NEW ISSUE - FULL BOOK-ENTRY **RATING: S&P: "AA"**
See "RATING."

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

$33,780,000
NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY
2014 Refunding Lease Revenue Bonds
(2006 and 2007 Lease Refinancing)

Dated: Date of Delivery **Due: As shown on inside cover**

Authority for Issuance. The North Lake Tahoe Public Financing Authority (the "Authority") is issuing the bonds captioned above (the "Bonds") under a resolution adopted by the Board of Directors of the Authority on March 11, 2014, and an Indenture of Trust dated as of April 1, 2014 (the "Indenture") between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee for the Bonds (the "Trustee"). See "THE BONDS - Authority for Issuance."

Use of Proceeds. The proceeds of the Bonds will be used to (i) refinance an outstanding lease obligation of the County of Placer (the "County") and all the related $8,135,000 outstanding principal amount of Certificates of Participation (2006 Administrative and Emergency Services Building Refinancing Project) that mature on or after June 1, 2015; (ii) refinance an outstanding lease obligation of the County and all the related $27,035,000 outstanding principal amount of Certificates of Participation (2007 South Placer Justice Center Courthouse Financing Project) that mature on or after December 1, 2016; and (iii) pay the costs of issuing the Bonds. See "REFINANCING PLAN."

Security for the Bonds. Under the Indenture, the Bonds will be payable solely from and secured by Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of lease payments ("Lease Payments") to be made by the County pursuant to a Lease Agreement, dated as of April 1, 2014 (the "Lease"), between the Authority and the County, for the leasing of certain real property. Under the Lease, the County covenants to take such action as necessary to include the Lease Payments in its annual budgets and make all necessary appropriations for such Lease Payments (subject to abatement under certain circumstances as described in this Official Statement). See "SECURITY FOR THE BONDS."

There is no debt service reserve fund for the Bonds.

Bond Terms; Book-Entry Only. The Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2014, and will be issued in fully-registered form without coupons in the denomination of $5,000 or any integral multiple of $5,000. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Payments of the principal of, premium, if any, and interest on the Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS - General Provisions."

Redemption. **The Bonds are subject to redemption prior to maturity. See "THE BONDS - Redemption."**

Additional Parity Obligations. Under the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part; however, the Lease allows the Authority and County to amend the Lease's terms, without the Trustee's consent, for certain purposes that include obligating the County to pay additional amounts of rental if certain conditions are satisfied. See "SECURITY FOR THE BONDS - Additional Parity Obligations."

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF REVENUES AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE 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 BONDS NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE COUNTY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS (INCLUDING ANY MEMBER OF THE AUTHORITY) IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

MATURITY SCHEDULE
(see inside cover)

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE BONDS.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the Authority and County by Jones Hall, A Professional Law Corporation, as Disclosure Counsel, and the Underwriter by its counsel, Schiff Hardin LLP, San Francisco, California. Certain legal matters will be passed upon for the County by County Counsel and the Authority by its counsel. It is anticipated that the Bonds will be delivered in book-entry only form through the facilities of DTC in New York, New York on or about April 29, 2014.

RAYMOND JAMES®

The date of this Official Statement is: April 1, 2014.

MATURITY SCHEDULE
(Base CUSIP†: 66038W)

Maturity	Principal Amount	Interest Rate	Yield	Price		CUSIP†
06/01/2014	$1,200,000	2.000%	0.148%	100.164		AQ9
12/01/2014	2,050,000	1.000	0.210	100.464		AA4
12/01/2015	2,065,000	2.000	0.300	102.692		AB2
12/01/2016	2,120,000	3.000	0.550	106.288		AC0
12/01/2017	2,185,000	3.000	0.980	107.105		AD8
12/01/2018	2,265,000	4.000	1.320	111.894		AE6
12/01/2019	2,350,000	4.000	1.730	112.041		AF3
12/01/2020	2,445,000	4.000	2.130	111.437		AG1
12/01/2021	2,565,000	5.000	2.400	117.938		AH9
12/01/2022	2,690,000	5.000	2.650	117.943		AJ5
12/01/2023	2,825,000	5.000	2.830	118.109		AK2
12/01/2024	2,095,000	5.000	3.010	117.926		AL0
12/01/2025	2,200,000	5.000	3.170	116.349	C	AM8
12/01/2026	2,305,000	5.000	3.320	114.892	C	AN6
12/01/2027	2,420,000	5.000	3.430	113.838	C	AP1

C = Priced to call at 100% of par amount on December 1, 2024.

NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY

Governing Body
David Boesch, *Chair and Executive Director*
Paul Schultz, *Vice Chair*
Jennifer Montgomery, *Secretary*
Jenine Windeshausen, *Treasurer*
Lane Lewis, *Director*
Gerald Carden, *Counsel*

COUNTY OF PLACER

Board of Supervisors

Jack Duran, *Supervisor, District 1, Chair*
Robert M. Weygandt, *Supervisor, District 2*
Jim Holmes, *Supervisor, District 3*
Kirk Uhler, *Supervisor, District 4, Vice-Chair*
Jennifer Montgomery, *Supervisor, District 5*

County Officials

David Boesch, *County Executive Officer*
Ann Holman, *Clerk of the Board of Supervisors*
Kristen Spears, *Assessor*
Andrew Sisk, *Auditor-Controller*
Jim McCauley, *Clerk-Recorder and Registrar of Voters*
Jenine Windeshausen, *Treasurer-Tax Collector*
R. Scott Owens, *District Attorney*
Gerald O. Carden, *County Counsel*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Verification Agent
Causey Demgen & Moore, P.C.
Denver, Colorado

Trustee and Escrow Agent
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

REGIONAL MAP
(Placer County Shown in Red)

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the County, in any press release and in any oral statement made with the approval of an authorized officer of the County, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the County since the date of this Official Statement.

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

Limited Scope of Information. The County has obtained certain information set forth in this Official Statement from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the County. The information and expressions of opinions in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date of this Official Statement. All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings given in the Indenture.

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

Stabilization of Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page and the public offering prices may be changed from time to time by the Underwriter.

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

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

$33,780,000
NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY
2014 Refunding Lease Revenue Bonds
(2006 and 2007 Lease Refinancing)

INTRODUCTION

This introduction is not a summary of the entire Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained throughout the Official Statement, including its cover page and appendices, and the documents it summarizes or describes. A full review should be made of the entire Official Statement, which is the only means by which the offering of bonds is made to potential investors.

Capitalized terms used but not defined in this Official Statement have the meanings provided in the Indenture (as defined below). See "APPENDIX A – Summary of Principal Legal Documents."

Authority for Issuance. The North Lake Tahoe Public Financing Authority (the "**Authority**") is issuing the bonds captioned above (the "**Bonds**") under the following legal authority:

(a) Articles 10 and 11 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 6584 (the "**Bond Law**"),

(b) a resolution adopted by the Board of