal year ending June 30, 2013. See Note 14 to the basic financial statements for additional information on the joint venture and the levee improvement projects.

Restricted Net Position, the use of which is restricted by entities external to the County (i.e. external creditors, other governmental agencies, or by law through constitutional powers or enabling legislation) comprise $50.01 million for the current fiscal year, an increase of $8.9 million, or 22.0% from the prior year total of $41.0 million.

The following table indicates the changes in net position for governmental and business-type activities:

County of Yuba's Changes in Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
Revenues:	2013	2012	2013	2012	2013	2012
Program Revenues:						
Charges for services	$ 22,234	$ 16,282	$ 389	$ 297	$ 22,623	$ 16,579
Operating grants and contributions	73,631	65,505	10	67	73,641	65,572
Capital grants and contributions	5,842	9,638	--	--	5,842	9,638
General Revenues:						
Property taxes	11,255	11,821	--	--	11,255	11,821
Property taxes in lieu of sales taxes	7,073	7,229	--	--	7,073	7,229
Sales and use taxes	3,016	2,751	--	--	3,016	2,751
Other	1,708	1,670	--	--	1,708	1,670
Unrestricted interest and investment earnings	1,268	2,113	1	1	1,269	2,114
Miscellaneous	1,302	1,055	22	--	1,324	1,055
Total revenues	127,329	118,064	422	365	127,751	118,429
Expenses:						
General government	8,295	8,567	--	--	8,295	8,567
Public safety	41,538	40,701	--	--	41,538	40,701
Public ways and facilities	14,440	19,463	--	--	14,440	19,463
Health and sanitation	6,379	6,575	--	--	6,379	6,575
Public assistance	49,911	48,407	--	--	49,911	48,407
Education	502	679	--	--	502	679
Interest on long-term debt	4,533	4,491	--	--	4,533	4,491
Airport	--	--	580	520	580	520
Total expenses	125,598	128,883	580	520	126,178	129,403
Change in net assets before transfers and extraordinary items	1,731	(10,819)	(158)	(155)	1,573	(10,974)
Transfers	--	(63)	--	63	--	--
Extraordinary item	--	811	--	--	--	811
Change in net assets	1,731	(10,071)	(158)	(92)	1,573	(10,163)
Net position at beginning year	190,273	153,675	2,789	3,300	193,062	156,975
Prior period adjustment	11,170	46,669	285	(419)	11,455	46,250
Net position at end of year	$ 203,174	$ 190,273	$ 2,916	$ 2,789	$ 206,090	$ 193,062

Overall, activities in the current year increased the County's net position by $1.7 million. The County saw an overall increase of $9.0 million in revenues or 9.1% from $118.4 million in 2012 to $127.5 million in 2013. The increase in revenue was accompanied by a reduction $2.6 million in expenditures, from $129.4 million to $126.1 million, or 2.5%.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds: Governmental activities are generally accounted for under the General Fund, special revenue, debt service and capital project funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances as spendable resources. Such information is useful in assessing the County's short-term financing requirements, in particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, the County's governmental funds reported a combined ending fund balance of $92.6 million, compared to $88.8 million of the previous year, an increase of 3.5%. Of the $92.6 million in fund balance, $50.2 million is classified as restricted and non-spendable under GASB 54.

The General Fund is the chief operating fund of the County. As of June 30, 2013, the General Fund had an overall unrestricted fund balance of $14.02 million. Of the $14.02 million, $8.0 million is committed to activities related to Public Protection, Education, Capital Projects, and other governmental functions. The County has also assigned $4.2 million of the overall unrestricted fund balance for General Contingencies and Capital Projects.

In addition to the General Fund, the County maintains five major governmental funds: the Public Works fund, Social Services fund, the Public Safety fund, the Yuba Levee Financing Authority Debt Service and Grants fund.

The Public Works fund is used for the planning, design, construction, maintenance and administration of the County's roads and infrastructure. The Public Works fund recorded $13.2 million in revenues for 2013 compared to $9.0 million in revenues in 2012. Expenditures decreased to $13.9 million in 2013 from $14.8 million in 2012.

The Social Services fund is used for providing services and assistance to County individuals and families, including foster care, medical services, general assistance for indigent adults and time-limited benefit payment programs to help needy families. The Social Services fund reported $45.0 million in revenues for 2013 compared to $37.2 million in revenues for 2012. Expenditures for Social Service programs increase by $.6 million from $43.7 million in 2012 to $44.3 million in 2013.

The Public Safety fund accounts for the operations of public safety departments that include sheriff, district attorney, jail and juvenile hall. In 2013, revenues were $14.0 million compared to $13.2 million in 2012. Expenditures in 2013 decreased by $.5 million to $26.9 million from $27.4 million in 2012. The Board of Supervisors places a high priority on public safety and allocated $13.4 million to Public Safety budgets in fiscal year ending June 30, 2013.

The Yuba Levee Financing Authority Debt Service fund is used to account for the bonds issued by the Yuba Levee Financing Authority. At June 30, 2013, the fund held unspent debt proceeds of $14.9 million, a decrease of $2.2 million from the prior year.

Proprietary funds: As described earlier, when certain activities are performed for which user fees or charges are designed to cover expenses, proprietary funds are used. The County accounts for both governmental activities (internal service funds) and business-type activities (enterprise funds) using these types of funds.

The County's enterprise fund consists of the County Airport. Net position for the Airport as of June 30, 2013 was $2.9 million which was a decrease from a restated 2012 balance of $3.0 million. For the fiscal year ended June 30, 2013 the Airport generated $0.4 million in operating revenue to offset $0.6 million in operating expenses

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013
(in thousands)

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balances, Beginning	$ 1,857	$ 1,857	$ 1,857	$ --
Resources (inflows)	35,506	37,209	35,439	(1,770)
Total charges to appropriations	(39,592)	(39,343)	(35,949)	3,394
Budgetary fund balances, Ending	$ (2,229)	$ (277)	$ 1,347	$ 1,624

Actual revenue for 2013 was lower than budgeted revenue by $1.8 million or 4.8% due to an under realization of property tax, fines, and intergovernmental revenues. The county also had actual expenditures less than budgeted by $3.4 million.

Capital assets: The County of Yuba's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounted to $204.8 million (net of accumulated depreciation) compared to $203.3 million reported (restated) in 2012. This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, highways, and bridges. Additional information on the County's capital assets can be found in Note 5 of the Notes to the Basic Financial Statements.

Debt Administration: At the end of the current fiscal year, the County had total long-term obligations outstanding of $93.0 million. The long-term obligations are as follows:

- $ 6.0 million – compensated absences
- $ 0.9 million – liability for self-insurance
- $ 9.2 million – capital lease
- $ 76.9 million – bonds payable

Additional information on the County's long-term debt obligations can be found in Note 6 of the Notes to the Basic Financial Statements.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Yuba County Auditor-Controller, 915 8th Street, Suite 105, Marysville, California 95901.

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

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COUNTY OF YUBA

Statement of Net Position
June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	First Five Commission	Yuba County Water Agency
ASSETS					
Cash and investments	$ 72,919,012	$ 103,792	$ 73,022,804	$ 3,092,109	$ 44,121,322
Cash with fiscal agent	22,094,709	--	22,094,709	--	--
Accounts receivable	2,619,349	6,171	2,625,520	--	337,290
Interest receivable	172,747	167	172,914	6,999	--
Taxes receivable	70,613	--	70,613	--	96,922
Due from other governments	6,384,118	--	6,384,118	157,017	1,150,349
Inventories	92,833	--	92,833	--	--
Land held for resale	1,221,860	--	1,221,860	--	--
Prepaid expenses	6,937	--	6,937	15,181	1,250,153
Notes receivable	5,859,249	95,924	5,955,173	--	5,239,241
Capital assets:					
Nondepreciable	27,241,675	508,359	27,750,034	--	44,718,470
Depreciable, net	174,716,224	2,327,643	177,043,867	--	133,166,206
Total Assets	313,399,326	3,042,056	316,441,382	3,271,306	230,079,953
LIABILITIES					
Accounts payable and accrued liabilities	3,540,257	16,163	3,556,420	67,944	2,399,742
Salaries and benefits payable	5,445,063	39,809	5,484,872	13,343	93,349
Interest payable	1,452,759	--	1,452,759	--	--
Deposits and other liabilities	22,631	--	22,631	--	--
Unearned revenue	766,205	--	766,205	--	16,589,847
Long-Term Liabilities:					
Due within one year	3,459,303	9,372	3,468,675	--	650,736
Due in more than one year	89,566,380	60,333	89,626,713	4,874	--
Other post employment benefits	5,972,407	--	5,972,407	23,944	--
Total Liabilities	110,225,005	125,677	110,350,682	110,105	19,733,674
NET POSITION					
Net investment in capital assets	193,823,972	2,836,002	196,659,974	--	177,884,676
Restricted for:					
Capital projects	9,644,871	--	9,644,871	--	--
Debt service	14,876,575	--	14,876,575	--	--
Other	25,490,450	--	25,490,450	--	--
Unrestricted	(40,661,547)	80,377	(40,581,170)	3,161,201	32,461,603
Total Net Position	$ 203,174,321	$ 2,916,379	$ 206,090,700	$ 3,161,201	$ 210,346,279

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

COUNTY OF YUBA

Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	$ 8,293,789	$ 3,710,209	$ 716,342	$ --
Public protection	41,538,180	10,137,295	13,400,361	--
Public ways and facilities	14,440,195	5,185,734	2,945,513	5,842,382
Health and sanitation	6,378,783	2,232,990	6,551,942	--
Public assistance	49,911,000	933,587	50,011,766	--
Education	502,401	34,021	5,500	--
Interest on long-term debt	4,533,128	--	--	--
Total Governmental Activities	125,597,476	22,233,836	73,631,424	5,842,382
Business-Type Activities:				
Airport	579,693	389,059	10,000	--
Total Business-type Activities	579,693	389,059	10,000	--
Total Primary Government	$ 126,177,169	$ 22,622,895	$ 73,641,424	$ 5,842,382
Component Units:				
First Five Commission	$ 653,225	$ --	$ 864,678	$ --
Yuba County Water Agency	19,300,015	26,562,063	850,995	--
Total Component Units	$ 19,953,240	$ 26,562,063	$ 1,715,673	$ --

General Revenues:
Taxes:
Property taxes
Property taxes in lieu of sales taxes
Sales and use taxes
Franchise taxes
Transient occupancy tax
Other
Unrestricted interest and investment earnings
Miscellaneous
Total General Revenues

Change in Net Position

Net Position - Beginning of Year, restated

Net Position - End of Year

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	First Five Commission	Yuba County Water Agency
$ (3,867,238)	$ --	$ (3,867,238)		
(18,000,524)	--	(18,000,524)		
(466,566)	--	(466,566)		
2,406,149	--	2,406,149		
1,034,353	--	1,034,353		
(462,880)	--	(462,880)		
(4,533,128)	--	(4,533,128)		
(23,889,834)	--	(23,889,834)		
--	(180,634)	(180,634)		
--	(180,634)	(180,634)		
(23,889,834)	(180,634)	(24,070,468)		
			$ 211,453	$ --
			--	8,113,043
			211,453	8,113,043
11,255,206	--	11,255,206	--	382,596
7,072,948	--	7,072,948	--	--
3,015,673	--	3,015,673	--	--
1,123,193	--	1,123,193	--	--
261,684	--	261,684	--	--
322,754	--	322,754	--	--
1,267,988	840	1,268,828	33,015	584,168
1,301,650	22,248	1,323,898	150	662,901
25,621,096	23,088	25,644,184	33,165	1,629,665
1,731,262	(157,546)	1,573,716	244,618	9,742,708
201,443,059	3,073,925	204,516,984	2,916,583	200,603,571
$ 203,174,321	$ 2,916,379	$ 206,090,700	$ 3,161,201	$ 210,346,279

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

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BASIC FINANCIAL STATEMENTS
Fund Financial Statements

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COUNTY OF YUBA

Balance Sheet
Governmental Funds
June 30, 2013

	General	Public Works	Social Services
ASSETS			
Cash and investments	$ 15,193,927	$ 26,727,438	$ 3,674,879
Cash with fiscal agents	--	--	--
Accounts receivable	650,087	346,848	389,713
Taxes receivable	70,613	--	--
Interest receivable	82,846	56,896	--
Notes receivable	115,068	--	--
Due from other agencies	952,599	1,097,122	1,541,754
Due from other funds	89,850	1,663,153	--
Prepaids	--	--	--
Inventory	--	92,833	--
Property held for resale	--	--	--
Total Assets	$ 17,154,990	$ 29,984,290	$ 5,606,346
LIABILITIES			
Accounts payable	$ 461,906	$ 1,356,086	$ 105,459
Salaries and benefits payable	1,664,726	232,738	1,372,462
Due to other funds	--	800,000	321,686
Deposits and other liabilities	--	--	--
Unearned revenue	--	--	766,205
Total Liabilities	2,126,632	2,388,824	2,565,812
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	132,526	40,100	1,005,360
FUND BALANCES			
Nonspendable	115,068	92,833	--
Restricted	879,830	1,468,307	2,035,174
Committed	8,047,434	25,994,226	--
Assigned	4,236,307	--	--
Unassigned	1,617,193	--	--
Total Fund Balances	14,895,832	27,555,366	2,035,174
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 17,154,990	$ 29,984,290	$ 5,606,346

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

Public Safety	Yuba Levee Financing Authority Debt Service Fund	Other Governmental	Total
$ 5,989,883	$ 1,896,978	$ 13,153,712	$ 66,636,817
--	12,975,442	9,119,267	22,094,709
179,684	--	150,812	1,717,144
--	--	--	70,613
1,416	4,155	17,552	162,865
--	--	5,744,181	5,859,249
952,678	--	1,839,965	6,384,118
--	--	--	1,753,003
--	--	6,937	6,937
--	--	--	92,833
--	--	1,221,860	1,221,860
$ 7,123,661	$ 14,876,575	$ 31,254,286	$ 106,000,148
$ 242,503	$ --	$ 1,057,336	$ 3,223,290
1,664,926	--	510,211	5,445,063
--	--	900,690	2,022,376
--	--	22,631	22,631
--	--	--	766,205
1,907,429	--	2,490,868	11,479,565
1,557	--	707,852	1,887,395
--	--	6,937	214,838
3,020,819	14,876,575	27,731,191	50,011,896
--	--	--	34,041,660
2,193,856	--	317,438	6,747,601
--	--	--	1,617,193
5,214,675	14,876,575	28,055,566	92,633,188
$ 7,123,661	$ 14,876,575	$ 31,254,286	$ 106,000,148

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

COUNTY OF YUBA

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position - Governmental Activities
For the Year Ended June 30, 2013

Fund Balance - total governmental funds (page 14)	$ 92,633,188
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	201,494,736
Unavailable revenues represent amounts not available to fund current expenditures and, therefore, are not reported in the governmental funds.	1,887,395
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(1,452,759)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(76,914,063)
Capital leases	(9,205,791)
Compensated absences	(5,990,829)
Other post employment benefits	(5,972,407)
Internal service funds are used by the County to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	6,694,851
Net position of governmental activities (page 9)	$ 203,174,321

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

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COUNTY OF YUBA

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

	General	Public Works	Social Services
Revenues:			
Taxes	$ 22,578,365	$ 409,359	$ --
Licenses, permits, and fees	638,005	356,951	--
Fines, forfeitures and penalties	485,927	40,000	--
Use of money and property	447,799	354,836	--
Intergovernmental	4,605,566	8,746,668	44,061,550
Charges for services	5,325,067	3,327,472	907,708
Other revenues	325,991	8,837	2,146
Total Revenues	34,406,720	13,244,123	44,971,404
Expenditures:			
Current:			
General government	9,265,352	--	--
Public protection	10,643,502	--	--
Public ways and facilities	--	13,868,229	--
Health and sanitation	1,454,735	--	--
Public assistance	574,751	--	44,321,454
Education	468,645	--	--
Debt Service:			
Principal	--	--	--
Interest	--	--	--
Capital outlay	--	--	--
Total Expenditures	22,406,985	13,868,229	44,321,454
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,999,735	(624,106)	649,950
Other Financing Sources (Uses):			
Transfers in	542,488	87,884	149,460
Transfers out	(13,901,360)	--	--
Total Other Financing Sources (Uses)	(13,358,872)	87,884	149,460
Net Changes in Fund Balances	(1,359,137)	(536,222)	799,410
Fund Balances, Beginning of Year, restated	16,254,969	28,091,588	1,235,764
Fund Balances, End of Year	$ 14,895,832	$ 27,555,366	$ 2,035,174

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

Public Safety	Yuba Levee Financing Authority Debt Service Fund	Other Governmental	Total
$ --	$ --	$ 62,621	$ 23,050,345
63,875	--	--	1,058,831
48,193	--	3,822	577,942
637,100	(368,317)	154,607	1,226,025
6,440,029	--	13,738,839	77,592,652
6,854,982	1,659,709	2,521,963	20,596,901
5,458	507,781	446,471	1,296,684
14,049,637	1,799,173	16,928,323	125,399,380
--	--	119,310	9,384,662
26,879,589	--	3,490,770	41,013,861
--	--	1,503,235	15,371,464
--	--	4,860,780	6,315,515
--	--	4,784,991	49,681,196
--	--	--	468,645
--	--	184,178	184,178
--	4,047,583	420,500	4,468,083
--	--	2,761	2,761
26,879,589	4,047,583	15,366,525	126,890,365
(12,829,952)	(2,248,410)	1,561,798	(1,490,985)
13,388,355	--	930,107	15,098,294
(35,000)	--	(913,584)	(14,849,944)
13,353,355	--	16,523	248,350
523,403	(2,248,410)	1,578,321	(1,242,635)
4,691,272	17,124,985	26,477,245	93,875,823
$ 5,214,675	$ 14,876,575	$ 28,055,566	$ 92,633,188

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

COUNTY OF YUBA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2013

Net change to fund balance - total governmental funds (page 18)		$ (1,242,635)
Amounts reported for governmental activities in the statement of activities are different because:		
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,887,395
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for general capital assets and infrastructure	$ 13,557,681	
The net effect of various transactions involving capital assets such as sales, retirements, trade-ins and donations	8,390	
Less: current year depreciation	(11,597,198)	1,968,873
Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repayments on capital leases		184,178
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization expense	(67,117)	
Change in compensated absences	175,844	
Change in interest payable	2,072	
Change in OPEB liability	(1,066,407)	(955,608)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expense) of of the internal service funds is reported with governmental activities.		(110,941)
Change in net position of governmental activities (page 10)		$ 1,731,262

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

COUNTY OF YUBA

Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments	$ 103,792	$ 6,282,195
Accounts receivable	6,171	902,205
Interest receivable	167	9,882
Total Current Assets	110,130	7,194,282
Noncurrent Assets:		
Long-term receivables	95,924	--
Capital assets:		
Non-depreciable	508,359	--
Depreciable, net	2,327,643	463,163
Total Noncurrent Assets	2,931,926	463,163
Total Assets	3,042,056	7,657,445
LIABILITIES		
Current Liabilities:		
Accounts payable	16,163	47,594
Salaries and benefits payable	39,809	--
Compensated absences, current portion	9,372	--
Claims liability, current portion	--	395,000
Total Current Liabilities	65,344	442,594
Noncurrent Liabilities:		
Compensated absences	60,333	--
Claims liability	--	520,000
Total Noncurrent Liabilities	60,333	520,000
Total Liabilities	125,677	962,594
NET POSITION		
Net investment in capital assets	2,836,002	463,163
Unrestricted	80,377	6,231,688
Total Net Position	$ 2,916,379	$ 6,694,851

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

COUNTY OF YUBA

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
Operating Revenues:		
User fees and charges	$ --	$ 14,178,171
Rents and concession	389,059	--
Other revenue	133	17,220
Total Operating Revenues	389,192	14,195,391
Operating Expenses:		
Salaries and benefits	186,181	--
Services and supplies	154,948	13,855,822
Depreciation	221,542	244,123
Total Operating Expenses	562,671	14,099,945
Operating Income (Loss)	(173,479)	95,446
Non-Operating Revenue (Expenses):		
Intergovernmental revenue	10,000	--
Gain on disposition of capital assets	22,115	--
Interest revenue	840	41,963
Other expense	(17,022)	--
Total Non-Operating Revenue (Expenses)	15,933	41,963
Income (Loss) Before Transfers	(157,546)	137,409
Transfers out	--	(248,350)
Change in Net Position	(157,546)	(110,941)
Net Position - Beginning of Year, Restated	3,073,925	6,805,792
Net Position - End of Year	$ 2,916,379	$ 6,694,851

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

COUNTY OF YUBA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers and users	$ 389,192	$ 14,179,524
Cash paid to suppliers for goods and services	(274,526)	--
Cash paid to employees for salaries and benefits	(186,266)	(13,816,867)
Net Cash Provided (Used) by Operating Activities	(71,600)	362,657
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Loan payments received	17,022	--
Intergovernmental revenues	10,000	--
Transfers out	--	(248,350)
Net Cash Provided (Used) by Noncapital Financing Activities	27,022	(248,350)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received from other agencies	10,000	--
Sale of capital assets	80,059	--
Acquisition of capital assets	--	(21,441)
Net Cash Provided (Used) by Capital and Related Financing Activities	90,059	(21,441)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	951	46,560
Net Cash Provided (Used) by Investing Activities	951	46,560
Net Increase (Decrease) in Cash and Cash Equivalents	46,432	139,426
Cash and Cash Equivalents, Beginning of Year	57,360	6,142,769
Cash and Cash Equivalents, End of Year	$ 103,792	$ 6,282,195

continued

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

COUNTY OF YUBA

Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund: Nonmajor Enterprise Fund County Airport	Governmental Activities: Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	$ (173,479)	$ 95,446
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	221,542	244,123
Changes in assets and liabilities:		
Accounts receivable	--	(15,867)
Accounts payable	(31,318)	(42,045)
Accrued salaries and benefits	26,954	--
Compensated absences	(115,299)	--
Claims liability	--	81,000
Net Cash Provided (Used) by Operating Activities	$ (71,600)	$ 362,657

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

COUNTY OF YUBA

Statement of Fiduciary Net Positon
June 30, 2013

	Agency Funds	Investment Trust Fund	Private Purpose Trust Fund
ASSETS			
Cash and investments	$ 9,371,609	$ 152,352,520	$ 209,286
Interest receivable	--	--	240
Taxes receivable	6,999,647	--	--
Due from other funds	539,124	--	--
Total Assets	16,910,380	152,352,520	209,526
LIABILITIES			
Accrued interest	--	--	262,308
Due to other funds	--	--	269,751
Notes payable, due within one year	--	--	885,049
Agency obligations	16,910,380	--	--
Total Liabilities	16,910,380	--	1,417,108
NET POSITION			
Net position held in trust for other purposes	--	152,352,520	(1,207,582)
Total Net Position	$ --	$ 152,352,520	$ (1,207,582)

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

COUNTY OF YUBA

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	Investment Trust Fund	Private Purpose Trust Fund
Additions		
Property tax revenue	$ --	$ 125,466
Interest and investment income	2,085,738	1,848
Contributions from participants	2,964,686	--
Total Additions	5,050,424	127,314
Deductions		
Services and supplies	--	292,643
Distributions to participants	33,798,677	--
Total Deductions	33,798,677	292,643
Change in net position	(28,748,253)	(165,329)
Net Position - Beginning of Year	181,100,773	(1,042,253)
Net Position - End of Year	$ 152,352,520	$ (1,207,582)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the County, and other necessary disclosure of pertinent matters relating to the financial position of the County. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **The Reporting Entity**

The County of Yuba (County), the primary government, is a political subdivision of the State of California. The County operates under an Administrator – Board of Supervisors form of government and provides the following services: public safety, highways and streets, sanitation, health and social services, public improvements, planning and zoning, and general administrative services.

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 61.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each component unit has a June 30th year-end.

Blended Component Units

The following entities are included in the County's reporting entity as blended component units because of their operational and financial relationship with the County and because the Yuba County Board of Supervisors also serves as their governing board.

Yuba Public Finance Corporation
Yuba County Redevelopment Agency
The Housing Authority of the County of Yuba
In-Home Supportive Services Public Authority of the County of Yuba
County Community Service Areas and Districts
Linda Lighting District
Gledhill Landscaping and Lighting District

The Yuba Levee Finance Authority is included in the County's reporting entity as a blended component unit because of its financial relationship with the County. The Authority was formed on July 22, 2008, as a joint exercise of powers authority between the County of Yuba and the Yuba County Water Agency, for the primary purpose of providing financial assistance to facilitate improvements to the levee system in the County.

The Housing Authority has issued separate component unit financial statements which are available at the Yuba County Auditor-Controller's Office.

Discretely Presented Component Units

The Yuba County Water Agency is a local government agency created in 1959 by the Yuba County Water Agency Act to control flood and storm waters and to conserve such waters for beneficial and useful purposes within the County. This agency is a legally separate and independent entity from the County of Yuba. The Board of Directors of the Water Agency consists of the five members of the Board of Supervisors of the County and two at-large members. The day to day operations of the agency are managed by an appointed General Manager, hired by the Water Agency's governing Board. The five

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

A. **The Reporting Entity** (continued)

Discretely Presented Component Units (continued)

members of the County's Board of Supervisors collectively form a majority of the Water Agency's seven member Board of Directors.

Since there is not a financial benefit or burden relationship between the County and the Water Agency and the County does not have operational responsibility for the Agency, the Water Agency is considered a discretely presented component unit of the County in accordance with GASB Statement No. 61. Complete financial statements of the Yuba County Water Agency can be obtained by contacting the Water Agency's Department of Financial Services at 1220 F Street, Marysville, CA 95901.

The First Five Children and Families Yuba Commission (CCFC) was established under the provisions of the California Children and Families Act (the Act). The CCFC is a public entity legally separate and apart from the County and its purpose is to develop, adopt, promote and implement early childhood development programs in the County of Yuba consistent with the goals and objectives of the Act.

The CCFC is administered by a governing board of seven members, which are appointed by the County Board of Supervisors. Three members are representatives of the County's health care departments, County's social services departments and Board of Supervisors. The County Board of Supervisors may remove any CCFC member at any time. Since the County Board of Supervisors can impose their will on the Commission, the Commission is considered a discretely presented component unit of the County. Separately issued financial statements may be obtained at the Commission's administration offices located at 1114 Yuba Street, Suite 121, Marysville, CA 95901.

B. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expense and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

B. **Basis of Presentation** (continued)

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of each fund. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses include costs of providing services and delivering goods. All other expenses not meeting this definition are reported as nonoperating expenses.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public protection, health and sanitation, public assistance and education services.

- The *Public Works Fund* is a special revenue fund used to account for funds allocated for the planning, design, construction, maintenance and administration of County transportation activities (Public Ways and Facilities).

- The *Social Services Fund* is used to account for reserves and expenditures to provide services and assistance to County individuals and families. Eligibility programs include foster care, County medical services, general assistance for indigent adults and time-limited benefit payment programs to help needy families.

- The *Public Safety Fund* is used to account for the operations of public safety departments that include sheriff, district attorney, jail and juvenile hall.

- The *Yuba Levee Financing Authority Debt Service Fund* is used to account for the accumulation of cash for the payment of principal and interest related to the bonds issued by the Yuba Levee Financing Authority.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance services provided to other departments or other governments, the Sheriff's auto service and the County's self-insurance programs. Activities include the County's insurance programs, workers compensation, general liability, health, unemployment, general insurance and short-term disability.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

- The *Investment Trust Fund* accounts for the external portion of the County's Investment Pool which commingles resources of legally separate local governments within the County in an investment portfolio for the benefit of all participants. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities. These funds represent the assets, primarily cash and investments, held by the County in trust for these participants.

- The *Agency Funds* account for assets held by the County as an agent for the state and various local governments. These funds typically do not involve a formal trust agreement and are used to account for situations where the role is purely custodial such as the receipt, temporary investment or remittance of fiduciary resources.

- The *Private Purpose Trust Fund* accounts for assets and liabilities of the Successor Agency to the Redevelopment Agency.

C. **Basis of Accounting**

The government-wide, proprietary, and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available ("susceptible to accrual"). Property and sales taxes, interest, state and federal grants and charges for services are accrued when their receipt occurs within six months after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

D. **Cash and Investments**

The County follows the practice of pooling cash and investments of all funds with the County Treasurer except for restricted funds held by outside custodians and trustees. In accordance with authorized investment laws, the County Treasurer invests in higher quality securities including various variable rate securities, such as federal agency notes, negotiable certificates of deposit and highly rated corporate medium term notes.

The fair values of investments are obtained by using quotations obtained from independent published sources. Investments in external investment pools are reported at amortized cost which approximates fair value.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less and pooled cash to be cash equivalents.

E. **Receivables**

Receivables consist mostly of amounts due from other agencies. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

F. **Inventory**

Inventory consists of expendable supplies held for consumption. Inventories are valued at cost on a first-in, first-out basis. The consumption method of accounting for inventory is used where cost is recorded as an expenditure at the time individual inventory items are used. Reported inventories are equally offset by a corresponding nonspendable portion of fund balance to indicate that they are not available spendable financial resources.

G. **Property Held for Resale**

Property held for resale represents land and residential homes purchased and held while rehabilitated under the Neighborhood Stabilization Program. Once rehabilitated, homes will be resold.

H. **Capital Assets and Depreciation**

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain, general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage system, and flood control. Capital equipment consists of purchased equipment with an initial, individual cost of more than $500 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated lives are as follows:

Infrastructure	20 – 60 years
Structures and improvements	15 – 60 years
Equipment	3 – 20 years

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

I. **Property Taxes**

Property taxes, including tax rates, are regulated by the State and are locally administered by the County. The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County. Secured property taxes are due in two equal installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

The County and its political subdivisions operate under the provisions of Sections 4701-4717 of the California Revenue and Taxation Code. This provision is otherwise known as the “Teeter Plan.” Under this method, the accounts of political subdivisions that adopted the Teeter Plan and levy taxes on the County tax roll are credited with 100% of their respective secured tax levy, regardless of the actual payments and delinquencies. This method then provides for Teetered delinquent penalties and redemptions to flow to the County’s General Fund.

Pursuant to Section 4703 of the California Revenue and Taxation Code, all counties electing to operate under the “Teeter Plan,” are required to maintain a Property Tax Losses Reserve Fund. The fund is used to cover losses that may occur in the amount of tax liens as a result of special sales of tax-defaulted property. Whenever in any year the amount of the Tax Losses Reserve Fund has reached an amount equivalent to 1% of the total of all taxes and assessments levied on the secured roll for that year, the excess may be credited to the County’s General Fund.

J. **Unavailable Revenue and Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables not considered available to liquidate liabilities of the current period. Governmental and enterprise funds report unearned revenue in connection with resources that have been received, but not yet earned.

K. **Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources is reported as a long-term liability in the government-wide financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

L. **Interfund Transactions**

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

L. **Interfund Transactions** (continued)

Advances to other funds, when reported in the General Fund financial statements, are offset by a corresponding nonspendable portion of fund balance to indicate that they are not available for appropriation and are not available financial resources. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

M. **Net Position**

The government-wide and business-type activities financial statements utilize a net position presentation. Net position represents the difference between assets and liabilities and are displayed in three components:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category represents net position that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the County, not restricted for any project or other purpose.

When both restricted and unrestricted net position is available, restricted resources are used first, then unrestricted resources as they are needed.

N. **Fund Balance**

In the fund financial statements, the following classifications describe the relative strength of the spending constraints placed on the purposes for which governmental fund resources can be used:

Nonspendable fund balance – This category represents amounts that cannot be spent because they are either not spendable in form or legally or contractually required to remain intact.

Restricted fund balance – This category represents amounts with constraints placed on their use by those external to the County, including creditors, grantors, contributors or laws and regulations of other governments. It also includes constraints imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – This category represents amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance – This category represents amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision making or by a body or an official designated for that purpose.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

N. **Fund Balance** (continued)

Unassigned fund balance – This category represents the residual classification that includes amounts not contained in the other classifications.

The County's board establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, followed by the unrestricted resources that are committed, assigned and unassigned, in this order as they are needed.

Fund Balance Policy

The County has established the following goals and policies for fund balance:

1. The General Fund's Committed fund balances for economic uncertainties should be accumulated over time until 6% of the annual operating budget reserve level is achieved (appropriations less capital outlay, assigned and committed fund balances).

2. The General Fund's Committed fund balances for contingencies should be set at a level to provide for unanticipated increases to the County budget. An analysis to determine potential increases will be completed to determine appropriate level of funding.

3. Commitments for self-insurance funds shall be actuarially determined at least every other year. Balances should be maintained at the 80% confidence level or net estimated losses.

4. Loans or transfers to or from internal services and enterprise funds shall be limited to meeting one-time funding requirements in County operating funds, and shall require repayment with interest.

O. **Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from these estimates, and the differences may be material.

P. **New Accounting Pronouncements – Current Year**

GASB recently released several new accounting and financial reporting standards. The following new standards may have a significant impact on the County's financial reporting process.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 189 FASB and AICPA Pronouncements*, is effective in financial statements for periods beginning after December 15, 2011. It establishes accounting and financial reporting standards for the financial statements of state and local governments.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. It provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

P. **New Accounting Pronouncements – Current Year** (continued)

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for periods beginning after December 15, 2012. It improves financial reporting for state and local governments by reclassifying, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Q. **New Accounting Pronouncements – Future Years**

GASB Statement No. 66, *Technical Corrections – 2012*, effective for periods beginning after December 15, 2012. It improves financial reporting for state and local governments by resolving conflicting guidance that resulted from issuance of GASB Statements Nos. 54 and 62.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for periods beginning after June 15, 2014. The principal objective of this statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees – both active employees and inactive employees – are provided with pensions. An additional objective is to improve the information provided in government financial reports about pension-related financial support provided by certain non-employer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

NOTE 2: **RESTATEMENT OF FUND EQUITY/NET POSITION FUND RECLASSIFICATIONS**

Adjustments resulting from errors or changes to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning fund equity or net position.

Implementation of New Accounting Standard – The County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*), which requires debt issuance costs to be recognized as an expense in the period incurred. Prior to GASB No. 65, the County was recognizing the debt issuance costs related to its bonds as an expense in a systematic manner over the duration of the related debt.

Eliminate Deferred Revenue Offsetting Loans – The County eliminated the deferred revenue balance that was offsetting loan receivable balances to report the offset to restricted fund balance.

Capital Assets – The County made various corrections to the beginning balance to include acquisitions incurred in a prior year and significant adjustments to values of land contributed to the County in prior years.

Compensated Absences – The County restated its compensated absences balance to properly account for accumulated sick leave which is capped at 25%.

NOTE 2: **RESTATEMENT OF FUND EQUITY/NET POSITION FUND RECLASSIFICATIONS** (CONTINUED)

The impact of the restatements on the fund balances/net position as previously reported is presented below:

	Government-Wide Statement of Activities	Governmental Fund Statements	Business-Type Activities	Component Unit
	Governmental Activities	Grants Fund	County Airport	First Five Commission
Fund balance/net position, June 30, 2012, as previously reported	$ 190,272,653	$ 1,159,477	$ 2,789,611	$ 2,923,561
Implementation of New Accounting Standard				
Deferred issuance costs	(2,224,794)	--	--	--
Restatements and corrections				
Eliminate deferred revenue offsetting loans	5,071,991	5,071,991	--	--
Capital assets	3,294,298	--	216,370	--
Compensated absences	5,028,911	--	67,944	--
Various	--	--	--	(6,968)
Total restatemetns and corrections	11,170,406	5,071,991	284,314	(6,968)
Fund balances/net position, July 1, 2012, as restated	$ 201,443,059	$ 6,231,468	$ 3,073,925	$ 2,916,593

NOTE 3: **CASH AND INVESTMENTS**

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the pool. Interest earned on the investment pool is distributed quarterly to the participating funds using a formula based on the average daily cash balance of each fund.

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The investment pool is accounted for on an amortized cost basis. The value of pool shares that may be withdrawn is determined on an amortized basis, which differs from fair value. The County has not provided or obtained any legally binding guarantees during the fiscal year to support the value of the pool shares.

Cash and investments held by fiscal agents outside of the County's investment pool are restricted as to its use. It consists of funds designated by debt agreements as reserve funds and for use in capital projects.

NOTE 3: **CASH AND INVESTMENTS** (CONTINUED)

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority: safety, liquidity, yield, and public trust.

At June 30, 2013, total County cash and investments were as follows:

Cash:		
Cash on hand	$	30,746
Deposits		4,826,516
Outstanding warrants		(9,955,642)
Total cash overdrafts		(5,098,380)
Investments:		
Investment pool		287,268,030
Held with fiscal agents		22,094,709
Total investments		309,362,739
Total cash and investments	$	304,264,359

Total cash and investments at June 30, 2013 were presented on the County's financial statements as follows:

Primary government	$	95,117,513
Discretely presented component units		47,213,431
Investment trust fund		152,352,520
Agency fund		9,371,609
Private purpose trust fund		209,286
Total	$	304,264,359

Deposits – Custodial Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure the County's cash deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of pledged securities in the collateral pool must equal at least 110% of the County's cash deposits. California law also allows institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the County's total cash deposits. At June 30, 2013, none of the County's deposits was exposed to custodial risk.

Investments

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk. The County annually adopts a "Statement of Investment Policy." The policy is based on criteria established by government code and adds further restrictions as to the types of investments allowed, concentration limits and maximum terms.

NOTE 3: **CASH AND INVESTMENTS** (CONTINUED)

Investments (continued)

The County held approximately $13 million in the California Asset Management Pool (CAMP). The investment policy has a limit of 25% of the investment pool for this investment. However, the majority of the funds in CAMP is invested in accordance with bond agreements. The amount invested in CAMP not related to bond agreements is in compliance with the investment policy. As a result, the County is deemed to be in compliance with the investment policy in this instance.

The County was in compliance with its own more restrictive policy and, therefore, was also in compliance with the applicable government code sections.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Federal Agency Obligations	5 Years	None	None
U.S. Treasury Bills	5 Years	None	None
State of California Obligations	5 Years	None	None
Local Agency Bonds and Obligations	5 Years	None	None
Banker's Acceptances	180 Days	40%	30%
Commercial Paper - Select Agencies	270 Days	40%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Non-negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Medium-Term Corporate Notes	5 Years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
California Asset Management Program (CAMP)	N/A	None	None

At June 30, 2013, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	Carrying Value	Weighted Average Maturity (Years)
Yuba County Investment Pool						
Federal Agency Obligations	0.500% - 7.500%	3/9/12 - 6/30/16	$ 110,595,000	$ 109,931,161	$ 110,765,575	4.27
Medium Term Corporate Notes	0.857% - 5.125%	9/23/12 - 11/21/16	72,000,000	72,953,857	71,897,837	2.64
Treasury Securities - Coupon	0.625%	4/30/2018	25,000,000	24,593,394	24,766,916	4.83
Negotiable Certificates of Deposit	0.500% - 1.167%	7/6/12 - 1/18/13	20,000,000	20,021,960	20,082,254	1.70
Municipal Bonds	3.950% - 5.250%	4/04/14 - 11/01/15	5,945,000	5,951,783	6,321,826	1.65
California Local Agency Investment Fund	Variable	On Demand	40,590,265	40,619,187	40,590,265	0.00
California Asset Management Pool	Variable	On Demand	13,236,067	13,237,092	12,843,357	0.00
Total			$ 287,366,332	$ 287,308,434	$ 287,268,030	2.87
Investment Outside Investment Pool						
Cash held with fiscal agent						
Money Market Mutual Funds	Variable	On Demand	$ 3,101,339	$ 3,101,339	$ 3,101,339	0.00
Federal Agency Obligations	0.45% - 7.100%	8/20/12 - 2/11/15	14,480,000	14,951,808	14,951,808	1.81
California Asset Management Pool	Variable	On Demand	2,034,442	2,034,442	2,034,442	0.00
Medium Term Corporate Notes	1.26%	8/11/2015	2,000,000	2,007,120	2,007,120	2.11
Total			$ 21,615,781	$ 22,094,709	$ 22,094,709	1.42

At June 30, 2013 the difference between the carrying value and fair value of pooled cash and investments was not materially different (fair value was 99.67% of carrying value).

NOTE 3: **CASH AND INVESTMENTS** (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County manages its exposure to declines in fair values by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to provide the necessary cash flow and liquidity needed for operations. The County monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service for a maturity of up to one year and a rating of AA for maturities beyond one year.

Concentration of Credit Risk

At June 30, 2013, in accordance with state law and the County's investment policy, the County did not have 10% or more of its net investment in any one mutual fund. Investments in any one issuer (other than U.S. Treasury securities, money market mutual funds, and external investment pools) that represent 5% or more of the total county investments are as follows:

Federal Home Loan Bank	Federal Agency	$ 19,742,841
Federal National Mortgage Association (Fannie Mae)	Federal Agency	76,457,988
U.S. Treasury	Federal Agency	24,593,394
General Electric Capital Corporation	Medium Term Note	27,187,602
JP Morgan Chase	Medium Term Note	25,435,535

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County's investment pool's fair value at June 30, 2013.

	Moody's	Portfolio
Federal Agency Obligations	AAA	38.05%
Medium Term Corporate Notes	AA	7.08%
Medium Term Corporate Notes	A	18.40%
Negotiable Certificates of Deposit	AA	6.99%
Treasury Security - Coupon	AA	5.15%
Treasury Security - Coupon	Unrated	3.44%
Municipal Bonds	Unrated	2.08%
California Local Agency Investment Fund	Unrated	14.19%
Californai Asset Management Pool	AAA	3.66%
California Asset Management Pool	Unrated	0.96%
Total		100.00%

NOTE 3: **CASH AND INVESTMENTS** (CONTINUED)

Custodial Credit Risk

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool had no securities exposed to custodial credit risk.

Local Agency Investment Fund

The County's investment pool maintains an investment in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the state in addition to those deposited in LAIF. All PMIA funds are managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2013, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was $40.6 million, which approximates fair value and is the same as the value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was $59 billion. Of that amount, 1.96% was invested in structured notes and asset-backed securities with the remaining 98.04% invested in other non-derivative financial products.

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net position and changes in net position for the County's primary investment pool and bond investment pool as of June 30, 2013:

Statement of Net Position

Net position held for pool participants	$	280,593,903
Equity of internal pool participants	$	81,967,753
Equity of external pool participants		198,626,150
Total net position	$	280,593,903

Statement of Changes in Net Position

Net position at July 1, 2012	$	317,611,032
Net changes in investments by pool participants		(37,017,129)
Net position at June 30, 2013	$	280,593,903

NOTE 4: **INTERFUND TRANSACTIONS**

Due to/from other funds:

Interfund receivables and payables represent borrowing between funds and regular service and supplies provided but not settled at year end. The composition of interfund balances as of June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
Agency	Social Services	$ 321,686
	Private Purpose Trust Fund	179,901
	Nonmajor Governmental Funds	37,537
		539,124
Public Works	Public Works	800,000
	Nonmajor Governmental Funds	863,153
		1,663,153
General Fund	Private Prupose Trust Fund	89,850
		$ 2,292,127

Transfers:

Transfers represent subsidies of various County operations. The following schedule briefly summarizes the County's transfer activities:

Transfer From	Transfer To	Amount
General Fund	Public Safety	$ 13,022,661
	Social Services	96,210
	Public Works	79,184
	Nonmajor Governmental Funds	703,305
		13,901,360
Nonmajor Governmental Funds	General Fund	457,838
	Public Safety	279,844
	Nonmajor Governmental Funds	175,902
		913,584
Public Safety Fund	Nonmajor Governmental Funds	35,000
		35,000
Internal Service Funds	General Fund	84,650
	Social Services	53,250
	Public Works	8,700
	Public Safety	85,850
	Nonmajor Governmental Funds	15,900
		248,350
		$ 15,098,294

NOTE 5: **CAPITAL ASSETS**

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

	Restated Balance July 1, 2012	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2013
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 12,668,417	$ 132,817	$ --	$ --	$ 12,801,234
Construction in progress	19,663,013	6,066,707	--	(11,289,279)	14,440,441
Total capital assets, not being depreciated	32,331,430	6,199,524	--	(11,289,279)	27,241,675
Capital assets, being depreciated:					
Infrastructure	264,946,881	5,691,544	--	2,455,125	273,093,550
Structures and improvements	37,179,083	1,381,600	--	8,834,154	47,394,837
Equipment	18,373,951	314,844	(316,855)	--	18,371,940
Total capital assets, being depreciated	320,499,915	7,387,988	(316,855)	11,289,279	338,860,327
Less accumulated depreciation for:					
Infrastructure	(116,171,158)	(9,988,578)	--	--	(126,159,736)
Structures and improvements	(20,612,340)	(912,558)	--	--	(21,524,898)
Equipment	(15,836,139)	(940,185)	316,855	--	(16,459,469)
Total accumulated depreciation	(152,619,637)	(11,841,321)	316,855	--	(164,144,103)
Total capital assets, being depreciated, net	167,880,278	(4,453,333)	--	11,289,279	174,716,224
Governmental activities capital assets, net	$ 200,211,708	$ 1,746,191	$ --	$ --	$ 201,957,899

	Restated Balance July 1, 2012	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2013
Business-Type Activities					
Capital assets, not being depreciated:					
Land	$ 508,359	$ --	$ --	$ --	$ 508,359
Total capital assets, not being depreciated	508,359	--	--	--	508,359
Capital assets, being depreciated:					
Structures and improvements	5,851,525	--	--	--	5,851,525
Equipment	279,613	--	(6,102)	--	273,511
Total capital assets, being depreciated	6,131,138	--	(6,102)	--	6,125,036
Less accumulated depreciation for:					
Structures and improvements	(3,374,572)	(206,830)	--	--	(3,581,402)
Equipment	(207,381)	(14,712)	6,102	--	(215,991)
Total accumulated depreciation	(3,581,953)	(221,542)	6,102	--	(3,797,393)
Total capital assets, being depreciated, net	2,549,185	(221,542)	--	--	2,327,643
Business-type activities capital assets, net	$ 3,057,544	$ (221,542)	$ --	$ --	$ 2,836,002

NOTE 5: **CAPITAL ASSETS** (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

General government	$ 1,081,513
Public protection	132,751
Public ways and facilities	10,191,921
Health and sanitation	35,497
Public assistance	138,352
Education	17,164
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	244,123
Total	$ 11,841,321

Depreciation expense was charged to the business-type functions as follows:

Airport	$ 221,542

NOTE 6: **LONG-TERM LIABILITIES**

Long-term debt at June 30, 2013 consisted of the following:

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2013
Governmental Activities						
2008 Revenue Bonds (series A) *levee improvements*	2008	2038	4.73-4.90%	$1,580,000-$6,005,000	$ 64,175,000	$ 64,175,000
2008 Revenue Bonds (series B) *levee improvements*	2008	2024	6.10-6.375%	$1,475,000-$2,245,000	14,195,000	14,195,000
Total Governmental Activities					$ 78,370,000	$ 78,370,000

NOTE 6: **LONG-TERM LIABILITIES** (CONTINUED)

The following is a summary of long-term liability transactions for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Retirements	Adjustments	Balance June 30, 2013	Amounts Due Within One Year
Governmental Activities						
Bonds payable	$ 78,370,000	$ --	$ --	$ --	$ 78,370,000	$ --
Less: unamortized discount	(1,523,054)	--	67,117	--	(1,455,937)	
Capital leases	9,389,969	--	(184,178)	--	9,205,791	585,136
Compensated absences	11,195,584	4,773,078	(4,948,922)	(5,028,911)	5,990,829	2,479,167
Liability for self-insurance	834,000	421,000	(340,000)	--	915,000	395,000
Total Governmental Activities Long-term liabilities	$ 98,266,499	$ 5,194,078	$ (5,405,983)	$ (5,028,911)	$ 93,025,683	$ 3,459,303
Business-type Activities						
Compensated absences	$ 185,004	$ 18,715	$ (66,070)	$ (67,944)	$ 69,705	$ 9,372
Total Business-type Activities Long-term liabilities	$ 185,004	$ 18,715	$ (66,070)	$ (67,944)	$ 69,705	$ 9,372

As disclosed in Note 2, the compensated absences liability was adjusted to properly account for accumulated sick leave which is capped at 25 percent.

As of June 30, 2013, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental Activities Bonds Payable Principal	Governmental Activities Bonds Payable Interest
2014	$ --	$ 4,047,583
2015	--	4,047,583
2016	--	4,047,583
2017	--	4,047,583
2018	--	4,047,583
2019-2023	9,850,000	19,057,211
2024-2028	16,085,000	15,010,281
2029-2033	20,425,000	10,615,200
2034-2038	26,005,000	4,878,875
2039-2043	6,005,000	150,125
	$ 78,370,000	$ 69,949,607

NOTE 6: **LONG-TERM LIABILITIES** (CONTINUED)

Claims and judgments will be paid from the County's insurance funds. Compensated absences liabilities will be paid by several of the County's funds, including the general fund, special revenue funds and internal service funds.

NOTE 7: **LEASES**

Capital Leases

The County entered into a capital lease agreement under which the related leasehold improvements will become the property of the County when all terms of the lease agreements are met.

The following is a summary of equipment leased under capital lease agreements by the County as of June 30, 2013:

	Stated Interest Rate	Present Value of Remaining Payments as of June 30, 2013
Governmental Activities:		
Solar panels	4.50%	$ 9,205,791

As of June 30, 2013, future minimum lease payments under capital leases was as follows:

Year Ending June 30:	Governmental Activities
2014	$ 992,887
2015	902,018
2016	925,936
2017	951,028
2018	977,342
2019-2023	3,944,057
2024-2027	3,810,747
Total Future Minimum Lease Payments	12,503,415
Less: Interest	(3,297,624)
Present Value of Minimum Lease Payments	$ 9,205,791

NOTE 7: **LEASES** (CONTINUED)

Operating Leases

The County has commitments under long-term operating lease agreements. During the fiscal year ended June 30, 2013, the County paid rents on these leases of $2,406,602. Future minimum lease payments are as follows:

Year Ending June 30:	Governmental Activities
2014	$ 2,746,904
2015	2,815,576
2016	2,885,966
2017	2,958,115
2018	3,032,068
2019-2023	16,335,983
2024-2028	18,482,666
2029-2033	20,911,440
2034-2038	23,659,375
2039-2042	21,147,127
Total Minimum Lease Payments	$ 114,975,220

NOTE 8: **REVOLVING NOTES RECEIVABLE**

At June 30, 2013, the County had $5,744,181 of revolving notes receivable reported in the governmental funds. The balance is recorded in the County's grant fund and is deferred, as payment is generally not due for periods ranging from 5 to 30 years and principal and interest are revolved as new loans as collections are received.

The County's revolving loans reported in governmental funds were derived from the following grant programs:

Community Development Block Grant	$ 4,555,672
HOME Investment Partnerships Program	956,367
CDBG Economic Development Initiative	232,142
	$ 5,744,181

NOTE 9: **PUBLIC EMPLOYEE RETIREMENT SYSTEM**

Plan Description

The County contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. Copies of PERS' annual financial reports may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

NOTE 9: **PUBLIC EMPLOYEE RETIREMENT SYSTEM** (CONTINUED)

Funding Policy

County employees are required by state statute to contribute 7% for miscellaneous employees and 9% for safety employees of their annual covered salary. The County is required to contribute remaining amounts necessary to fund the benefits for the actuarial members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by CalPERS Board of Administration. For the fiscal year ended June 30, 2013, the employer contribution rate was 7% for the miscellaneous plan and 9% for the safety plan. The County makes the contributions required of County employees on their behalf and for their account.

Annual Pension Cost

For fiscal year 2012-2013, the County's annual pension cost of $7,386,715 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2010 actuarial. Assumptions included 7.50% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.30% to 14.20% and include an inflation component of 2.75%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and losses. The unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 31 years.

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/11	$ 6,685,079	100%	$ --
06/30/12	7,332,922	100%	--
06/30/13	7,386,715	100%	--

Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2011, the most recent actual valuation date:

	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
Miscellaneous	$ 231,937,885	$ 184,292,484	$ 47,645,401	79.5%	$ 37,731,847	126.3%
Safety	76,163,284	61,116,610	15,046,674	80.2%	12,445,480	120.9%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 10: **RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For most insurable risks, the County is self-insured up to a maximum amount per claim. Amounts in excess of established limits are covered through the County's membership in the County Supervisors Association of California Excess Insurance Authority or with commercial policies.

The County is a member of the County Supervisors Association of California Excess Insurance Authority (CSAC-EIA), a public entity risk pool currently operating as a common risk manager and insurance program for counties. Should actual losses among pool participants be greater than anticipated, the County will be assessed its prorata share of the deficiency. Conversely, if the actual pool losses are less than anticipated, the County will be refunded its prorata share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The County currently reports its risk management activities in the internal services funds, which include general liability, workers' compensation, health, unemployment and short-term disability. All of the County funds participate in the County self-insured programs and make payments to the corresponding internal service fund based on estimated costs to pay prior and current years' claims. The estimated claims liability of $915,000 as reported in the internal service funds at June 30, 2013, is based on the requirements of Governmental Accounting Standards Board (GASB) Statement No. 10, as amended by GASB Statement No. 30. These statements require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are based on claims loss reports and actuarial reports. Liabilities are based on the estimated cost of settling the claims.

Changes in the County's claims liabilities amount for the fiscal years ended June 30, 2013 and 2012 were as follows:

	2013	2012
Unpaid claims, beginning of year	$ 834,000	$ 706,000
Estimated claims incurred and adjustments	421,000	751,000
Claims payments	(340,000)	(623,000)
Unpaid claims, end of year	$ 915,000	$ 834,000

NOTE 11: **OTHER POST EMPLOYMENT BENEFITS**

Plan Description. The County of Yuba ("County") Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the County. The Plan provides healthcare insurance benefits to eligible retirees. Benefit provisions are established and may be amended by the County. Retiree medical benefits are provided through the California Public Employees' Retirement System healthcare program. The County contributes the Public Employees Medical and Hospital Care Act (PEMHCA) minimum required employer contribution towards the retiree monthly premium for eligible retirees participating in PEMHCA.

NOTE 11: **OTHER POST EMPLOYMENT BENEFITS** (CONTINUED)

Funding Policy. The contribution requirements of the plan members and the County are established and may be amended by the County. The County is not pre-funding the plan. The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The County ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years.

The following are the components of the County's annual OPEB cost for the fiscal year ended June 30, 2013:

Annual required contribution	$ 1,404,000
Interest on net OPEB obligation	192,000
Adjustments to ARC	(358,000)
Annual OPEB cost (expense)	1,238,000
Contributions made	(171,593)
Increase in net OPEB obligation	1,066,407
Net OPEB obligation, beginning of year	4,906,000
Net OPEB obligation, end of year	$ 5,972,407

Annual OPEB Cost and Net OPEB Obligation

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the Plan (as described in the funding policy above), and the Net OPEB Obligation for 2012/13 and the prior two fiscal years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	$ 1,238,000	13.9%	$ 5,972,407
6/30/12	1,375,000	11.1%	4,906,000
6/30/11	1,285,000	12.3%	3,684,000

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2011, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

Actuarial accrued liability (AAL)	$ 12,964,000
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	12,964,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active Plan members)	$ 49,712,000
UAAL as a percentage of covered payroll	26.08%

NOTE 11: **OTHER POST EMPLOYMENT BENEFITS** (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation *(continued)*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), which is the expected long-term investment return on CERBT investments, and an annual PEMHCA minimum cost trend rate of 4% after 3 years (actual PEMHCA minimum costs were used for the first 3 years). This rate includes a 3% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed basis. The remaining amortization period at June 30, 2012 was 26 years.

NOTE 12: **NET POSITION/FUND BALANCES**

Net Position

The government-wide statement of net position reports $50,011,896 million of restricted net position, none of which is restricted by enabling legislation. Net position invested in capital assets, net of related debt, was comprised of the following:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	$ 201,957,899	$ 2,836,002
Outstanding principal of capital-related debt	(9,205,791)	-
Unspent debt proceeds	1,071,864	-
Net investment in capital assets	$ 193,823,972	$ 2,836,002

NOTE 12: **NET POSITION/FUND BALANCES** (CONTINUED)

Net Position (continued)

Net position was restricted for the following purposes:

Capital projects	$ 9,644,871
Debt service	14,876,575
Other restrictions:	
Public assistance programs	9,529,595
Public facilities	6,311,245
Public safety	8,416,665
Public health	1,232,945
	$ 50,011,896

Fund Balances

Details of the fund balance classifications of the governmental funds as of June 30, 2013, are as follows:

	General Fund	Public Works	Social Services	Public Safety	Yuba Levee Financing Authority Debt Ser.	Other Governmental Funds	Total
Nonspendable:							
Inventory	$ --	$ 92,833	$ --	$ --	$ --	$ --	$ 92,833
Loans receivable	115,068	--	--	--	--	--	115,068
Prepaids	--	--	--	--	--	6,937	6,937
Total Nonspendable	115,068	92,833	--	--	--	6,937	214,838
Restricted for:							
Public protection	879,830	--	--	3,020,819	--	4,516,016	8,416,665
Public assistance	--	--	2,035,174	--	--	7,494,421	9,529,595
Health and sanitation	--	--	--	--	--	1,232,945	1,232,945
Public ways and facilities	--	1,468,307	--	--	--	4,842,938	6,311,245
Debt service	--	--	--	--	14,876,575	--	14,876,575
Capital projects	--	--	--	--	--	9,644,871	9,644,871
Total Restricted	879,830	1,468,307	2,035,174	3,020,819	14,876,575	27,731,191	50,011,896
Committed:							
Public protection	5,608,788	--	--	--	--	--	5,608,788
Health and sanitation	326,525	--	--	--	--	--	326,525
Public ways and facilities	--	25,994,226	--	--	--	--	25,994,226
Education	1,524,715	--	--	--	--	--	1,524,715
Capital projects	579,870	--	--	--	--	--	579,870
Other	7,536	--	--	--	--	--	7,536
Total Committed	8,047,434	25,994,226	--	--	--	--	34,041,660
Assigned to:							
General contingencies	1,442,588	--	--	--	--	--	1,442,588
Public protection	--	--	--	2,193,856	--	--	2,193,856
Capital projects	2,557,481	--	--	--	--	317,438	2,874,919
Other	236,238	--	--	--	--	--	236,238
Total Assigned	4,236,307	--	--	2,193,856	--	317,438	6,747,601
Unassigned	1,617,193	--	--	--	--	--	1,617,193
Total Fund Balances	$ 14,895,832	$ 27,555,366	$ 2,035,174	$ 5,214,675	$14,876,575	$ 28,055,566	$ 92,633,188

NOTE 13: **CONTINGENT LIABILITIES**

Federal Grants – The County participates in several federal and state grant programs. These programs have been audited in accordance with the provisions of the federal Single Audit Act of 1984 and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The County expects such amounts, if any, to be immaterial.

NOTE 14: **JOINT VENTURE**

The County and Reclamation District No. 784 (Members) formed the Three Rivers Levee Improvement Authority (TRLIA) in 2004 for the purpose of providing flood control improvements located in the County, including improvements to the levee system and related drainage improvements. The Authority's Board consists of two representatives from each Member. The County has no equity interest in the Authority.

Four work phases have been identified with the goal of achieving 200 year flood protection. The cost to complete the four phases is estimated to be $400 million and will be funded mostly by local development fees and State funding.

Condensed financial information of the Authority for the fiscal year ended June 30, 2013 is as follows:

Cash and investments in the County of Yuba's Investment Pool	$	5,307,401
Other current assets		3,117,709
Total Assets		8,425,110
Accounts payable		(414,091)
Net Assets	$	8,011,019
Revenues		6,509,776
Levee improvement costs		(6,185,931)
Maintenance		(885,212)
Administration		(784,656)
Changes in net position		(1,346,023)
Net Position, beginning of year		9,357,042
Net Position, end of year	$	8,011,019

Construction work for levee system improvements is recorded by the Authority as an operating expense. The Authority, as originally formed, will cease to exist upon completion of the projects for which it was formed. At that time, ownership of the levee improvements will be transferred to the existing owner, primarily the State of California, and maintenance responsibility will be assumed by Reclamation District No. 784 and the other entities established to perform this function.

NOTE 14: **JOINT VENTURE** (CONTINUED)

Levee improvement costs incurred to date through June 30, 2013, were as follows:

Fiscal Year Ending June 30:		
2004	$	701,774
2005		5,603,384
2006		50,572,148
2007		74,257,632
2008		24,376,482
2009		82,916,631
2010		54,496,111
2011		14,111,717
2012		13,487,570
2013		6,185,931
	$	326,709,380

At June 30, 2013, the Authority's investment account in the County's investment pool had a balance of $5,307,401.

To fund the Phase IV levee improvements, the County and the Yuba County Water Agency entered into an agreement with the State of California on April 14, 2008 to provide a local match of $53.3 million in order to obtain a State grant of up to $138.5 million. Subsequently, other parties contributed $6.7 million to the project reducing the required match to $46.6 million. To sufficiently fund the match, the County and the Yuba County Water Agency formed the Yuba Levee Financing Authority for the purpose of issuing bonds.

The County has a levee impact fee program in place to fully repay itself and the Yuba County Water Agency for all borrowing and associated costs necessary to complete the financing.

Copies of the Authority's financial statements may be obtained from TRLIA, 1114 Yuba Street, Suite 218, Marysville, California 95901.

REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF YUBA

Required Supplementary Information
For the Year Ended June 30, 2013

SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Funded Status of Miscellaneous Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2009	$ 207,447,759	$ 163,971,476	$ 43,476,283	79.0%	$ 41,466,564	104.8%
June 30, 2010	219,046,740	174,143,449	44,903,291	79.5%	39,947,417	112.4%
June 30, 2011	231,937,885	184,292,484	47,645,401	79.5%	37,731,847	126.3%

Funded Status of Safety Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2009	$ 67,470,123	$ 52,403,054	$ 15,067,069	77.7%	$ 12,785,500	117.8%
June 30, 2010	72,135,411	56,596,999	15,538,412	78.5%	12,701,667	122.3%
June 30, 2011	76,163,284	61,116,610	15,046,674	80.2%	12,445,480	120.9%

SCHEDULE OF FUNDING PROGRESS – RETIREE HEALTHCARE PLAN

Funded Status

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2007	$ 9,908,000	$ --	$ 9,908,000	0.0%	$ 51,987,000	19.06%
June 30, 2009	9,813,000	--	9,813,000	0.0%	53,677,000	18.28%
June 30, 2011	11,859,000	--	11,859,000	0.0%	55,422,000	21.40%

COUNTY OF YUBA

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

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 22,345,057	$ 22,438,869	$ 22,578,365	$ 139,496
Licenses, permits, and fees	1,292,670	1,312,751	1,217,054	(95,697)
Fines, forfeits and penalties	560,716	560,716	485,927	(74,789)
Use of money and property	304,300	304,300	371,868	67,568
Intergovernmental	4,745,771	5,279,145	4,793,757	(485,388)
Charges for services	5,024,175	5,963,359	5,379,391	(583,968)
Other revenues	270,322	277,271	323,871	46,600
Amounts available for appropriation	34,543,011	36,136,411	35,150,233	(986,178)
Charges to appropriations (outflows):				
General government	12,286,490	10,624,084	9,387,134	1,236,950
Public protection	11,124,384	12,056,925	10,643,502	1,413,423
Health and sanitation	1,494,251	1,663,406	1,454,735	208,671
Public assistance	530,890	628,050	574,751	53,299
Education	686,988	697,403	468,645	228,758
Total charges for appropriations	26,123,003	25,669,868	22,528,767	3,141,101
Other Financing Sources (Uses):				
Transfers in	962,603	1,072,341	289,145	(783,196)
Transfers out	(13,469,182)	(13,673,509)	(13,420,166)	253,343
Total Other Financing Sources (Uses)	(12,506,579)	(12,601,168)	(13,131,021)	(529,853)
Net Change in Fund Balances	(4,086,571)	(2,134,625)	(509,555)	(4,657,132)
Fund Balances - Beginning of Year	1,856,746	1,856,746	1,856,746	--
Fund Balances - End of Year	$ (2,229,825)	$ (277,879)	$ 1,347,191	$ (4,657,132)

Explanation of differences between statement of revenues, expenditures and changes in fund balance:

	Budgetary Comparison Schedule	Trust Funds Not Budgeted	Statement of Revenues, Expenditures and Changes in Fund Balance
Total revenues	$ 35,150,233	$ 743,513	$ 34,406,720
Total expenditures	22,528,767	121,782	22,406,985
Revenues over (under) expenditures	12,621,466	621,731	11,999,735
Total other financing sources (uses)	(13,131,021)	227,851	(13,358,872)
Net change in fund balances	$ (509,555)	$ 849,582	$ (1,359,137)

COUNTY OF YUBA

Budgetary Comparison Schedule
Public Works
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 353,171	$ 353,171	$ 409,359	$ 56,188
Licenses, permits, and fees	60,000	60,000	988,508	928,508
Fines, forfeits and penalties	--	40,000	40,000	--
Use of money and property	40,000	12,000	10,144	(1,856)
Intergovernmental	12,587,175	12,014,525	8,746,668	(3,267,857)
Charges for services	5,594,000	8,010,755	3,463,576	(4,547,179)
Other revenues	963,320	1,253,320	8,837	(1,244,483)
Total Revenues	19,597,666	21,743,771	13,667,092	(8,076,679)
Expenditures:				
Current:				
Public way and facilities	20,479,292	22,807,068	13,813,696	8,993,372
Total Expenditures	20,479,292	22,807,068	13,813,696	8,993,372
Excess (Deficiency) of Revenues Over (Under) Expenditures	(881,626)	(1,063,297)	(146,604)	916,693
Other Financing Sources (Uses):				
Transfers in	--	87,884	87,884	--
Total Other Financing Sources (Uses)	--	87,884	87,884	--
Net Change in Fund Balances	(881,626)	(975,413)	(58,720)	916,693
Fund Balances - Beginning of Year	1,619,860	1,619,860	1,619,860	--
Fund Balances - End of Year	$ 738,234	$ 644,447	$ 1,561,140	$ 916,693

Explanation of differences between statement of revenues, expenditures and changes in fund balance:

	Budgetary Comparison Schedule	Trust Funds Not Budgeted	Statement of Revenues, Expenditures and Changes in Fund Balance
Total revenues	$ 13,667,092	$ 422,969	$ 13,244,123
Total expenditures	13,813,696	(54,533)	13,868,229
Revenues over (under) expenditures	(146,604)	477,502	(624,106)
Total other financing sources (uses)	87,884	--	87,884
Net change in fund balances	$ (58,720)	$ 477,502	$ (536,222)

COUNTY OF YUBA

Budgetary Comparison Schedule
Social Services Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 45,368,560	$ 46,652,390	$ 43,946,538	$ (2,705,852)
Charges for services	160,728	160,728	907,708	746,980
Other revenues	382,586	382,586	2,146	(380,440)
Total Revenues	45,911,874	47,195,704	44,856,392	(2,339,312)
Expenditures:				
Current:				
Public assistance	44,372,498	47,434,164	44,314,915	3,119,249
Total Expenditures	44,372,498	47,434,164	44,314,915	3,119,249
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,539,376	(238,460)	541,477	779,937
Other Financing Sources (Uses):				
Transfers in	--	149,460	149,460	--
Total Other Financing Sources (Uses)	--	149,460	149,460	--
Net Change in Fund Balances	1,539,376	(89,000)	690,937	779,937
Fund Balances - Beginning of Year	913,136	913,136	913,136	--
Fund Balances - End of Year	$ 2,452,512	$ 824,136	$ 1,604,073	$ 779,937

Explanation of differences between statement of revenues, expenditures and changes in fund balance:

	Budgetary Comparison Schedule	Trust Funds Not Budgeted	Statement of Revenues, Expenditures and Changes in Fund Balance
Total revenues	$ 44,856,392	$ (115,012)	$ 44,971,404
Total expenditures	44,314,915	(6,539)	44,321,454
Revenues over (under) expenditures	541,477	(108,473)	649,950
Total other financing sources (uses)	149,460	--	149,460
Net change in fund balances	$ 690,937	$ (108,473)	$ 799,410

COUNTY OF YUBA

Budgetary Comparison Schedule
Public Safety
For the Year Ended June 30, 2013

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Licenses, permits, and fees	$ 20,030	$ 20,030	$ 63,875	$ 43,845
Fines, forfeitures and penalties	--	25,000	25,000	--
Use of money and property	546,000	610,000	630,439	20,439
Intergovernmental	5,129,531	6,100,741	6,118,839	18,098
Charges for services	4,397,798	6,416,865	6,737,983	321,118
Other revenues	225,650	230,150	5,458	(224,692)
Total Revenues	10,319,009	13,402,786	13,581,594	178,808
Expenditures:				
Current:				
Public protection	24,452,223	27,760,914	26,914,589	846,325
Total Expenditures	24,452,223	27,760,914	26,914,589	846,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,133,214)	(14,358,128)	(13,332,995)	1,025,133
Other Financing Sources (Uses):				
Transfers in	13,140,713	13,389,022	13,388,355	(667)
Total Other Financing Sources	13,140,713	13,389,022	13,388,355	(667)
Net Change in Fund Balances	(992,501)	(969,106)	55,360	1,024,466
Fund Balances - Beginning of Year	2,880,038	2,880,038	2,880,038	--
Fund Balances - End of Year	$ 1,887,537	$ 1,910,932	$ 2,935,398	$ 1,024,466

Explanation of differences between statement of revenues, expenditures and changes in fund balance:

	Budgetary Comparison Schedule	Trust Funds Not Budgeted	Statement of Revenues, Expenditures and Changes in Fund Balance
Total revenues	$ 13,581,594	$ (468,043)	$ 14,049,637
Total expenditures	26,914,589	35,000	26,879,589
Revenues over (under) expenditures	(13,332,995)	(503,043)	(12,829,952)
Total other financing sources (uses)	13,388,355	35,000	13,353,355
Net change in fund balances	$ 55,360	$ (468,043)	$ 523,403

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are approved by the Board of Supervisors. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

Budgets are adopted on a basis which materially conforms to generally accepted accounting principles except that interfund transfers are reported as revenues and expenditures.

SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Funds are used to account for financial resources to be used for the expenditures for capital outlays (other than those financed by proprietary funds).

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COUNTY OF YUBA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue				
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority	Grants
Assets					
Cash and investments	$ 10,713	$ 1,011,801	$ 1,129,875	$ 128,578	$ 1,237,544
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	115,051	--	--	116
Interest receivable	--	146	2,761	--	2,876
Notes receivable	--	--	--	--	5,744,181
Due from other agencies	425	683,626	--	89,951	335,329
Prepaids	--	--	--	--	--
Property held for resale	--	--	--	--	1,221,860
Total Assets	$ 11,138	$ 1,810,624	$ 1,132,636	$ 218,529	$ 8,541,906
Liabilities					
Accounts payable	$ 228	$ 54,793	$ 4,871	$ --	$ 274,870
Salaries and benefits payable	--	284,582	209,511	--	--
Due to other funds	--	--	--	--	900,690
Deposits and other liabilities	--	--	--	--	--
Total Liabilities	228	339,375	214,382	--	1,175,560
Deferred Inflows of Resources					
Unavailable revenue	--	366,882	--	89,951	215,995
Fund Balance					
Nonspendable	--	--	--	--	--
Restricted	10,910	1,104,367	918,254	128,578	7,150,351
Assigned	--	--	--	--	--
Total Fund Balances	10,910	1,104,367	918,254	128,578	7,150,351
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 11,138	$ 1,810,624	$ 1,132,636	$ 218,529	$ 8,541,906

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue			
	Health Bio-Terrorism	Micro Enterprise (Yubasut)	County Service Areas	Local Revenue Fund
Assets				
Cash and investments	$ 150,834	$ 22,862	$ 4,794,502	$ 3,200,708
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	--	--
Interest receivable	378	53	9,660	--
Notes receivable	--	--	--	--
Due from other agencies	35,024	--	--	668,712
Prepaids	--	--	--	--
Property held for resale	--	--	--	--
Total Assets	$ 186,236	$ 22,915	$ 4,804,162	$ 3,869,420
Liabilities				
Accounts payable	$ 37,023	$ 5,058	$ 265,023	$ 396,757
Salaries and benefits payable	--	--	--	--
Due to other funds	--	--	--	--
Deposits and other liabilities	--	--	--	--
Total Liabilities	37,023	5,058	265,023	396,757
Deferred Inflows of Resources				
Unavailable revenue	35,024	--	--	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	114,189	17,857	4,539,139	3,472,663
Assigned	--	--	--	--
Total Fund Balances	114,189	17,857	4,539,139	3,472,663
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 186,236	$ 22,915	$ 4,804,162	$ 3,869,420

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue			
	Gledhill Landscape & Lighting	Linda Lighting	Housing Programs	Yuba Housing Authority
Assets				
Cash and investments	$ 28,754	$ 277,057	$ 25,178	$ 339,172
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	--	16,574
Interest receivable	65	619	55	--
Notes receivable	--	--	--	--
Due from other agencies	--	--	--	--
Prepaids	--	--	--	6,937
Property held for resale	--	--	--	--
Total Assets	$ 28,819	$ 277,676	$ 25,233	$ 362,683
Liabilities				
Accounts payable	$ 2,528	$ 168	$ --	$ 16,017
Salaries and benefits payable	--	--	--	16,118
Due to other funds	--	--	--	--
Deposits and other liabilities	--	--	--	22,631
Total Liabilities	2,528	168	--	54,766
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	--
Fund Balance				
Nonspendable	--	--	--	6,937
Restricted	26,291	277,508	25,233	300,980
Assigned	--	--	--	--
Total Fund Balances	26,291	277,508	25,233	307,917
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 28,819	$ 277,676	$ 25,233	$ 362,683

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
Nonmajor Governmental Funds
June 30, 2013

	Capital Projects			
	Minimum Security Construction	Jail Improvement Construction	Solar Panels	YLFA Bond Construction
Assets				
Cash and investments	$ --	$ 290,540	$ 505,594	$ --
Cash with fiscal agent	--	--	1,071,864	8,047,403
Accounts receivable	--	--	19,071	--
Interest receivable	--	--	939	--
Notes receivable	--	--	--	--
Due from other agencies	--	26,898	--	--
Prepaids	--	--	--	--
Property held for resale	--	--	--	--
Total Assets	$ --	$ 317,438	$ 1,597,468	$ 8,047,403
Liabilities				
Accounts payable	$ --	$ --	$ --	$ --
Salaries and benefits payable	--	--	--	--
Due to other funds	--	--	--	--
Deposits and other liabilities	--	--	--	--
Total Liabilities	--	--	--	--
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	--	--	1,597,468	8,047,403
Assigned	--	317,438	--	--
Total Fund Balances	--	317,438	1,597,468	8,047,403
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ --	$ 317,438	$ 1,597,468	$ 8,047,403

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
Nonmajor Governmental Funds
June 30, 2013

	Debt Service	Total Nonmajor Governmental Funds
Assets		
Cash and investments	$ --	$ 13,153,712
Cash with fiscal agent	--	9,119,267
Accounts receivable	--	150,812
Interest receivable	--	17,552
Notes receivable	--	5,744,181
Due from other agencies	--	1,839,965
Prepaids	--	6,937
Property held for resale	--	1,221,860
Total Assets	$ --	$ 31,254,286
Liabilities		
Accounts payable	$ --	$ 1,057,336
Salaries and benefits payable	--	510,211
Due to other funds	--	900,690
Deposits and other liabilities	--	22,631
Total Liabilities	--	2,490,868
Deferred Inflows of Resources		
Unavailable revenue	--	707,852
Fund Balance		
Nonspendable	--	6,937
Restricted	--	27,731,191
Assigned	--	317,438
Total Fund Balances	--	28,055,566
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ --	$ 31,254,286

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

	Special Revenue				
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority	Grants
Revenues:					
Taxes	$ --	$ --	$ --	$ --	$ --
Fines, forfeitures and penalties	3,822	--	--	--	--
Use of money and property	--	813	13,842	--	7,807
Intergovernmental	--	4,328,879	3,300,860	479,122	3,313,771
Charges for services	--	--	--	--	--
Other revenues	6,435	68,063	6,475	5,009	--
Total Revenues	10,257	4,397,755	3,321,177	484,131	3,321,578
Expenditures:					
Current:					
General government	--	--	--	--	9,000
Public protection	9,811	--	3,327,873	--	153,086
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	4,148,466	--	512,834	--
Public assistance	--	--	--	--	2,214,949
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	9,811	4,148,466	3,327,873	512,834	2,377,035
Excess (Deficiency) of Revenues Over (Under) Expenditures	446	249,289	(6,696)	(28,703)	944,543
Other Financing Sources (Uses):					
Transfers in	--	195,651	7,950	83,426	38,402
Transfers out	--	--	--	--	(64,062)
Total Other Financing Sources (Uses)	--	195,651	7,950	83,426	(25,660)
Net Change in Fund Balances	446	444,940	1,254	54,723	918,883
Fund Balances - Beginning of Year, restated	10,464	659,427	917,000	73,855	6,231,468
Fund Balances - End of Year	$ 10,910	$ 1,104,367	$ 918,254	$ 128,578	$ 7,150,351

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue			
	Health Bio-Terrorism	Micro Enterprise (Yubasut)	County Service Areas	Local Revenue Fund
Revenues:				
Taxes	$ --	$ --	$ 6,564	$ --
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	1,917	220	63,345	--
Intergovernmental	--	--	123	154,345
Charges for services	--	126,325	1,367,180	--
Other revenues	139,284	--	3,642	--
Total Revenues	141,201	126,545	1,440,854	154,345
Expenditures:				
Current:				
General government	--	110,310	--	--
Public protection	--	--	--	--
Public ways and facilities	--	--	1,351,034	--
Health and sanitation	199,480	--	--	--
Public assistance	--	--	--	289,800
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	199,480	110,310	1,351,034	289,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,279)	16,235	89,820	(135,455)
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--
Net Change in Fund Balances	(58,279)	16,235	89,820	(135,455)
Fund Balances - Beginning of Year, restated	172,468	1,622	4,449,319	3,608,118
Fund Balances - End of Year	$ 114,189	$ 17,857	$ 4,539,139	$ 3,472,663

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue			
	Gledhill Landscape & Lighting	Linda Lighting	Housing Programs	Yuba Housing Authority
Revenues:				
Taxes	$ --	$ 56,057	$ --	$ --
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	373	3,956	275	105
Intergovernmental	--	1,024	--	2,160,715
Charges for services	48,068	46,063	--	--
Other revenues	12,000	--	--	--
Total Revenues	60,441	107,100	275	2,160,820
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	55,767	96,434	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	2,280,242
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	55,767	96,434	--	2,280,242
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,674	10,666	275	(119,422)
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--
Net Change in Fund Balances	4,674	10,666	275	(119,422)
Fund Balances - Beginning of Year, restated	21,617	266,842	24,958	427,339
Fund Balances - End of Year	$ 26,291	$ 277,508	$ 25,233	$ 307,917

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Capital Projects			
	Minimum Security Construction	Jail Improvement Construction	Solar Panels	YLFA Bond Construction
Revenues:				
Taxes	$ --	$ --	$ --	$ --
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	--	--	4,452	57,502
Intergovernmental	--	--	--	--
Charges for services	--	--	934,327	--
Other revenues	--	193,935	--	11,628
Total Revenues	--	193,935	938,779	69,130
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	2,761
Total Expenditures	--	--	--	2,761
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	193,935	938,779	66,369
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	(7,844)	(237,000)	(604,678)	--
Total Other Financing Sources (Uses)	(7,844)	(237,000)	(604,678)	--
Net Change in Fund Balances	(7,844)	(43,065)	334,101	66,369
Fund Balances - Beginning of Year, restated	7,844	360,503	1,263,367	7,981,034
Fund Balances - End of Year	$ --	$ 317,438	$ 1,597,468	$ 8,047,403

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Debt Service	Total Nonmajor Governmental Funds
Revenues:		
Taxes	$ --	$ 62,621
Fines, forfeitures and penalties	--	3,822
Use of money and property	--	154,607
Intergovernmental	--	13,738,839
Charges for services	--	2,521,963
Other revenues	--	446,471
Total Revenues	--	16,928,323
Expenditures:		
Current:		
General government	--	119,310
Public protection	--	3,490,770
Public ways and facilities	--	1,503,235
Health and sanitation	--	4,860,780
Public assistance	--	4,784,991
Debt Service:		
Principal	184,178	184,178
Interest	420,500	420,500
Capital outlay	--	2,761
Total Expenditures	604,678	15,366,525
Excess (Deficiency) of Revenues Over (Under) Expenditures	(604,678)	1,561,798
Other Financing Sources (Uses):		
Transfers in	604,678	930,107
Transfers out	--	(913,584)
Total Other Financing Sources (Uses)	604,678	16,523
Net Change in Fund Balances	--	1,578,321
Fund Balances - Beginning of Year, restated	--	26,477,245
Fund Balances - End of Year	$ --	$ 28,055,566

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

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COUNTY OF YUBA

Combining Balance Sheet
Internal Service Funds
June 30, 2013

	Automotive Service	Workers Comp Insurance	Liability Insurance	Health Insurance
ASSETS				
Current Assets:				
Cash and investments	$ 1,429,509	$ 625,155	$ 2,719,326	$ 645,891
Accounts receivable	1,235	349	--	900,621
Interest receivable	43	750	5,600	1,740
Total Current Assets	1,430,787	626,254	2,724,926	1,548,252
Capital Assets:				
Depreciable, net	463,163	--	--	--
Total Assets	1,893,950	626,254	2,724,926	1,548,252
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	43,704	--	3,457	--
Claims liability, current portion	--	--	395,000	--
Total Current Liabilities	43,704	--	398,457	--
Long-term Liabilities:				
Claims liability	--	--	520,000	--
Total Liabilities	43,704	--	918,457	--
Net Position:				
Net investment in capital assets	463,163	--	--	--
Unrestricted	1,387,083	626,254	1,806,469	1,548,252
Total Net Position	$ 1,850,246	$ 626,254	$ 1,806,469	$ 1,548,252

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
Internal Service Funds
June 30, 2013

	General Insurance	Unemployment Insurance	Short-term Disability Insurance	Total
ASSETS				
Current Assets:				
Cash and investments	$ 75,651	$ 647,301	$ 139,362	$ 6,282,195
Accounts receivable	--	--	--	902,205
Interest receivable	118	1,323	308	9,882
Total Current Assets	75,769	648,624	139,670	7,194,282
Capital Assets:				
Depreciable, net	--	--	--	463,163
Total Assets	75,769	648,624	139,670	7,657,445
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	--	--	433	47,594
Claims liability, current portion	--	--	--	395,000
Total Current Liabilities	--	--	433	442,594
Long-term Liabilities:				
Claims liability	--	--	--	520,000
Total Liabilities	--	--	433	962,594
Net Position:				
Net investment in capital assets	--	--	--	463,163
Unrestricted	75,769	648,624	139,237	6,231,688
Total Net Position	$ 75,769	$ 648,624	$ 139,237	$ 6,694,851

COUNTY OF YUBA

Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 1900

	Automotive Service	Workers Comp Insurance	Liability Insurance	Health Insurance
Operating Revenues:				
Charges for services	$ 1,129,732	$ 1,199,998	$ 731,022	$ 10,709,498
Other revenues	6,490	7,697	3,033	--
Total Operating Revenues	1,136,222	1,207,695	734,055	10,709,498
Operating Expenses:				
Services and supplies	996,445	1,140,539	931,727	10,430,103
Depreciation	244,123	--	--	--
Total Operating Expenses	1,240,568	1,140,539	931,727	10,430,103
Net Operating Income (Loss)	(104,346)	67,156	(197,672)	279,395
Non-Operating Revenues (Expenses):				
Interest income (expense)	219	(553)	26,595	7,334
Total Non-Operating Revenue (Expense)	219	(553)	26,595	7,334
Income (Loss) Before Transfers	(104,127)	66,603	(171,077)	286,729
Transfers out	--	--	--	(248,350)
Change in Net Position	(104,127)	66,603	(171,077)	38,379
Net Position - Beginning of Year, Restated	1,954,373	559,651	1,977,546	1,509,873
Net Position - End of Year	$ 1,850,246	$ 626,254	$ 1,806,469	$ 1,548,252

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenses and
Changes in Net Position (continued)
Internal Service Funds
For the Year Ended June 30, 1900

	General Insurance	Unemployment Insurance	Short-Term Disability Insurance	Total
Operating Revenues:				
Charges for services	$ 91,325	$ 242,538	$ 74,058	$ 14,178,171
Other revenues	--	--	--	17,220
Total Operating Revenues	91,325	242,538	74,058	14,195,391
Operating Expenses:				
Services and supplies	63,166	233,110	60,732	13,855,822
Depreciation	--	--	--	244,123
Total Operating Expenses	63,166	233,110	60,732	14,099,945
Net Operating Income (Loss)	28,159	9,428	13,326	95,446
Non-Operating Revenues (Expenses):				
Interest income (expense)	254	6,691	1,423	41,963
Total Non-Operating Revenue (Expense)	254	6,691	1,423	41,963
Income (Loss) Before Transfers	28,413	16,119	14,749	137,409
Transfers out	--	--	--	(248,350)
Change in Net Position	28,413	16,119	14,749	(110,941)
Net Position - Beginning of Year, Restated	47,356	632,505	124,488	6,805,792
Net Position - End of Year	$ 75,769	$ 648,624	$ 139,237	$ 6,694,851

COUNTY OF YUBA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	Automotive Services	Workers Comp Insurance	Liability Insurance	Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from interfund services provided	$1,134,987	$ 1,208,293	$ 734,055	$10,660,837
Cash paid to suppliers for goods and services	(1,017,159)	(1,141,804)	(851,930)	(10,430,121)
Net Cash Provided (Used) by Operating Activities	117,828	66,489	(117,875)	230,716
CASH FLOWS FROM NONCAPITAL FINANCING				
Transfers out	--	--	--	(248,350)
Net Cash Provided (Used) by Investing Activities	--	--	--	(248,350)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	253	(233)	29,919	7,737
Net Cash Provided (Used) by Investing Activities	253	(233)	29,919	7,737
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(21,441)	--	--	--
Net Cash Provided (Used) by Capital and Related Financing Activities	(21,441)	--	--	--
Net Increase (Decrease) in Cash and Cash Equivalents	96,640	66,256	(87,956)	(9,897)
Cash and Cash Equivalents, Beginning of Year	1,332,869	558,899	2,807,282	655,788
Cash and Cash Equivalents, End of Year	$1,429,509	$ 625,155	$2,719,326	$ 645,891

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2013

	General Insurance	Unemployment Insurance	Short-Term Disability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from interfund services provided	$ 91,325	$ 242,538	$ 107,489	$ 14,179,524
Cash paid to suppliers for goods and services	(82,444)	(233,110)	(60,299)	(13,816,867)
Net Cash Provided (Used) by Operating Activities	8,881	9,428	47,190	362,657
CASH FLOWS FROM NONCAPITAL FINANCING				
Transfers out	--	--	--	(248,350)
Net Cash Provided (Used) by Investing Activities	--	--	--	(248,350)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	305	7,149	1,430	46,560
Net Cash Provided (Used) by Investing Activities	305	7,149	1,430	46,560
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	--	--	--	(21,441)
Net Cash Provided (Used) by Capital and Related Financing Activities	--	--	--	(21,441)
Net Increase (Decrease) in Cash and Cash Equivalents	9,186	16,577	48,620	139,426
Cash and Cash Equivalents, Beginning of Year	66,465	630,724	90,742	6,142,769
Cash and Cash Equivalents, End of Year	$ 75,651	$ 647,301	$ 139,362	$ 6,282,195

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2013

	Automotive Services	Workers Comp Insurance	Liability Insurance	Health Insurance
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (104,346)	$ 67,156	$ (197,672)	$ 279,395
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	244,123	--	--	--
Changes in assets and liabilities:				
Increase (decrease) in:				
Accounts receivable	(1,235)	598	--	(48,661)
Accounts payble	(20,714)	(1,265)	(1,203)	(18)
Claims liability	--	--	81,000	--
Net Cash Provided (Used) by Operating Activities	$ 117,828	$ 66,489	$ (117,875)	$ 230,716

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2013

	General Insurance	Unemployment Insurance	Short-Term Disability Insurance	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ 28,159	$ 9,428	$ 13,326	$ 95,446
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	--	--	--	244,123
Changes in assets and liabilities:				
Increase (decrease) in:				
Accounts receivable	--	--	33,431	(15,867)
Accounts payble	(19,278)	--	433	(42,045)
Claims liability	--	--	--	81,000
Net Cash Provided (Used) by Operating Activities	$ 8,881	$ 9,428	$ 47,190	$ 362,657

APPENDIX C

INVESTMENT POLICY OF THE COUNTY

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County of Yuba Investment Pool
Statement of Investment Policy
2012

As designated by Board of Supervisors under the laws of the State of California, it is the responsibility of the County Treasurer, to secure and protect the public funds of the County, and to establish proper safeguards, controls, and procedures to maintain these funds in a lawful, rational and auspicious manner. Said maintenance shall include the prudent and secure investment of those funds that are not immediately required for daily operations, in a manner anticipated to provide additional benefit to the people of the County of Yuba. In addition, the County Treasurer acts as the Treasurer, cash manager, and investor for a sizable number of public agencies within the County, rather than each entity having to locate and hire a knowledgeable person to handle the entity's banking, investments and other financial duties separately. This pooling of public funds not only eliminates duplication of expenses, but also smoothes out cash flow differences, permits cost savings through higher volume, and attracts more professional service providers. This document contains the policies, procedures, and legalities guiding the County Treasurer when investing the Pool's temporarily unemployed funds.

This Statement of Investment Policy is reviewed no less than annually and may be adjusted as needed to reflect any changes in the Government Code or investment practices. Upon request, this Policy will be provided to participants in the County Investment Pool; to securities dealers, banks and brokers currently approved for conducting investment transactions with the County Treasurer's office in the ongoing effort to manage the excess cash portfolio; to other involved persons or entities; and to any member of the electorate wishing to review this document. The Treasurer reserves the right to provide these documents on a cost basis.

SCOPE

This Statement of Investment Policy pertains to those temporarily surplus funds under the control of the Treasurer, designated for the daily ongoing operations of the County-Pool participants; and concerns the deposit, maintenance, and safekeeping of all such funds, and the investments made with these funds. This Policy does not apply to pension moneys, delayed compensation funds, trustee, and certain other non-operating funds not participating in the County Investment Pool. Percentage limitations noted within this Policy shall apply to all money considered to be within the County Investment Pool. Any investments existing outside the Pool shall be subject to the local agency's individual percentages.

PURPOSE OF POLICY STATEMENT

The purpose of this Statement of Investment Policy is to provide those entities participating in the County Investment Pool, those involved in servicing the investment requirements of the County, and any other interested party, a clear understanding of the regulations and internal guidelines that will be observed in maintaining and investing those pooled funds deemed to not be required to meet immediate cash flow requirements.

TREASURY OBJECTIVES

The primary and overriding objective of the Treasurer is to protect the safety of the principal of the Investment Pool through the judicious purchase of those legal investments permitted to local agencies, as defined in the State of California Government Codes, consistent with current conditions and the other dominant objectives pursuant to managing a local agency portfolio, namely:

Safety: It is the primary responsibility of the Treasurer to maintain the safe return of all principal placed in investments by avoiding decisions that might result in losses through fraud, default, or adverse market conditions. Importance is also accorded the protection of accrued interest earned on any investment instrument.

Liquidity: It is imperative that a vast majority of all investments be in items that are immediately negotiable, as the portfolio is a cash management fund. It shall always be assumed that all investments could require immediate liquidation in order to meet unexpected cash calls.

Availability: Due to the nature of a public funds portfolio, it is mandatory that moneys be available to meet the monetary requirements inherent to operating a public entity. Thus funds need to be invested in such a manner that money will always be available, without risk of trading loss, to pay normal cash requirements. A vast majority of the moneys invested by the Treasurer should never require the realization of immoderate losses should an unforeseen cash demand require the sale of investments prior to maturity. A sufficient portion of all funds shall be invested in securities providing a high degree of availability, that is, in securities easily sold or converted to cash in a timely manner, with little or no loss of interest earnings.

Yield: While it is considered desirable to obtain a yield commensurate to current conditions, yield shall not be the driving force in determining which investments are to be selected for purchase. Yield is definitely considered to be of much lesser importance than safety, liquidity or availability.

The Treasurer places investments with the objective of obtaining a respectable rate of return, not attempting to maximize yield at the expense of either safety, liquidity, or availability, yet not totally ignoring those factors within the marketplace that may be indicative of either favorable or hazardous conditions. The portfolio will be managed very conservatively, but actively enough to avert avoidable losses due to adverse market conditions.

PRUDENCE

The Treasurer is subject to the "Prudent Person Rule" whenever making a decision regarding the investment of the Pool's funds. This rule states, in principle:

> *"In investing property for the benefit of others, a trustee shall exercise the judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence, would exercise in the management of their own affairs - not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable safety of, as well as the probable income from, their capital."*

The Treasurer, and those acting for the Treasurer, is considered to have a fiduciary, trustee, relationship with the public for the public funds, and all investment decisions will be made in a manner sustaining this responsibility.

DELEGATION OF AUTHORITY

While the Treasurer has final responsibility for all investment decisions, other Treasury personnel may aid in the day to day operations. Those staff members, in addition to the Treasurer, currently authorized to act on behalf of the Pool, as of the date entered on this Policy, are listed below. This list is subject to change, and those parties newly involved in transactions with the Treasurer's department should always obtain a current Trading Authorization and Agreement form, and be verbally introduced by a known Treasury employee, prior to accepting unconfirmed verbal instructions from any previously unknown Treasury staff member.

TITLE

Assistant Treasurer and Tax Collector

Chief Deputy Treasurer and Tax Collector

Other persons, both inside and outside County employment, may act in the role of assistant or advisor to aid in the timely and proper settlement of investment transactions. While these persons may provide information or aid in the expedient delivery of securities, they may not authorize, approve, or initiate any trading activities. Only the persons listed on a current *Trading Authorization & Agreement,* and the Treasurer, may initiate trading activity.

SECURITIES CUSTODY

The Treasurer has established a third party custody and safekeeping account to which all negotiable instruments shall be delivered upon purchase on a payment versus delivery basis. No negotiable, deliverable, securities or investments will be left in the custody of any brokerage firm or issuing party, including any collateral from Repurchase Agreements.

AUTHORIZED INVESTMENTS AND LIMITATIONS

The Government Codes of the State of California, primarily within sections 53600 et. seq., establish the legality of certain types of investment vehicles for a California local agency's portfolio. Thereby, under no circumstances is the Treasurer permitted to purchase an investment that is not specifically authorized for a local agency under these, or other code sections that may apply, or might later be enacted, pertaining to local agency investments. Securities brokers dealing with the County Pool should possess a complete understanding of these Code sections.

An attached Addendum briefly describes the types of securities legal within the Government Code sections noted above and outlines the various limitations included in these sections. Except for the restrictions noted below in this section, all legality permitted investment options described in the Government Code are authorized at this time. Funds placed in the State's Local Agency Investment Fund (LAIF) shall follow the limitations placed on these deposits by the State and may change in accordance with these restrictions.

Though these Government Code sections define the investment types and terms permissible to the Treasurer under this Policy, various temporary and more restrictive constraints may at times be deemed beneficial due to transient conditions within the marketplace. These flexible constraints are not part of this Policy but may be obtained by requesting a current "Temporary Constraints and Restrictions on Investments" document, which will change on an "as needed" basis. These constraints or restrictions may only be ***more*** restrictive than those of the Policy, but may ***not*** be ***less*** restrictive. Securities Brokers and Dealers should be aware of these temporary conditions in order to save time and best serve the County Pool.

Though the Government Code sections define the investment types and terms permissible to the Treasurer, the Treasurer currently will not:

- Invest in any security or investment with a stated or potential final maturity longer than five years, unless the conditions of the security include terms that permit the purchaser to *unconditionally* "put", or sell back, to the *original issuer*, the security prior to five years from the purchase date; or the Board of Supervisors has pre-approved, as required by the Government Codes.
- Invest in any security or investment wherein, by the terms of the investment, interest might not be earned during any period the security or investment exists.
- Purchase any security wherein under terms inherent to the security, or the investment agreement under which the security is purchased, circumstances could result wherein the investment runs a risk of earning a rate of return substantially below other investments obtainable on a fixed rate basis at the time of purchase, or drastically different than the prevailing rate during any time prior to the maturity of the issue.
- Purchase any Collateralized Mortgage Obligation.
- Invest in futures or options.

AUTHORIZED DEALER LIST

It is prohibited for a transaction to be entered into with any securities broker, dealer or bank investment department or subsidiary prior to that enmity being designated an Authorized Dealer, and placed on the Authorized Dealer List. For a firm to become authorized it must first demonstrate that it will add value to the Treasurer's efforts to best manage the cash portfolio, as well as fulfill certain other minimum requirements. To qualify for Authorized Dealer status, a brokerage firm or bank must:

1) Be a dealer operation properly licensed to deal with local agencies in California, **and;**

2) Have a minimum of $10mm in capital, or, be a Primary Dealer of the Federal Reserve Bank of New York; **and;**

3) Be headquartered in the State of California, or, the City of New York, or be the direct issuer of a security type normally purchased by the Treasurer;

Or;

Be a department or subsidiary of an insured bank with minimum assets of $50mm that the County has comprehensive banking relationships with;

Or;

Be an established broker operation in New York or its environs, with a history of profitability, that is properly licensed to deal with local agencies in California, that has capital of not less than $500mm, and does not position securities for their own portfolio, but brokers securities for their established clients consisting primarily of traders for Primary Dealers and/or other major institutional fixed income brokerage operations, issuers and investors.

If meeting the above requirements, a salesperson may apply to become an Authorized Dealer by sending to the Treasurer their most recent annual and interim audited financial statements and a letter furnishing:

1) Their reasons for believing they would add value to the present coverage; **and,**
2) A general roster of those markets they participate in, and specifics on those types of securities they as a firm, regularly issue or regularly hold dealer trading positions in; [**or,** a list of those dealers they are able to represent, and the securities they regularly position;] **and,**
3) A list of five references, at least three being California local agency treasurers, including telephone numbers that the Treasurer or his representative may contact.

The Treasurer will instigate an investigation of the applying salesperson and the firm through various sources, including the California Department of Corporations and the N.A.S.D., to determine market participation, knowledge, reputation, and financial stability. All salespeople and their supervisors will be expected to have a working knowledge of the appropriate sections of the State of California Government Code, sufficient experience in covering public entities, a willingness to well serve their customers, a complete and total understanding of this Investment Policy, and demonstrate an ongoing ability to work with the Treasurer and staff. The Treasurer will review all new requests at the end of each quarter, and if the decision is made that additional dealers would be beneficial to best service the portfolio's needs, those dealers selected will be informed of their addition to the Authorized Dealer List. All dealers are subject to removal from the Authorized Dealer List at any time, solely at the discretion of the Treasurer.

The Treasurer, or Treasury staff, is prohibited from dealing with a salesman, broker, or account executive from any broker, dealer or bank investment department or bank subsidiary until the Acknowledgment form found on the last page of the Trading Authorization and Agreement is signed by all parties and received by the Treasurer. The Trading Authorization and Agreement is sent out to all approved dealers, and is an integral addition to this Policy Statement for Brokers/ Dealers, etc. doing investment business with the County Treasurer or Treasury staff.

Similar restrictions and forms may be required of those firms doing business with the County Pool through retained financial advisors or managers. Certain selected firms may be chosen or appointed by the Treasurer to render specific services the Treasurer determines they are uniquely qualified to provide, wherein some of the requirements of this section may be waived.

Neither the Treasurer, nor any member of the Treasurer's staff, may accept any gift, honoraria, gratuity or service of value in violation of the regulations set forth by the Fair Political Practices Commission, the Government Code, additional limitations set forth by County ordinance, or internal requirements of the Treasurer. The Treasurer and all members of the Treasury staff are prohibited from conducting any business with any broker, dealer, or securities firm that has made a political contribution within any consecutive 48 month period beginning January 1, 1996, in an amount exceeding the limitation contained in Rule G 37 of the Municipal Securities Rulemaking Board, to the County Treasurer or any member of the Board of Supervisors, or any candidate for these offices.

THE COUNTY TREASURY OVERSIGHT COMMITTEE

The County Board of Supervisors and the Treasurer do not currently have a Treasury Oversight Committee. This is in accordance with the State dropping the mandate for such a committee. The frame work for a committee is still outlined within the Government Codes sections, and described herein, should the committee be reactivated, these section will provide the basis for this committee. The Treasurer will nominate for approval by the Board, a County Treasury Oversight Committee. This committee will include from three to eleven members, as the Board of Supervisors, in consultation with the County Treasurer, shall determine is appropriate. This Committee shall include selected persons only from the following categories:

a) The County Treasurer.
b) The County Auditor/Auditor-Controller/Finance Director.
c) An appointed representative of the Board of Supervisors.
d) The County Superintendent of Schools, or designee.

e) A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts of the County.

f) A representative selected by a majority of the presiding officers of the legislative bodies of the special districts within the County that are required or authorized to deposit money in the County Investment Pool.

g) One to five bipartisan members of the public that have expertise in public finance and come from diverse economic backgrounds.

Members of the Committee may not have contributed to the any election campaign for the position of Treasurer or for any candidate to the Board of Supervisors within the past three years. Members may not directly or indirectly raise money for any candidate for local treasurer or a candidate for member of the legislative body of any local agency with money in the County Pool while a member of the Committee, nor may a member secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the committee, or for one year after leaving the Committee. Members may not accept any gift, honoraria, gratuity or service of value in violation of the regulations set forth by the Fair Political Practices Commission, the Government Code, any additional limitations set forth by County ordinance, or internal requirements of the Treasurer.

In order for the Committee to oversee the Treasurer's compliance with the Investment Policy and State law, the Treasurer will insure the Committee has a current copy of the County Pool Investment Policy and normal and appropriate reports necessary to monitor the Treasurer's compliance with the Investment Policy, and other appropriate regulations.

Committee meetings shall be open to the public and in compliance with the appropriate sections of the Ralph M. Brown Act. All costs related to the duties of the Oversight Committee will be considered normal charges against earnings of the Investment Pool.

By law, the Oversight Committee shall have no authority to require discussion, attempt to direct, or in any way interfere with the process or daily operation of any portion of the Treasury department, nor shall the Committee attempt to play any role in determining which banks, firms or individuals the Treasurer does business with, nor shall the Committee be involved at all in determining which investments the Treasurer purchases, but shall act solely to review the actions of the Treasurer to determine that they are in accordance and compliance with the Investment Policy and all other legal requirements or regulations.

TERMS FOR FUNDS INVESTED WITH THE COUNTY INVESTMENT POOL

The Government Code requires the County Treasurer to define the limits and conditions under which local agencies having their money in the Investment Pool may deposit and withdraw their funds. The Government Codes confer upon the Treasurer the final authority as to how funds for which the Treasurer is responsible for overseeing, are to be invested. The Treasurer must take into consideration the current financial condition of the sum total of the Pool's agencies, the conditions of the market place, as well as the cash flow projections and the potential for changes in the Pool's cash needs. The Treasurer must protect the earnings of each individual local agency in the Pool, and also see that no decision will reward a particular agency or group of agencies within the Pool at the expense of another or others within the Pool. If the Treasurer determines that a request for a withdrawal of funds for a specific or outside investment is not, in the Treasurer's opinion, in the best interest of a particular agency, or is overly detrimental to the pool as a whole, the Treasurer must legally deny the request, or find a means of neutralizing the harm to all others affected.

Any funds deposited in accounts that are consolidated into the County Investment Pool that are not immediately required to meet cash flows of the Pool will be invested by the Treasurer or the Treasurer's staff. All Pool entities agree that by placing funds in such accounts that they agree to proportionately participate in all investments within the Investment Pool.

FUNDS OF AGENCIES REQUIRED TO INVEST WITHIN THE POOL

Funds will be accepted at all times, in the manner prescribed, from those local agencies where the County Treasurer is also the Treasurer for the local agency, or from any agencies that by statute must place their money in the County Pool. Funds will earn interest based on the average daily balance, paid on a quarterly basis.

Should a legislative body of a local agency determine that certain funds will not be required by the local agency for a period of at least two years, the local agency may petition the County Treasurer to invest that portion of the local agency's excess funds in a specific investment under the control of the County Treasurer. Such a petition should state the nature of the funds the legislative body wishes to invest specifically, and the reasons why the legislative body believes a specific investment is a preferable and viable alternative to general Pool participation. Should the Treasurer determine that the request for a specific investment is valid and not counter-productive to the Pool as a whole, the Treasurer will consult with the local agency's legislative body, or its appointed representative, to suggest and determine exactly what investment(s) should be purchased to fulfill the needs of the local agency. The Treasurer will then purchase the specific investment(s) upon receipt of a written resolution, issued by the legislative body of the local agency, requesting the specific investment. The resolution must acknowledge that the local agency's legislative body takes full responsibility for the decision to purchase the specific investment(s), and that should conditions change requiring a sale prior to maturity of the specific investment(s), any loss that might be suffered as a result, will be solely that of the local agency, and that this loss shall not be shared by the Pool as a whole, nor by the County.

Under language added to the Government Code in 1995, it is not permissible for local agency legislative bodies, required to have their funds within the Pool, to withdraw funds from the Pool in order to invest outside the County Pool in any manner, at any time, without the specific permission of the Treasurer. Any such investments shall either be terminated and all funds returned to the Pool, or the securities so purchased shall be transferred to the custody of the County Treasurer immediately. Upon receipt of any such securities by the Treasurer, the Treasurer shall at the Treasurer's option, place the investment in the Pool, terminate the investment at the current market value and credit the local agency with the proceeds, or place the security in the name of the local agency as a specific investment.

MONEY VOLUNTARILY INVESTED WITH THE COUNTY INVESTMENT POOL

By Code, the County Treasurer shall set conditions under which money from local agencies, not required to have their funds in the Investment Pool, may deposit and withdraw voluntarily invested funds.

Local agencies from outside the County will not be permitted to deposit funds in the County Pool. Funds from local agencies within the County, voluntarily wishing to participant in the Pool, shall be accepted under the terms existing in this Policy, along with any additional terms the Treasurer deems prudent, given the entity's particular situation. Voluntary money maybe withdrawn under conditions set forth in Sections 27133 and 27136 of the Government Codes and as previously specified in any agreements made with the Treasurer. Specific investments are not normally permitted with voluntary funds, though on a cost recovery basis and under circumstances that dictate such activity, exceptions may be permitted.

APPORTIONING OF COSTS AND INTEREST

All costs related to investing, maintaining and accounting for the investments purchased for the Investment Pool, as authorized by Section 27013, shall be apportioned equally on the average daily balance method quarterly to all participants with funds in the Investment Pool, including those held in specific investments. Interest earning shall be apportioned on the same basis and also distributed quarterly.

REPORTING

The Treasurer generally makes adjustments to the County Pool Investment Policy near the beginning of the calendar year and makes the revised document available to those requesting it. Other reports on the holdings, status and earnings of the portfolio may also available during the year.

Addendum

Legal Pool Investments*

Investment Type	Max. % of Portfolio	Max. Maturity	Quality Requirements
a) Bonds issued by a local agency	None	None	None
b) Treasury obligations	None	None	None
c) State of California Obligations	None	None	None
d) State & local Obligations from the other 49 states	None	None	None
e) Obligation of Calif. local agency	None	None	None
f) Obligations issued by Federal Agencies and U.S. Government Sponsored Enterprises	None	None	None
g) Bankers Acceptances	40%	180 days max.	None
h) Commercial Paper	40%	270 days max.	U.S. entity with credit enhancements resulting in paper rating A1/P1 or better; with $500MM in assets; A or higher long term rating if any; max. 10% of portfolio per issuer.
i) Negotiable C.D.s	30%	5 years	None
j) Repurchase Agreements	None	1 year	Collateral must be a legal investment of 102%
Reverse Repurchase Agreements	20% of base	92 days max., or to maturity	None
k) Medium Term Note	30%	5 years	U.S. Corporations, or Banks licensed within any State of the U.S., "A" or better rating by major rating service.
l) Mutual Funds	20%, 10% per fund	NA	A defined money market fund; or invest only in a-j, m, n, of this list, as restricted; Highest letter and number ranking of 2 of 3 rating services; or a SEC Registered Advisor with 5 Yrs. experience, managing assets of $500MM or more; No load.
m) Investments as permitted by provision in agreements of indebtedness	As per bond documentation	NA	Not contrary to 53601 & 35 and other pertinent law.
n) Asset secured indebtedness	None	None	As required by 53652
o) Collateralized Mortgage obligations	20%	5 years	Issuer must be rated "A" minimum, security must be "AA" by national rating service.
p) Joint Powers authority	None	None	None
q) Contracted Non-Neg. Time Deposits	None	None	None
635.8) Deposited Pooled small C.D.s	30%	None	Insured as to principle and interest

These tables are not meant to be a replacement for the Government Code. Involved parties should obtain a valid, updated copy of the pertinent Code sections to fully understand all the details included within these Codes.

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APPENDIX D

FORM OF SPECIAL COUNSEL OPINION

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Supervisors of the
County of Yuba
915 8th Street, Suite 115
Marysville, California 95901

OPINION: $6,425,000 Certificates of Participation (2015 Sheriff's Facility Financing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the County of Yuba, California, as the Rental for Certain Property Pursuant to a Lease Agreement with the County of Yuba Facilities Corporation

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Members of the Board of Supervisors:

We have acted as special counsel in connection with the delivery by the County of Yuba, California (the "County"), of its $6,425,000 Lease Agreement, dated as of February 1, 2015, by and between the County of Yuba Facilities Corporation (the "Corporation") and the County (the "Lease Agreement"), pursuant to the California Government Code. The Corporation has, pursuant to the Assignment Agreement, dated as of February 1, 2015 (the "Assignment Agreement"), by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), assigned certain of its rights under the Lease Agreement, including its right to receive a portion of the lease payments made by the County thereunder (the "Lease Payments"), to the Trustee. Pursuant to the Trust Agreement, dated as of February 1, 2015, by and among the Trustee, the Corporation and the County (the "Trust Agreement"), the Trustee has executed and delivered certificates of participation (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in the Lease Payments. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The County is duly created and validly existing as a municipal corporation and general law city organized and existing under the laws of the State of California with the power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement has been duly authorized, executed and delivered by the County and is an obligation of the County valid, binding and enforceable against the County in accordance with its terms.

3. The Trust Agreement and the Assignment Agreement are valid, binding and enforceable in accordance with their terms.

4. Subject to the terms and provisions of the Lease Agreement, the Lease Payments to be made by the County are payable from general funds of the County lawfully available therefor. By virtue of the Assignment Agreement, the owners of the Certificates are entitled to receive their fractional share of the Lease Payments in accordance with the terms and provisions of the Trust Agreement.

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

6. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

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

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

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

Respectfully submitted,

APPENDIX E

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement prepared for Certificates. The following also includes definitions of certain terms used therein and in this Official Statement. Such summary is not intended to be definitive. Reference is directed to said documents for the complete text thereof. Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. Copies of said documents are available from the County and from the Trustee.

DEFINITIONS

"*Additional Payments*" means the payments so designated and required to be paid by the County pursuant to the Lease Agreement.

"*Applicable Environmental Laws*" means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 USC Sections 9601 *et seq.*; the Resource Conservation and Recovery Act ("RCRA"), 42 USC Sections 6901 *et seq.*; the Federal Water Pollution Control Act, 33 USC Sections 1251 *et seq.*; the Clean Air Act, 42 USC Sections 7401 *et seq.*; the California Hazardous Waste Control Law ("HWCL"), California Health & Safety Code Sections 25100 *et seq.*; the Hazardous Substance Account Act ("HSAA"), California Health & Safety Code Sections 25300 *et seq.*; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code Sections 1300 *et seq.*; the Air Resources Act, California Health & Safety Code Sections 3900 *et seq.*; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 *et seq.*; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

(a) the existence, cleanup, and/or remedy of contamination on property;

(b) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;

(c) the control of hazardous wastes; or

(d) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

"*Assignment Agreement*" means the Assignment Agreement, dated as of February 1, 2015, by and between the Corporation and the Trustee, together with any duly authorized and executed amendments thereto.

"*BAM*" means Build America Mutual Assurance Company, or any successor thereto.

"*Board*" means the Board of Supervisors of the County.

"*Bond Counsel*" means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the County of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"*Business Day*" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the state in which the Principal Corporate Trust Office is located or in the State are closed or are required to close or a day on which the New York Stock Exchange is closed.

"*Certificate of Completion*" means the certificate of a County Representative certifying that the construction of the Project has been completed by the County and that all costs relating thereto have been paid.

"*Certificates*" means the certificates of participation to be executed and delivered pursuant to the Trust Agreement which evidence direct, undivided fractional Interests of the Owners thereof in Lease Payments.

"*Closing Date*" means the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase price of the Certificates by the Original Purchaser.

"*Code*" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Lease Agreement or the Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

"*Completion Date*" means the date of completion of the Project as evidenced by the filing with the Trustee of a Certificate of Completion.

"*Continuing Disclosure Certificate*" shall mean that certain Continuing Disclosure Certificate executed by the County and dated the date of execution and delivery of the Certificates, as it may be amended from time to time in accordance with the terms thereof.

"*Corporation*" means the County of Yuba Public Facilities Corporation, a nonprofit, public benefit corporation organized and existing under and by virtue of the laws of the State.

"*Corporation Representative*" means the President, the Executive Director, the Treasurer and the Secretary of the Corporation, or the designee of any such official, or any other person authorized by resolution delivered to the Trustee to act on behalf of the Corporation under or with respect to the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement.

"*County*" means Yuba County, a political subdivision of the State.

"*Defeasance Obligations*" means (a) cash, (b) direct non-callable obligations of the United States of America, (c) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, (d) Refcorp interest strips, (e) CATS, TIGRS, STRPS, and (f) defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination of the foregoing).

"*Delivery Costs*" means all items of expense directly or indirectly payable by or reimbursable to the County or the Corporation relating to the execution and delivery of the Site and Facility Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, costs for statistical data, initial fees and charges of the Trustee (including the fees and expenses of its counsel), financing discounts, legal fees and charges, insurance fees and charges (including title insurance), financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates, premiums for the Municipal Bond Insurance Policy and the Reserve Fund Policy and charges and fees in connection with the foregoing.

"*Delivery Costs Fund*" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"*County*" means County of Yuba, a political subdivision, duly organized and existing under and by virtue of the laws of the State.

"*County Representative*" means the President of the Board, the Superintendent, the Chief Business Officer, or the designee of any such official, or any other person authorized by resolution delivered to the Trustee to act on behalf of the County under or with respect to the Site and Facility Lease, the Lease Agreement and the Trust Agreement.

"*Event of Default*" means an event of default under the Lease Agreement.

"*Facility*" means those certain existing facilities more particularly described in the Site and Facility Lease and in the Lease Agreement.

"Federal Securities" means (a) Cash (insured at all times by the Federal Deposit Insurance Corporation), and (b) obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States including: (i) United States treasury obligations, (ii) all direct or fully guaranteed obligations, (iii) Farmers Home Administration, (iv) General Services Administration, (v) Guaranteed Title XI financing, (vi) Government National Mortgage Association (GNMA), and (vi) State and Local Government Series.

"*Fiscal Year*" means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period selected by the County as its fiscal year.

"*Hazardous Substance*" means any substance that shall, at any time, be listed as "hazardous" or "toxic" in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Property, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 *et seq*.).

"*Independent Counsel*" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Corporation, the County or the Trustee.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at http://emma.msrb.org) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information or disseminating notices of redemption of obligations similar to the Certificates.

"*Insurance and Condemnation Fund*" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"*Interest Payment Date*" means the first (1st) day of February and August in each year, commencing August 1, 2015, so long as any Certificates are Outstanding.

"*Late Payment Rate*" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Certificates, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as BAM in its sole and absolute discretion shall specify.

"*Lease Agreement*" means that certain agreement for the lease of the Property by the Corporation to the County, dated as of February 1, 2015, together with any duly authorized and executed amendments thereto.

"*Lease Payment Date*" means the fifteenth (15th) day of January and July in each year during the Term of the Lease Agreement, commencing July 15, 2015.

"*Lease Payment Fund*" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"*Lease Payments*" means the total payments required to be paid by the County pursuant to the Lease Agreement, including any prepayment thereof pursuant to the Lease Agreement, which payments consist of an interest component and a principal component, as set forth in the Lease Agreement.

"*Moody's*" means Moody's Investors Service, New York, New York, or its successors.

"*Municipal Bond Insurance Policy*" means the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal and interest with respect to the Certificates when due.

"*Net Proceeds*," when used with respect to insurance or condemnation proceeds, means any insurance proceeds or condemnation award paid with respect to the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"*Original Purchaser*" means the first purchaser of the Certificates upon their delivery by the Trustee on the Closing Date.

"*Outstanding,*" when used as of any particular time with respect to Certificates, means (subject to the provisions of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except:

(a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Certificates for the payment or redemption of which funds or Defeasance Obligations in the necessary amount shall have theretofore been deposited with the Trustee or an escrow holder (whether upon or prior to the maturity or redemption date of such Certificates), provided that, if such Certificates are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

"*Owner*" or "*Certificate Owner*" or "*Owner of a Certificate,*" or any similar term, when used with respect to a Certificate means the person in whose name such Certificate shall be registered on the Registration Books.

"*Participating Underwriter*" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"*Permitted Encumbrances*" means, as of any particular time: (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the County may, pursuant to provisions of the Lease Agreement, permit to remain unpaid; (b) the Site and Facility Lease; (c) the Lease Agreement; (d) the Assignment Agreement; (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (f) easements, rights-of-way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the County certifies in writing will not materially impair the use of the Property; and (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Lease Agreement and to which the Corporation and the County agree in writing do not reduce the value of the Property.

"*Permitted Investments*" means any of the following:

(a) Federal Securities;

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: (i) Export-Import Bank, (ii) Rural Economic Community Development Administration, (iii) U.S. Maritime Administration, (iv) Small Business Administration, (v) U.S. Department of Housing & Urban Development (PHAs), (vi) Federal Housing Administration, and (vii) Federal Financing Bank;

(c) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), (ii) obligations of the Resolution Funding Corporation (REFCORP), and (iii) senior debt obligations of the Federal Home Loan Bank System;

(d) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks, which may include the Trustee and its affiliates, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(e) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(f) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Trust Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Trust Agreement may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(g) Pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or (B) (i) which are fully secured as to principal, interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal, interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal, interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) Municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P;

(i) the Local Agency Investment Fund maintained by the State;

(j) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program (CAMP); and

(k) the Yuba County Investment Pool.

"*Principal Corporate Trust Office*" means the corporate trust office of the Trustee located at One California Street, Suite 1000, San Francisco, CA 94111, Attention: Corporate Trust Department, or, solely for the purposes of the presentation of Certificates for payment, transfer or exchange, the designated corporate trust operations office of the Trustee or such other office designated by the Trustee from time to time.

"*Proceeds*," when used with reference to the Certificates, means the face amount of the Certificates, less original issue discount.

"*Project*" means the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff's facility, more particularly described in the Trust Agreement.

"*Project Costs*" means all costs of payment of, or reimbursement for, the Project.

"*Project Fund*" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"*Property*" means, collectively, the Site and the Facility.

"*Rating Category*" means, with respect to any Permitted Investment, one of the generic categories of rating by Moody's or S&P applicable to such Permitted Investment, without regard to any refinement or graduation of such rating category by a plus or minus sign or a numeral.

"*Registration Books*" means the records maintained by the Trustee pursuant to the Trust Agreement for registration of the ownership and transfer of ownership of the Certificates.

"*Regular Record Date*" means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

"*Rental Period*" means each twelve-month period during the Term of the Lease Agreement commencing on February 2 in any year and ending on February 1 in the next succeeding year; *provided, however*, that the first Rental Period shall commence on the Closing Date and shall end on February 1, 2016.

"*Reserve Fund*" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"*Reserve Fund Agreement*" means the Debt Service Reserve Agreement, dated the Closing Date, by and between the County and BAM.

"*Reserve Fund Policy*" means the Reserve Fund Policy issued by BAM in lieu of a cash funded reserve fund for the Certificates in an amount equal to the Reserve Requirement.

"*Reserve Requirement*" means an amount equal to the maximum annual Lease Payments. The amount of the Reserve Requirement shall not be reduced unless the Certificates are partially refunded, in which such amount shall be reduced to an amount equal to the maximum annual Lease Payments relating to the Certificates not so refunded, as specified in a certificate of a County Representative delivered to the Trustee.

"*S&P*" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, or its successors.

"*Securities Depositories*" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041 Attention: Call Notification Department; or to such other addresses and/or such other registered securities depositories holding substantial amounts of obligations of types similar to the Certificates.

"*Site*" means that certain real property more particularly described in the Site and Facility Lease and in the Lease Agreement.

"*Site and Facility Lease*" means the Site and Facility Lease, dated as of February 1, 2015, by and between the County, as lessor, and the Corporation, as lessee, together with any duly authorized and executed amendments thereto.

"*State*" means the State of California.

"*Term of the Lease Agreement*" means the time during which the Lease Agreement is in effect, as provided in the Lease Agreement.

"*Trust Agreement*" means the Trust Agreement, dated as of February 1, 2015, by and among the County, the Corporation and the Trustee, together with any duly authorized amendments thereto.

"*Trustee*" means U.S. Bank National Association, or any successor thereto, acting as Trustee pursuant to the Trust Agreement.

SITE AND FACILITY LEASE

The Site and Facility Lease is entered into between the County and the Corporation. The County agrees to lease the Site and the Facility to the Corporation for a term continuous with the term of the Lease Agreement. The County and the Corporation agree that the lease to the Corporation of the County's right, title and interest in the Site and the Facility pursuant to the Site and Facility Lease serves the public purposes of the County by enabling the Corporation to lease the Site and Facility back to the County.

LEASE AGREEMENT

Deposit of Money

On the Closing Date, the Corporation shall cause to be deposited with the Trustee the net proceeds of sale of the Certificates, net of amounts paid by the Original Purchaser to BAM as an accommodation to the County for the premiums relating to the Municipal Bond Insurance Policy and the Reserve Policy. Amounts estimated to be required to pay Delivery Costs shall be deposited in the Delivery Costs Fund and amounts estimated to be required to pay Project Costs, shall be deposited in the Project Fund.

Payment of Project Costs Payment of Project Costs shall be made from the moneys deposited in the Project Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with the Trust Agreement.

Payment of Delivery Costs

Payment of Delivery Costs shall be made from the moneys deposited in the Delivery Costs Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with the Trust Agreement.

Lease

The Corporation leases the Property to the County, and the County leases the Property from the Corporation, upon the terms and conditions set forth in the Lease Agreement. The leasing of the Property by the County to the Corporation pursuant to the Site and Facility Lease shall not affect or result in a merger of the County's leasehold estate pursuant to the Lease Agreement and its fee estate as lessor under the Site and Facility Lease.

Term of Agreement; Possession

The Term of the Lease Agreement shall commence on the Closing Date, and shall end on February 1, 2045, unless such term is extended. If, on February 1, 2045, the Trust Agreement shall not be discharged by its terms or if the Lease Payments payable under the Lease Agreement shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended without the need to execute any amendment to the Lease Agreement until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond February 1, 2055. If, prior to February 1, 2045, the Trust Agreement shall be discharged by its terms, the Term of the Lease Agreement shall thereupon end. The Trustee shall notify the Corporation of the termination of the Lease Agreement pursuant to the Trust Agreement.

Notwithstanding the foregoing, the Term of the Lease Agreement shall not end so long as any amounts are owed to BAM with respect to the Municipal Bond Insurance Policy or the Reserve Policy.

The County agrees to accept and take possession of the Property on or prior to the date of recordation of the Lease Agreement. The first Lease Payment shall be due on July 15, 2015.

Lease Payments

Obligation to Pay. The County agrees to pay to the Corporation, its successors and assigns, as rental for the use and occupancy of the Property during each Rental Period, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in the Lease Agreement, to be due and payable on the respective Lease Payment Dates specified in the Lease Agreement. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole and other than amounts required for payment of Certificates not yet surrendered) shall be credited towards the Lease Payment then due and payable; and no Lease Payment need be made on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be paid. The Lease Payments for the Property payable in any Rental Period shall be for the use of the Property for such Rental Period.

Effect of Prepayment. In the event that the County prepays all remaining Lease Payments and all additional payments due under the Lease Agreement in full, the County's obligations under the Lease Agreement shall thereupon cease and terminate including, but not limited to, the County's obligation to pay Lease Payments under the Lease Agreement; subject however, to the provisions of the Lease Agreement in the case of prepayment by application of a security deposit. In the event that the County optionally prepays the Lease Payments in part but not in whole, such prepayment shall be credited entirely towards the prepayment of the Lease Payments as follows: (i) the principal components of each remaining such Lease Payments shall be reduced in such order as shall be selected by the County in integral multiples of $5,000; and (ii) the interest component of each remaining Lease Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates redeemed pursuant to the Trust Agreement.

Rate on Overdue Payments. In the event the County should fail to make any of the payments required in the Lease Agreement, the payment in default shall continue as an obligation of the County until the amount in default shall have been fully paid and the County agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate per annum payable with respect to the Certificates. Such interest, if received, shall be deposited in the Lease Payment Fund or in the Reserve Fund to replenish the Reserve Fund if withdrawals were made therefrom as a result of the default.

Fair Rental Value. The Lease Payments for each Rental Period shall constitute the total rental for the Property for each such Rental Period and shall be paid by the County in each Rental Period for and in consideration of the right of the use and occupancy and the continued quiet use and enjoyment of the Property during each Rental Period. The parties to the Lease Agreement have agreed and determined that the total Lease Payments represent the fair rental value of the Property. In making such determination, consideration has been given to the obligations of the parties under the Lease Agreement, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the County and the general public.

Source of Payments; Budget and Appropriation.

(a) The Lease Payments and Additional Payments shall be payable from any source of available funds of the County, subject to the provisions relating to abatement. The County covenants to take such action as may be necessary to include all Lease Payments and Additional Payments due hereunder in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and Additional Payments. The covenants on the part of the County herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such official to enable the County to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the County. During the Term of the Lease Agreement, the County shall furnish to the Corporation and the Trustee, no later than ten days following the adoption of a budget for the current Fiscal Year, a certificate stating that the Lease Payments and Additional Payments due in that Fiscal Year have been included in the budget approved by the Board for such Fiscal Year.

(b) If Lease Payments and Additional Payments are subject to abatement, upon a payment by BAM under the Reserve Fund Policy and/or the Municipal Bond Insurance Policy:

> (i) All officers charged with the duty of preparing and submitting the annual budget of the County to the Board are hereby irrevocably directed, following any draw on the Reserve Fund Policy and/or the Municipal Bond Insurance Policy to include in the proposed budget and to request that the Board include in the final approved budget, and thereby appropriate, any amounts necessary to reimburse BAM for all amounts paid under the Reserve Fund Policy and/or the Municipal Bond Insurance Policy, including interest due and any other amounts payable to BAM (collectively, the "Reinstatement Amount"). Such officers shall use their best efforts to obtain such appropriations.
>
> (ii) The request for inclusion in the final approved budget and appropriation shall be made in each Fiscal Year so long as reimbursement amounts are owed to BAM. Failure by the officers charged with the duty of preparing and submitting the annual budget of the County to the Board to request such inclusion and appropriation shall constitute an Event of Default under the Lease Agreement and BAM may exercise remedies accordingly.
>
> (iii) The decision of the Board as to whether or not to approve and appropriate any Reinstatement Amount in any given Fiscal Year is in the sound discretion of the Board; the failure of the Board to approve

and appropriate the Reinstatement Amount in any given Fiscal Year shall not constitute an Event of Default under the Lease Agreement or under the Trust Agreement.

(c) Once the Lease Payments and Additional Payments are no longer subject to abatement pursuant to the Lease Agreement, the terms and provisions of paragraph (a) above shall control and the County shall be obligated in accordance with such paragraph (a) to pay to BAM all Reinstatement Amounts,

Assignment. The County understands and agrees that all Lease Payments have been assigned by the Corporation to the Trustee in trust, pursuant to the Assignment Agreement, for the benefit of the Owners of the Certificates, and the County assents to such assignment. The Corporation directs the County, and the County agrees to pay to the Trustee at the Principal Corporate Trust Office, all payments payable by the County pursuant to the Lease Agreement.

Additional Payments

In addition to the Lease Payments, the County shall pay when due the following additional payments:

(a) Any fees and expenses incurred by the County in connection with or by reason of its leasehold estate in the Property as and when the same become due and payable;

(b) Any amounts due to the Trustee pursuant to the Trust Agreement for all services rendered under the Trust Agreement and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Trust Agreement;

(c) Any reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the County, the Corporation or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Lease Agreement or the Trust Agreement;

(d) Any reasonable out-of-pocket expenses of the County in connection with the execution and delivery of the Lease Agreement or the Trust Agreement, or in connection with the execution and delivery of the Certificates, including any and all expenses incurred in connection with the authorization, execution, sale and delivery of the Certificates, or incurred by the Corporation in connection with any litigation which may at any time be instituted involving the Lease Agreement, the Trust Agreement, the Certificates or any of the other documents contemplated or thereby, or incurred by the Corporation in connection with the Continuing Disclosure Certificate, or otherwise incurred in connection with the administration thereof.

(e) Any amounts owed to BAM with respect to the Municipal Bond Insurance Policy or the Reserve Fund Policy including, without limitation, any amounts owed to BAM pursuant to the Trust Agreement. The County's obligation to pay such amounts shall expressly survive payment in full of the Certificates.

Title

During the Term of the Lease Agreement, the Corporation shall hold leasehold title to the Property and shall hold fee title to those portions of the Property which are newly acquired or constructed and any and all additions which comprise fixtures, repairs, replacements or modifications to the Property, except for those fixtures, repairs, replacements or modifications which are added to the Property by the County at its own expense and which may be removed without damaging the Property and except for any items added to the Property by the County pursuant to the Lease Agreement.

If the County prepays the Lease Payments in full or makes the security deposit permitted by the Lease Agreement, or pays all Lease Payments during the Term of the Lease Agreement as the same become due and payable, all right, title and interest of the Corporation in and to the Property shall be terminated. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the County to consummate any such transfer of title.

Maintenance, Utilities, Taxes and Assessments

Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the County and the County shall pay, or otherwise arrange, for the payment of all utility services supplied to the Property which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof. In exchange for the Lease Payments, the Corporation agrees to provide only the Property. The County waives the benefits of subsections 1 and 2 of section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the County under the terms of the Lease Agreement.

The County shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the County affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the Term of the Lease Agreement as and when the same become due.

The County may, at the County's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation or BAM shall notify the County that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the County shall promptly pay such taxes, assessments or charges or provide the Corporation and BAM with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation. The County shall provide the Corporation and BAM with written notice of any such contest and shall provide such updates on the contest as the Corporation or BAM may reasonably request.

Modification of Property

The County shall, at its own expense, have the right to remodel the Property or to make additions, modifications and improvements to the Property. All additions, modifications and improvements to the Property shall thereafter comprise part of the Property and be subject to the provisions of the Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Property, substantially alter its nature, cause the interest component of Lease Payments to be subject to federal income taxes or cause the Property to be used for purposes other than those authorized under the provisions of State and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto pursuant to the Lease Agreement, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements. The County will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the County pursuant to the Lease Agreement; provided that if any such lien is established and the County shall first notify the Corporation of the County's intention to do so, the County may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the County.

Insurance

Public Liability and Property Damage Insurance. The County shall maintain or cause to be maintained, throughout the Term of the Lease Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the Corporation, the County, the Trustee and BAM and their respective members, officers, agents and employees. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the County, and may be maintained through a joint exercise of powers authority created for such purpose or, with the prior written consent of BAM, in the form of self-insurance by the County. Said policy or policies shall provide for indemnification of said parties against direct or consequential loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said policy or policies shall provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $100,000 (subject to a deductible clause of not to exceed $5,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the County and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or, with the prior written consent of BAM, in the form of self-insurance by the County. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Fire and Extended Coverage Insurance; No Earthquake Insurance. The County shall maintain, or cause to be maintained throughout the Term of the Lease Agreement, insurance against loss or damage to any part of the Property constituting structures, if any, by fire and lightning, with extended coverage and vandalism and malicious mischief insurance; *provided, however*, that the County shall not be required to maintain earthquake insurance with respect to the Property. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to one hundred percent (100%) of the replacement cost of such portion of the Property, if any. Such insurance may be subject to deductible clauses of not to exceed $100,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried by the County and with the prior written consent of BAM, may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers authority created for such purpose. The Net Proceeds of such insurance shall be applied as provided in the Lease Agreement. The County may not satisfy the requirements of the Lease Agreement for fire and extended coverage insurance with self-insurance, except with the prior written consent of BAM.

Rental Interruption Insurance. The County shall maintain, or cause to be maintained, throughout the Term of the Lease Agreement rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property during the Term of the Lease Agreement as a result of any of the hazards covered in the insurance required by the Lease Agreement, if any, in an amount at least equal to two times maximum annual Lease Payments. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Payment Fund and shall be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable. Such insurance may be maintained as part of or in conjunction with any other insurance carried by the County and may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers authority created for such purpose. The County may not satisfy the requirements of the Lease Agreement for rental interruption insurance with self-insurance.

Title Insurance. The County shall provide, from moneys in the Delivery Costs Fund or at its own expense, on the Closing Date, an CLTA title insurance policy in the amount of not less than the principal amount of the Certificates, insuring the County's leasehold estate in the Property, subject only to Permitted Encumbrances.

Insurance Net Proceeds; Form of Policies Each policy or other evidence of insurance required by the Lease Agreement shall provide that all proceeds thereunder shall be payable to the Trustee as and to the extent required under the Lease Agreement, shall name the Trustee and BAM as additional insureds and shall be applied as provided in the Lease Agreement. Insurance must be provided by an insurer rated "A" or better by S&P or A.M. Best Company, unless waived by BAM. The County shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement. All policies evidencing required insurance shall provide thirty

(30) days' prior written notice to the Corporation, the County, the Trustee and BAM of any cancellation, reduction in amount or material change in coverage. The Trustee shall not be responsible for the sufficiency of any insurance required in the Lease Agreement, including any forms of self-insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The County shall cause to be delivered annually on or before each June 1 to the Trustee and BAM a certification, signed by a County Representative, stating compliance with the provisions of the Lease Agreement. The Trustee shall be entitled to rely on such certification without independent investigation. The County shall have the adequacy of any insurance reserves maintained by the County or by a joint exercise of powers authority, if applicable, for purposes of the insurance required by the Lease Agreement reviewed at least annually, on or before each June 1, by an independent insurance consultant and shall maintain reserves in accordance with the recommendations of such consultant to the extent moneys are available for such purpose and not otherwise appropriated.

Tax Covenants

Private Activity Bond Limitation. The County shall assure that proceeds of the Certificates are not so used as to cause the Certificates or the Lease Agreement to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Federal Guarantee Prohibition. The County shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Certificates or the Lease Agreement to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Rebate Requirement. The County shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Certificates and the Lease Agreement.

No Arbitrage. The County shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Certificates which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Certificates or the Lease Agreement to be "arbitrage bonds" within the meaning of section 148 of the Code.

Maintenance of Tax-Exemption. The County shall take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

No Condemnation

The County covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain outstanding and unpaid, the County will not exercise the power of condemnation with respect to the Property. The County further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the County should fall or refuse to abide by such covenant and condemns the Property, the appraised value of the Property shall not be less than the greater of (i) if the Certificates are then subject to redemption, the principal and interest components of the Certificates Outstanding through the date of their redemption, or (ii) if the Certificates are not then subject to redemption, the amount necessary to defease the Certificates to the first available redemption date in accordance with the Trust Agreement.

Environmental Covenants

Compliance with Laws; No Hazardous Substances. The County will comply with all Applicable Environmental Laws with respect to the Property and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Property.

Notification of Assignee. The County will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Property and any operations conducted thereon or any conditions existing thereon to the Trustee and to BAM, and the County will notify the Trustee and BAM in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance that has occurred or is occurring that in any way affects or threatens to affect the Property, or the people, structures, or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Trustee or BAM.

Access for Inspection. The County will permit the Trustee and BAM, their agents, or any experts designated by the Trustee or BAM to have full access to the Property during reasonable business hours for purposes of such independent investigation of compliance with all Applicable Environmental Laws, provided that the Trustee and BAM have no obligation to do so, or any liability for any failure to do so, or any liability should it do so.

Eminent Domain

If all of the Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) the Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the County and the Corporation and communicated to the Trustee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property, except to the extent of special funds, such as amounts in the Reserve Fund available for the payment of Lease Payments.

Application of Net Proceeds

From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of any portion of the Property constituting structures, if any, by fire or other casualty shall be paid by the County to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund held by the Trustee and applied as set forth in the Trust Agreement.

From Eminent Domain Award. The Net Proceeds of any eminent domain award shall be paid by the County to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in the Trust Agreement.

From Title Insurance. The Net Proceeds of any title insurance award shall be paid to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in the Trust Agreement.

Abatement of Lease Payments in the Event of Damage or Destruction

Lease Payments shall be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the County of the Property or any portion thereof to the extent to be agreed upon by the County and the Corporation and communicated by a County Representative to the Trustee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in the Lease Agreement, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed, based upon the opinion of an MAI appraiser with expertise in valuing such properties, or other appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as communicated by a County Representative to the Trustee. In the event of any such damage or destruction, the Lease Agreement shall continue in full force and effect and the County waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Reserve Fund, if cash funded, and/or the Insurance and Condemnation Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated, it being declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

Access to the Property

The County agrees that the Corporation and any County Representative, and the Corporation's successors or assigns, and BAM, shall have the right at all reasonable times to enter upon and to examine and inspect the Property. The County further agrees that the Corporation, any County Representative, and the Corporation's successors or assigns, and BAM, shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the County to perform its obligations under the Lease Agreement.

Release and Indemnification Covenants

The County shall and hereby agrees to indemnify and save the Corporation and the Trustee and their officers, agents, directors, employees, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on the Property by the County, (ii) any breach or default on the part of the County in the performance of any of its obligations under the Lease Agreement or the Trust Agreement, (iii) any act or omission of the County or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (iv) any act or omission of any sublessee of the County with respect to the Property, (v) the authorization of payment of Project Costs, (vi) the authorization of payment of the Delivery Costs, (vii) the clean-up of any Hazardous Substances or toxic wastes from the Property, or (viii) any claim alleging violation of any Applicable Environmental Laws, or the authorization of payment of the costs thereof. Such indemnification shall include the costs and expenses of defending any claim or liability arising under the Lease Agreement or the Trust Agreement and the transactions contemplated thereby. No indemnification is made in the Lease Agreement for willful misconduct, negligence or breach of duty under the Lease Agreement by the Corporation, its officers, agents, directors, employees, successors or assigns.

Assignment by the Corporation

The Corporation's rights under the Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the County under the Lease Agreement, have been assigned to the Trustee pursuant to the Assignment Agreement.

Assignment and Subleasing by the County

The Lease Agreement may not be assigned by the County. The County may sublease the Property or any portion thereof, but only with the written consent of the Corporation and BAM and subject to, and delivery to the Corporation of a certificate as to, all of the following conditions:

(a) The Lease Agreement and the obligation of the County to make Lease Payments shall remain obligations of the County;

(b) The County shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Corporation, the Trustee and BAM a true and complete copy of such sublease;

(c) No such sublease by the County shall cause the Property to be used for a purpose other than as may be authorized under the provisions of the Constitution and laws of the State; and

(d) The County shall furnish the Corporation, the Trustee and BAM with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such sublease does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

Amendment of Lease Agreement

(a) *Substitution of Site or Facility*. The County shall have, and is granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") and/or a substitute facility (a "Substitute Facility") for the Site (the "Former Site"), or a portion thereof, and/or the Facility (the "Former Facility"), or a portion thereof, provided that the County shall satisfy all of the following requirements (to the extent applicable) which are declared to be conditions precedent to such substitution:

(i) If a substitution of the Site, the County shall file with the Corporation, the Trustee and BAM an amendment to the Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) If a substitution of the Site, the County shall file with the Corporation, the Trustee and BAM an amendment to the Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) If a substitution of the Facility, the County shall file with the Corporation, the Trustee and BAM an amendment to the Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iv) If a substitution of the Facility, the County shall file with the Corporation, the Trustee and BAM an amendment to the Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(v) The County shall certify in writing to the Corporation, the Trustee and BAM that such Substitute Site and/or Substitute Facility serve the purposes of the County, constitutes property that is unencumbered, subject to Permitted Encumbrances, and constitutes property which the County is permitted to lease under the laws of the State;

(vi) The County delivers to the Corporation, the Trustee and BAM evidence (which may be insurance values or any other reasonable basis of valuation and need not require an appraisal) that the value of the Property following such substitution is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee that the indemnification provided pursuant to the Trust Agreement applies with respect to the Substitute Site and/or Substitute Facility;

(vii) The County shall obtain an amendment to the title insurance policy required pursuant to the Lease Agreement which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(viii) The Substitute Site and/or Substitute Facility shall not cause the County to violate any of its covenants, representations and warranties made herein and in the Trust Agreement;

(ix) The County shall certify that the Substitute Site and/or the Substitute Facility is of the same or greater essentiality to the County as was the Former Site and/or the Former Facility;

(x) The County shall provide notice of the substitution to any rating agency then rating the Certificates which rating was provided at the request of the County or the Corporation;

(xi) The County shall furnish the Corporation, the Trustee and BAM with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such substitution does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes; and

(xii) BAM shall provide written consent to such substitution.

The County agrees that, upon completion and occupancy of the Project, it will take all necessary actions to substitute the completed Project for the Site and the Facility described in Exhibits A and B attached hereto, without the necessity to satisfy the requirements of subparagraphs (v), (vi), (ix) or (xii) above.

(b) *Release of Site*. The County shall have, and is granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the County shall satisfy all of the following requirements which are declared to be conditions precedent to such release:

(i) The County shall file with the Corporation, the Trustee and BAM an amendment to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The County delivers to the Corporation, the Trustee and BAM evidence (which may be insurance values or any other reasonable basis of valuation and need not require an appraisal) that the value of the Site, as revised by such release, is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee and the Corporation that the indemnification provided pursuant to the Trust Agreement applies with respect to the Site, as revised by such release;

(iii) Such release shall not cause the County to violate any of its covenants, representations and warranties made in the Lease Agreement and in the Trust Agreement;

(iv) The County shall provide notice of the release to any rating agency then rating the Certificates which rating was provided at the request of the County or the Corporation; and

(v) BAM shall provide written consent to such release.

(c) *Generally*. The Corporation and the County may at any time amend or modify any of the provisions of the Lease Agreement, but only (i) with the prior written consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates and BAM, or (ii) without the consent of any of the Owners, but with the prior written consent of BAM, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County contained in the Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power reserved to or conferred upon the County;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Lease Agreement, or in any other respect whatsoever as the Corporation and the County may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners; or

(iii) to amend any provision thereof relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest with respect to the Certificates under the Code, in the opinion of Bond Counsel.

Events of Default and Remedies

Events of Default. The following shall be "events of default" under the Lease Agreement and the terms "Events of Default" and "Default" shall mean, whenever they are used in the Lease Agreement, any one or more of the following events:

(a) Failure by the County to pay any Lease Payment or other payment required to be paid at the time specified.

(b) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease Agreement or under the Trust Agreement, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Corporation, the Trustee or the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then outstanding; *provided, however*, if the failure stated in the notice can be corrected, but not within the applicable period, the Corporation, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected; *provided further, however*, that no grace period for a covenant default shall exceed 30 days, nor be extended for more than 60 days, without the prior written consent of BAM.

(c) The filing by the County of a voluntary petition in bankruptcy, or failure by the County promptly to lift any execution, garnishment or attachment, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors, or the entry by the County into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceedings instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar acts which may hereafter be enacted.

Remedies on Default. BAM shall have the right to control all remedies for default under both the Lease Agreement and the Trust Agreement. The Trustee shall have the right to re-enter and re-let the Property and to terminate the Lease Agreement.

Whenever any Event of Default shall have happened and be continuing, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; *provided, however*, that notwithstanding anything in the Lease Agreement or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant in the Lease Agreement to be kept and performed by the County is expressly made a condition and upon the breach thereof, the Corporation may exercise any and all rights of entry and re-entry upon the Property, and also, at its option, with or without such entry, may terminate the Lease Agreement; provided, that no such termination shall be effected either by operation of law or acts of the parties to the Lease Agreement, except only in the manner expressly provided in the Lease Agreement. In the event of such default and notwithstanding any re-entry by the Corporation, the County shall, as expressly provided in the Lease Agreement, continue to remain liable for the payment of the Lease Payments and/or damages for breach of the Lease Agreement and the performance of all conditions therein contained and, in any event such rent and/or damages shall be payable to the Corporation at the time and in the manner as provided in the Lease Agreement, to wit:

(a) In the event the Corporation does not elect to terminate the Lease Agreement in the manner provided for below, the County agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions contained in the Lease Agreement and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Property, or, in the event the Corporation is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Corporation. The County irrevocably appoints the Corporation as the agent and attorney-in-fact of the County to enter upon and re-lease the Property in the event of default by the County in the performance of any covenants contained in the Lease Agreement to be performed by the County and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place within Riverside County, for the account of and at the expense of the County, and the County exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. The County waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of the Property as provided in the Lease Agreement and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the County that may be in or upon the Property. The County agrees that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-lease the Property in the event of such re-entry without effecting a surrender of the Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of the Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the County the right to terminate the Lease Agreement shall vest in the Corporation to be effected in the sole and exclusive manner provided for in paragraph (b) below.

(b) In an Event of Default, the Corporation at its option may terminate the Lease Agreement and re-lease all or any portion of the Property. In the event of the termination of the Lease Agreement by the Corporation at its option and in the manner provided in the Lease Agreement on account of default by the County (and notwithstanding any re-entry upon the Property by the Corporation in any manner whatsoever or the re-leasing of the Property), the County nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is provided in the Lease Agreement in the case of payment of Lease Payments. Any surplus received by the Corporation from such re-leasing shall be credited towards the Lease Payments next coming due and payable. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate the Lease Agreement, and no termination of the Lease Agreement on account of default by the County shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the County of the election on the part of the Corporation to terminate the Lease Agreement. The County covenants and agrees that no surrender of the Property and/or of the remainder of the Term of the Lease Agreement or any termination of the Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

No Remedy Exclusive. No remedy is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in the Lease Agreement, it shall not be necessary to give any notice, other than such notice as may be required in the Lease Agreement or by law.

Security Deposit

Notwithstanding any other provision of the Lease Agreement, the County may, on any date, secure the payment of all or a portion of the Lease Payments remaining due by an irrevocable deposit with the Trustee or an escrow holder under an escrow deposit and trust agreement as referenced in the Trust Agreement, of: (a) in the case of a security deposit relating to all Lease Payments, either (i) cash in an amount which, together with amounts on deposit in the Lease Payment Fund, the Insurance and Condemnation Fund and the Reserve Fund, is sufficient to pay all unpaid Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in the Lease Agreement, or (ii) Defeasance Obligations in such amount as will, in the written opinion of an independent certified public accountant or other firm of recognized experts in such matters (addressed to BAM), together with interest to accrue thereon and, if required, all or a portion of moneys or Defeasance Obligations or cash then on deposit and interest earnings thereon in the Lease Payment Fund, the Insurance and Condemnation Fund and the Reserve Fund, be fully sufficient to pay all unpaid Lease Payments on their respective Lease Payment Dates; or (b) in the case of a security deposit relating to a portion of the Lease Payments, a certificate executed by a County Representative designating the portion of the Lease Payments to which the deposit pertains, and either (i) cash in an amount which is sufficient to pay the portion of the Lease Payments designated in such County Representative's certificate, including the principal and interest components thereof, or (ii) Defeasance Obligations in such amount as will, together with interest to be received thereon, if any, in the written opinion of an independent certified public accountant or other firm of recognized experts in such matters (addressed to BAM), be fully sufficient to pay the portion of the Lease Payments designated in the aforesaid County Representative's certificate.

In the event of a deposit pursuant as to all Lease Payments and the payment of all fees, expenses and indemnifications owed to the Trustee, all obligations of the County under the Lease Agreement shall cease and terminate, excepting only the obligation of the County to make, or cause to be made, all payments from the deposit made by the County and the obligations of the County pursuant to the Lease Agreement and title to the Property shall vest in the County on the date of said deposit automatically and without further action by the County or the Corporation. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the payments and said obligation shall thereafter be deemed to be and shall constitute the installment purchase obligation of the County for the Property. Upon said deposit, the Corporation will execute or cause to be executed any and all documents as may be necessary to confirm title to the Property in accordance with the provisions of the Lease Agreement. In addition, the Corporation appoints the County as its agent to prepare, execute and file or record, in appropriate offices, such documents as may be necessary to place record title to the Property in the County.

Prepayment

Optional Prepayment. The Corporation grants an option to the County to prepay the principal component of the Lease Payments in full, by paying the aggregate unpaid principal components of the Lease Payments, or in part, in a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Said option may be exercised with respect to Lease Payments due on and after January 15, 2021, in whole or in part on any Lease Payment Date, commencing July 15, 2020. Said option shall be exercised by the County by giving written notice to the Corporation, BAM and the Trustee of the exercise of such option at least forty-five (45) days prior to said prepayment date. In the event of prepayment in part, the partial prepayment shall be applied against Lease Payments in such order of payment date as shall be selected by the County. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the County to the Trustee and which shall represent an adjustment to the schedule set forth in the Lease Agreement taking into account said partial prepayment. The Trustee agrees to notify the Corporation in the event of any prepayment of Lease Payments, as provided in the Trust Agreement.

Notwithstanding the foregoing, the County shall not be permitted to prepay any Lease Payments if any amounts are owed to BAM with respect to the Municipal Bond Insurance Policy.

Mandatory Prepayment From Net Proceeds of Insurance, Title Insurance or Eminent Domain. The County shall be obligated to prepay the Lease Payments, in whole on any date or in part on any Lease Payment Date, from and to the extent of any Net Proceeds of an insurance, title insurance or condemnation award with respect to the Property theretofore deposited in the Lease Payment Fund for such purpose. The County and the Corporation agree that such

Net Proceeds shall be applied first to the payment of any delinquent Lease Payments, and thereafter shall be credited towards the County's obligations under the Lease Agreement. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the County to the Trustee and which shall represent an adjustment to the schedule set forth in the Lease Agreement taking into account said partial prepayment.

ASSIGNMENT AGREEMENT

The Assignment Agreement is entered into between the Corporation and the Trustee, pursuant to which the Corporation assigns and transfers to the Trustee, for the benefit of the Owners, certain of the rights of the Corporation under the Lease Agreement, including the right to receive Lease Payments under the Lease Agreement and the rights and remedies of the Corporation under the Lease Agreement to enforce payment of Lease Payments or otherwise to protect and enforce the Lease Agreement in the event of default by the County. Certain rights of the Corporation to payment of advances, indemnification and attorneys' fees and expenses are not assigned.

TRUST AGREEMENT

Project Fund; Payment of Project Costs

There shall be deposited in the Project Fund from the proceeds of the Certificates the amount required to be deposited therein, together with any other amounts from time to time deposited with the Trustee for such purpose as may be identified in writing to the Trustee.

Amounts in the Project Fund shall be disbursed for Project Costs. Disbursements from the Project Fund shall be made by the Trustee upon receipt of a sequentially numbered requisition requesting disbursement executed by a County Representative. Each such requisition shall:

(a) set forth the amounts to be disbursed for payment or reimbursement of previous payments of Project Costs and the person or persons to whom said amounts are to be disbursed;

(b) state that the amounts to be disbursed constitute Project Costs, that said amounts are required to be disbursed pursuant to a contract entered into therefor by or on behalf of the County, or were necessarily and reasonably incurred, and that said amounts are not being paid in advance of the time, if any, fixed for payment;

(c) state that no amount set forth in the requisition was included in any requisition requesting disbursement previously filed with the Trustee ; and

(d) state that there has been compliance with the Lease Agreement relating to the private use limitation and the private loan limitation.

The Trustee shall be responsible for the safekeeping and investment of the moneys held in the Project Fund and the payment thereof in accordance with the Trust Agreement, but the Trustee shall not be responsible for the truth or accuracy of such requisitions, may rely conclusively thereon and shall be under no duty to investigate or verify any statements made therein.

Delivery Costs Fund; Payment of Delivery Costs

There shall be deposited in the Delivery Costs Fund the proceeds of sale of the Certificates required to be deposited therein pursuant to the Trust Agreement and any other funds from time to time deposited with the Trustee for such purpose and identified in writing to the Trustee.

The moneys in the Delivery Costs Fund shall be disbursed by the Trustee to pay the Delivery Costs. Disbursements from the Delivery Costs Fund shall be made by the Trustee on receipt of a sequentially numbered requisition, signed by a County Representative.

The Trustee shall be responsible for the safekeeping and investment (in accordance with the Trust Agreement) of the moneys held in the Delivery Costs Fund and the payment thereof in accordance with the Trust Agreement, but the Trustee shall not be responsible for the truth or accuracy of such requisitions, may rely conclusively thereon and shall be under no duty to investigate or verify any statements made therein.

Upon written notice from a County Representative that all Delivery Costs have been paid, the Trustee shall transfer any moneys then remaining in the Delivery Costs Fund to the Lease Payment Fund and applied for the purposes of such fund, the Delivery Costs Fund shall be closed, the Trustee shall no longer be obligated to make payments for Delivery Costs and all further Delivery Costs shall be paid by the County.

Assignment of Rights in Lease Agreement

The Corporation has, in the Assignment Agreement, transferred, assigned and set over to the Trustee certain of its rights but none of its obligations set forth in the Lease Agreement, including but not limited to all of the Corporation's rights to receive and collect Lease Payments and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease Agreement or pursuant to the Trust Agreement. All Lease Payments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee and all of the Lease Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof, and all such Lease Payments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund.

Lease Payment Fund

All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the County nor the Corporation shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in the Trust Agreement.

There shall be deposited in the Lease Payment Fund all Lease Payments received by the Trustee, including any moneys received by the Trustee for deposit therein pursuant to the Trust Agreement or the Lease Agreement, and any other moneys required to be deposited therein pursuant to the Lease Agreement or the Trust Agreement.

All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest with respect to the Certificates as the same shall become due and payable in accordance with the provisions of the Trust Agreement.

Any surplus remaining in the Lease Payment Fund after redemption and/or payment of all Certificates, including accrued interest (if any) and payment of any applicable fees and expenses to the Trustee and payment of any amounts owed to BAM, or provision for such redemption or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the County.

Reserve Fund

In lieu of cash funding the Reserve Fund, on the Closing Date, BAM will deliver the Reserve Fund Policy.

If, on any Interest Payment Date, the moneys available in the Lease Payment Fund do not equal the amount of the principal and interest with respect to the Certificates then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make delinquent amounts by transferring the amount necessary for this purpose to the Lease Payment Fund or shall draw on the Reserve Fund Policy and apply amounts received from such draw to make delinquent amounts by transferring the amount necessary for this purpose to the Lease Payment Fund.

With respect to the Reserve Fund Policy, notwithstanding anything to the contrary set forth in the Trust Agreement and the Lease Agreement, the County, the Corporation and the Trustee agree to comply with the following provisions:

(i) The County shall, as an Additional Payment under the Lease Agreement, repay any draws under the Reserve Fund Policy and pay all related reasonable expenses incurred by BAM. Interest shall accrue and be payable on such draws and expenses from the date of payment by the BAM at the Late Payment Rate.

(ii) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment, shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(iii) Amounts in respect of Policy Costs paid to the BAM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the BAM on account of principal due, the coverage under the Reserve Fund Policy will be increased by a like amount, subject to the terms of the Reserve Fund Policy.

(iv) All cash and investments in the Reserve Fund and all other available amounts in any funds available to pay amounts due with respect to the Certificates shall be applied to the payment of debt service on the Certificates before any drawing may be made on the Reserve Fund Policy.

(v) Payment of any Policy Cost shall be made prior to replenishment of any cash amounts in the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the Reserve Fund Policy without regard to the legal or financial ability or willingness of BAM to honor a claim or draw thereon or the failure of BAM to honor any such claim or draw.

Draws under the Reserve Fund Policy may only be used to make payments on Certificates covered under the Reserve Fund Policy.

If the County shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, BAM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Lease Agreement and the Trust Agreement.

The Lease Agreement and the Trust Agreement shall not be discharged until all Policy Costs owing to BAM shall have been paid in full. The Corporation's and the County's obligation to pay such amount shall expressly survive payment in full of the Certificates.

The Trustee shall ascertain the necessity for a claim upon the Reserve Fund Policy in accordance with the provisions of paragraph (a) hereof and provide notice to the BAM at least three Business Days prior to each date upon which interest or principal is due on the Certificates.

Any amendment, supplement, modification to, or waiver of any of the Trust Agreement and the Lease Agreement that requires the consent of the Owners of the Certificates or adversely affects the rights or interest of BAM shall be subject to the prior written consent of the BAM.

BAM is recognized as and shall be deemed to be a third party beneficiary of the Trust Agreement and the Lease Agreement and may enforce the provisions of the Trust Agreement and the Lease Agreement as if it were a party thereto.

The County shall be obligated to pay as an Additional Payment to the Trustee for deposit to the Reserve Fund an amount equal to the debt service reserve replenishment under the Trust Agreement, including amounts required in order to repay draws and Policy Costs under the Reserve Fund Policy.

No release, sale, disposition or substitution of the Property shall occur without the prior written consent of BAM.

Trustee shall, on or before each January 1 and July 1, value investments in the Reserve Fund at market value and transfer any moneys in the Reserve Fund then in excess of the Reserve Requirement; *provided, however,* that the Trustee shall not liquidate an investment to make such transfer of excess unless so directed in writing by a County Representative. The Trustee shall transfer any amount in excess of such sum to the Lease Payment Fund to be applied as a credit against amounts owed by the County for the payment of Lease Payments on each Lease Payment Date thereafter, until depleted.

If, on any Interest Payment Date, the moneys on deposit in the Reserve Fund, if any, and the Lease Payment Fund (excluding amounts required for payment of principal and interest with respect to Certificates not presented for payment) are sufficient to pay all Outstanding Certificates, including all principal and interest, the Trustee shall transfer all amounts then on deposit in the Reserve Fund, if any, to the Lease Payment Fund to be applied to the payment of the Lease Payments, and such moneys shall be distributed to the Owners of Certificates in accordance with Article II and IV of the Trust Agreement. Any amounts remaining in the Reserve Fund upon payment in full of all Outstanding Certificates and all amounts due BAM and the Trustee hereunder, or upon provision for such payment, shall be withdrawn by the Trustee and paid to the County.

Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award

(a) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the County in the event of any such damage or destruction shall be paid to the Trustee by the County pursuant to the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund" to be established by the Trustee when deposits are required to be made therein.

(b) Within ninety (90) days following the date of such deposit, the County shall determine and notify the Trustee in writing of its determination either (i) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the County, or (ii) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property.

(c) In the event the County's determination is as set forth in clause (i) of paragraph (b) above, such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund, applied to the prepayment of Lease Payments pursuant to the Lease Agreement and applied to the redemption of Certificates as provided in the Trust Agreement; *provided, however*, that in the event of damage or destruction of the Property in full, such Net Proceeds may be transferred to the Lease Payment Fund only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to the Lease Agreement, otherwise such Net Proceeds shall be applied to the replacement, repair, restoration, modification or improvement of the Property; *provided further, however*, that in the event of damage or destruction of the Property in part, such Net Proceeds may be transferred to the Lease Payment Fund and applied to the prepayment of Lease Payments only if the resulting Lease Payments represent fair consideration for the remaining portions of the Property, evidenced by a certificate signed by a County Representative and an Corporation Representative.

(d) In the event the County's determination is as set forth in clause (ii) of paragraph (b) above, Net Proceeds deposited in the Insurance and Condemnation Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the County, and disbursed by the Trustee upon receipt of requisitions signed by a County Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee shall not be responsible for the representations made in such requisitions and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the County.

Application of Net Proceeds of Eminent Domain Award

If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to the Lease Agreement and shall be applied and disbursed by the Trustee as follows:

(a) If the County has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the County to meet any of its obligations with respect to the Property under the Lease Agreement, and (ii) such proceeds are not needed for repair or rehabilitation of the Property, the County shall so certify to the Trustee and the Trustee, at the County's written request, shall transfer such proceeds to the Lease Payment Fund to be credited towards the prepayment of the Lease Payments pursuant to the Lease Agreement and applied to the redemption of Certificates in the manner provided in the Trust Agreement.

(b) If the County has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the County to meet any of its obligations with respect to the Property under the Lease Agreement, and (ii) such proceeds are needed for repair, rehabilitation or replacement of the Property, the County shall so certify to the Trustee and the Trustee, at the County's written request, shall pay to the County, or to its order, from said proceeds such amounts as the County may expend for such repair or rehabilitation, upon the filing with the Trustee of requisitions of the County Representative in the form and containing the provisions set forth in the Trust Agreement. The Trustee shall not be responsible for the representations made in such requisitions and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein.

(c) If (i) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the County has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the County to meet any of its obligations with respect to the Property under the Lease Agreement or (ii) all of the Property shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments pursuant to the Lease Agreement and applied to the redemption of Certificates in the manner provided in the Trust Agreement.

Application of Net Proceeds of Title Insurance Award

The Net Proceeds from a title insurance award shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to the Lease Agreement and shall be transferred to the Lease Payment Fund to be credited towards the prepayment of Lease Payments required to be paid pursuant to the Lease Agreement and applied to the redemption of Certificates in the manner provided in the Trust Agreement.

Moneys in Funds; Investment

Held in Trust. The moneys and investments held by the Trustee under the Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Certificates and for the purposes specified in the Trust Agreement and such moneys, and any income or interest earned thereon, shall be expended only as provided in the Trust Agreement and shall not be subject to levy, attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee, the County or any Owner of Certificates.

Investments Authorized. Moneys held by the Trustee under the Trust Agreement shall, upon written order of a County Representative, be invested and reinvested by the Trustee in Permitted Investments. The Trustee may deem all investments directed by a County Representative as Permitted Investments without independent investigation thereof. If a County Representative shall fail to so direct investments, the Trustee shall hold such moneys uninvested. Such investments, if registrable, shall be registered in the name of and held by the Trustee or its nominee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the Trust Agreement. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as principal or agent in the making or disposing of any investment and make or dispose of any investment through its investment department or that of an affiliate and shall be entitled to its customary fees therefor. The Trustee is authorized, in making or disposing of any investment permitted by the Trust Agreement, to deal with itself (in its individual capacity) or with one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. The Trustee may rely on the investment directions of the County Representative as to both the suitability and legality of the directed investments.

Unless otherwise consented to by BAM, so long as any Certificates remain outstanding or any amounts are owed to BAM by the County, the County shall not enter into any interest rate exchange agreement, cap, collar, floor, ceiling or other agreement or instrument involving reciprocal payment obligations between the County and a counterparty based on interest rates applied to a notional amount of principal.

Allocation of Earnings. Unless and until otherwise directed by the County to the Trustee in writing, all interest or income received by the Trustee on investment of the Lease Payment Fund shall as received, prior to the Completion Date, be transferred to the Project Fund (except as otherwise provided in the Trust Agreement) and thereafter shall be retained in the Lease Payment Fund. Amounts retained or deposited in the Lease Payment Fund shall be applied as a credit against the Lease Payment due by the County pursuant to the Lease Agreement on the Lease Payment Date following the date of deposit. All interest or income in the Project Fund shall be retained in the Project Fund until the Project Fund is closed. All interest received by the Trustee on investment of the Reserve Fund shall be retained in the Reserve Fund in the event that amounts on deposit in the Reserve Fund are less than the Reserve Requirement. Reserve Fund investments may not have maturities extending beyond five years. In the event that amounts then on deposit in the Reserve Fund on the valuation date described in the Trust Agreement equal or exceed the Reserve Requirement, such excess shall be transferred to the Lease Payment Fund. Transfers to the Lease Payment Fund from the Reserve Fund shall be made by the Trustee on or prior to each June 1 and December 1. All interest or income in the Delivery Costs Fund shall be retained in the Delivery Costs Fund until the Delivery Costs Fund is closed.

Amendments

The Trust Agreement and the rights and obligations of the Owners of the Certificates, the Lease Agreement and the rights and obligations of the parties thereto, the Site and Facility Lease and the rights and obligations of the parties thereto and the Assignment Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in the Trust Agreement, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof, without the express consent of the Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of a Lease Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective as provided in the Trust Agreement.

The Trust Agreement and the rights and obligations of the Owners of the Certificates and the Lease Agreement and the rights and obligations of the respective parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to add to the covenants and agreements of the Corporation or the County, (2) to cure, correct or supplement any ambiguous or defective provision contained therein and which shall not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners of the Certificates, (3) in regard to questions arising thereunder, as the parties thereto may deem necessary or desirable and which shall not, in the opinion of nationally recognized bond counsel, materially adversely affect the interests of the Owners of the Certificates; (4) to make such additions, deletions or modifications as may be necessary or appropriate in the opinion of bond counsel to assure the exclusion from gross income for federal income tax purposes of the interest component of Lease Payments and the interest payable with respect to the Certificates, (5) to add to the rights of the Trustee, or (6) to maintain the rating or ratings assigned to the Certificates. Any such supplemental agreement shall become effective upon execution and delivery by the parties thereto, as the case may be.

The Trust Agreement and the Lease Agreement may not be modified or amended at any time by a supplemental agreement which would modify any of the rights and obligations of the Trustee without its written assent thereto.

Certain Covenants

Compliance With and Enforcement of Lease Agreement. The County covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement. The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement.

The County will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of their respective Lease Agreement by the Corporation thereunder. The Corporation and the County, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Property, which may or can in any manner affect such estate of the County or the Corporation, will deliver the same, or a copy thereof, to the Trustee.

Observance of Laws and Regulations. The County and the Corporation will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the County or the Corporation, respectively, including its right to exist and carry on business as a public entity, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Budgets. The County shall supply to the Trustee as soon as practicable, but not later than September 15 in each year, a written determination by a County Representative that the County has made adequate provision in its annual budget for the payment of Lease Payments due under the Lease Agreement in the Fiscal Year covered by such budget. The determination given by the County to the Trustee shall be that the amounts so budgeted are fully adequate for the payment of all Lease Payments and Additional Payments due under the Lease Agreement in the annual period covered by such budget.

Continuing Disclosure. The County covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Trust Agreement, failure of the County to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee may, upon payment of its fees and expenses, including counsel fees, and receipt of indemnity satisfactory to it, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Certificates, shall or any holder or beneficial owner of the Certificates may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Limitation of Liability

Limited Liability of County. Except for the payment of Lease Payments when due in accordance with the Lease Agreement and the performance of the other covenants and agreements of the County contained in the Lease Agreement and the Trust Agreement, the County shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee, except as expressly set forth in the Trust Agreement.

No Liability of County or Corporation for Trustee Performance. Neither the County nor the Corporation shall have any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement.

Indemnification of Trustee. The County shall to the extent permitted by law indemnify and save the Trustee, its officers, employees, directors, affiliates and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses (including allocated costs of internal counsel), arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Property by the Corporation or the County; (ii) any breach or default on the part of the Corporation or the County the performance of any of their respective obligations under the Lease Agreement, the Assignment Agreement, the Trust Agreement and any other agreement made and entered into for purposes of the Property; (iii) any act of the Corporation or the County or of any of their respective agents, contractors, servants, employees, licensees with respect to the Property; (iv) any act of any assignee of, or purchaser from the Corporation or the County or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Property; (v) the authorization of payment of Delivery Costs; (vi) the actions of any other party, including but not limited to the ownership, operation or use of the Property by the Corporation or the County including, without limitation, the use, storage, presence, disposal or release of any Hazardous Substances on or about the Property; (vii) the Trustee's exercise and performance of its powers and duties under the Trust Agreement or as assigned to it under the Assignment Agreement; (viii) the offering and sale of the Certificates; (ix) the presence under or about or release from the Property, or any portion thereof, of any substance, material or waste which is or becomes regulated or classified as hazardous or toxic under State, local or federal law, or the violation of any such law by the County; or (x) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, in any official statement or other offering document utilized in connection with the sale of the Certificates. Such indemnification shall include the costs and expenses of defending against any claim or liability arising under the Trust Agreement. No indemnification will be made under the Trust Agreement for willful misconduct or negligence under the Trust Agreement by the Trustee, its officers, affiliates or employees. The County's obligations under the Trust Agreement shall remain valid and binding notwithstanding maturity and payment of the Certificates or resignation or removal of the Trustee.

Assignment of Rights; Remedies. Pursuant to the Assignment Agreement, the Corporation has transferred, assigned and set over to the Trustee certain of the Corporation's rights in and to the Lease Agreement, including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation pursuant to the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation

Fund, and (ii) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee shall, upon request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and upon payment of its fees and expenses, including counsel fees, and being indemnified to its satisfaction therefor shall, exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; *provided, however*, that notwithstanding anything in the Trust Agreement or in the Lease Agreement to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then in default to be immediately due and payable.

Provisions Relating to BAM and the Municipal Bond Insurance Policy

Notices and Other Information.

(a) The County will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Certificate and (ii) to the Owners or the Trustee under the Lease Agreement or the Trust Agreement.

(b) BAM shall have the right to receive such additional information as it may reasonably request.

(c) The County will permit BAM to discuss the affairs, finances and accounts of the County or any information BAM may reasonably request regarding the security for the Certificates with appropriate officers of the County, and the County will use best efforts to enable BAM to have access to the facilities, books and records of the County on any Business Day upon reasonable prior notice.

(d) The Trustee shall notify BAM of any failure of the Corporation or the County to provide notices, certificates and other information required to be provided under the Trust Agreement or the Lease Agreement.

Defeasance.

(a) The investments in the any defeasance escrow relating to the Certificates shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

(b) At least three (3) Business Days prior to any defeasance with respect to the Certificates, the County shall deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Certificates, and a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion from gross income of the Owners of the interest with respect to the Certificates for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.

(c) The County will not exercise any prior optional redemption of the Certificates secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption. \

(d) The County shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

Trustee-Related Provisions.

(a) BAM shall receive written notice of any name change of the Trustee or the resignation or removal of the Trustee. Any successor trustee must be (i) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least $250 million of assets, (ii) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets, or (c) otherwise approved by BAM in writing.

(b) No removal, resignation or termination of the Trustee shall take effect until a successor, acceptable to BAM, shall be qualified and appointed.

(c) The Trustee may be removed at any time at the request of BAM for any breach of its obligations under the Trust Agreement.

Amendments and Supplements. BAM's prior written consent is required for all amendments and supplements to the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement, with the exceptions noted below. The County shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Certificates.

Consent of BAM. Any amendments or supplements to the Lease Agreement or the Trust Agreement shall require the prior written consent of BAM with the exception of amendments or supplements:

(a) to cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the therein or in any supplement thereto, or

(b) to grant or confer upon the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners, or

(c) to add to the covenants and agreements of the County in the Lease Agreement and the Trust Agreement other covenants and agreements thereafter to be observed by the County or to surrender any right or power therein reserved to or conferred upon the County.

Consent of BAM in Addition to Owner Consent. Any amendment, supplement, modification to, or waiver of, any of the Lease Agreement or the Trust Agreement that requires the consent of Owners or adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

Consent of BAM in the Event of Insolvency. Any reorganization or liquidation plan with respect to the County must be acceptable to BAM. In the event of any reorganization or liquidation of the County, BAM shall have the right to vote on behalf of all Owners absent a continuing failure by BAM to make a payment under the Municipal Bond Insurance Policy.

(d) *Consent of BAM Upon Default*. Anything in the Lease Agreement and the Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of a default or an Event of Default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Lease Agreement and the Trust Agreement. No default or Event of Default may be waived without BAM's written consent.

BAM as Owner. Upon the occurrence and continuance of a default or an Event of Default, BAM shall be deemed to be the sole owner of the Certificates for all purposes, including, without limitations, for purposes of exercising remedies and approving amendments.

Grace Period for Payment Defaults. No grace period shall be permitted for payment defaults under the Lease Agreement. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.

Special Provisions for Insurer Default. If an Insurer Default (hereinafter defined) shall occur and be continuing, then, notwithstanding anything in paragraphs (a)-(e) above to the contrary, (i) if at any time prior to or following an Insurer Default, BAM has made payment under the Municipal Bond Insurance Policy, to the extent of such payment BAM shall be treated like any other Owner for all purposes, including giving of consents, and (ii) if BAM has not made any payment under the Municipal Bond Insurance Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Municipal Bond Insurance Policy, in which event, the foregoing clause (i) shall control. For purposes of this paragraph, "Insurer Default" means: (1) BAM has failed to make any payment under the Municipal Bond Insurance Policy when due and owing in accordance with its terms; or (2) BAM shall (A) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (B) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (C) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (D) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (E) make a general assignment for the benefit of creditors, or (F) take action for the purpose of effecting any of the foregoing; or (3) any state or federal agency or instrumentality shall order the suspension of payments on the Municipal Bond Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

Reserve Fund and Project Fund.

(a) The prior written consent of BAM shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund, if any. Amounts on deposit in the Reserve Fund shall be applied solely to the payment of principal and interest due with respect to the Certificates.

(b) Unless BAM otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Project Fund shall not be disbursed, but shall instead be applied to the payment of payment of the principal, interest or redemption price due with respect to the Certificates.

Exercise of Rights by BAM. The rights granted to BAM under the Site and Facility Lease, the Lease Agreement and/or the Trust Agreement to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Municipal Bond Insurance Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the Certificates and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the Owners of the Certificates or any other person is required in addition to the consent of BAM.

BAM shall be entitled to pay principal or interest with respect to the Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Municipal Bond Insurance Policy), whether or not BAM has received a claim upon the Municipal Bond Insurance Policy.

Payment Procedure Under the Municipal Bond Insurance Policy.

(a) In the event that principal and/or interest due with respect to the Certificates shall be paid by BAM pursuant to the Municipal Bond Insurance Policy, the Certificates shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the County, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the County to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Certificates.

(b) In the event that on the second (2nd) Business Day prior to any Interest Payment Date, the Trustee has not received sufficient moneys to pay all principal of and interest due with respect to the Certificates on such Interest Payment Date, the Trustee shall immediately notify BAM or its designee on the same Business Day, by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the Interest Payment Date, the Trustee shall so notify BAM or its designee.

(c) In addition, if the Trustee has received written notice that any holder of the Certificates has been required to disgorge payments of principal of or interest on the Certificates pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

(d) The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for the Owners as follows:

(i) If there is a deficiency in amounts required to pay interest and/or principal with respect to the Certificates, the Trustee shall (A) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such Owners in any legal proceeding related to the payment and assignment to BAM of the claims for interest with respect to the Certificates, (B) receive, as designee of the respective Owners (and not as Trustee), in accordance with the tenor of the Municipal Bond Insurance Policy, payment from BAM with respect to the claims for interest so assigned, and (C) disburse the same to such respective Owners; and

(ii) If there is a deficiency in amounts required to pay principal with respect to the Certificates, the Trustee shall (A) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such Owner in any legal proceeding related to the payment of such principal and an assignment to BAM of the Certificates surrendered to BAM, (B) receive, as designee of the respective Owners (and not as Trustee), in accordance with the tenor of the Municipal Bond Insurance Policy, payment therefore from BAM, and (C) disburse the same to such Owners. The Trustee shall designate any portion of payment of principal with respect to Certificates paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Certificates registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Certificate to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Certificate shall have no effect on the amount of principal or interest payable by the County with respect to any Certificate or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest and principal with respect to Certificates disbursed by the Trustee from proceeds of the Municipal Bond Insurance Policy shall not be considered to discharge the obligation of the County with respect to such Certificates, and BAM shall become the owner of such unpaid Certificates and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

(e) Irrespective of whether any such assignment is executed and delivered, the County and the Trustee agree for the benefit of BAM that:

(i) They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal or interest with respect to the Certificates, BAM will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the County, with interest thereon, as provided and solely from the sources stated in the Lease Agreement and the Trust Agreement; and

(ii) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the Lease Agreement and the Trust Agreement, but only from the sources and in the manner provided therein for the payment of principal and interest with respect to the Certificates to Owners, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

Additional Payments. The County agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Site and Facility Lease, the Lease Agreement and the Trust Agreement ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The County agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the County agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Municipal Bond Insurance Policy (the "BAM Policy Payments"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the County, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. The County hereby covenants and agrees that the BAM Reimbursement Amounts are payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the payment of Lease Payments on a parity with the Lease Payments.

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APPENDIX F

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F, concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry system, has been furnished by DTC for use in official statements and the County takes no responsibility for the completeness or accuracy thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix F. 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. Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates (as used in this Appendix E, the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

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

ing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the COUNTY OF YUBA, CALIFORNIA (the "County") in connection with the execution and delivery of $6,425,000 County of Yuba Certificates of Participation (2015 Sheriff's Facility Financing Project) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of February 1, 2015, by and among U.S. Bank National Association, as trustee (the "Trustee"), the County and the County of Yuba Facilities Corporation (the "Trust Agreement"). Pursuant to Section 11.08 of the Trust Agreement, the County covenants and agree as follows:

Section 1. **Definitions**. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

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

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

"*Dissemination Agent*" shall mean Capitol Public Finance Group, LLC or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation. In the absence of such a designation, the County shall act as the Dissemination Agent.

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

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

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

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

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

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

Section 3. **Provision of Annual Reports**.

(a) *Delivery of Annual Report*. The County shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the County's fiscal year (which currently ends on June 30), commencing with the report for the 2013-14 Fiscal Year, which is due not later than March 31, 2015, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that the audited financial statements of the County 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; provided further, however, that if the audited financial statements are not available by that date, the County shall, or shall cause the Dissemination Agent to, file unaudited financial statements for such prior fiscal year end.

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

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

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

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

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

(a) *Financial Statements.* Audited financial statements of the County for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the County'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 and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

(1) Table 3—Tax Revenues By Source.

(2) Table 4—Other Revenue Sources.

(3) Table 5—Assessed Valuations.

(4) Table 6—Assessed Valuation and Parcels by Land Use.

(5) Table 7—Per Parcel 2014-15 Assessed Valuation of Single Family Homes.

(6) Table 17—Direct and Overlapping Bonded Debt.

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

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

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

Section 5. **Reporting of Listed Events**.

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

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Defeasances.

(6) Rating changes.

(7) Tender offers.

(8) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) *Material Reportable Events.* The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

(1) Non-payment related defaults.

(2) Modifications to rights of security holders.

(3) Bond calls.

(4) The release, substitution, or sale of property securing repayment of the securities.

(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(6) Appointment of a successor or additional trustee, or the change of name of a trustee.

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

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

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

Section 8. **Dissemination Agent**.

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

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

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

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

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

(c) *Consent of Holders; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Certificate owners in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Certificate owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Certificate owners or Beneficial Owners.

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

Section 10. **Additional Information**. Nothing in this Disclosure Certificate shall be deemed to prevent the County 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 County 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 County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. **Default**. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Certificate owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. **Duties, Immunities and Liabilities of Dissemination Agent**. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the County 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 reasonable costs and expenses (including attorneys fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Trustee under the Trust Agreement. The obligations of the County under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

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

Date: [Closing Date]

COUNTY OF YUBA, CALIFORNIA

By ____
Authorized Officer

ACKNOWLEDGED:

CAPITOL PUBLIC FINANCE GROUP, LLC, as
Dissemination Agent

By ____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	County of Yuba, California
Name of Issue:	Certificates of Participation (2015 Sheriff's Facility Financing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the County of Yuba, California, as the Rental for Certain Property Pursuant to a Lease Agreement with the County of Yuba Facilities Corporation
Date of Issuance:	[Closing Date]

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

Date: ____________________

CAPITOL PUBLIC FINANCE GROUP, LLC, Dissemination Agent

By ____
Authorized Officer

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

CALIFORNIA

ENDORSEMENT TO

MUNICIPAL BOND INSURANCE POLICY

NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

____

Authorized Officer

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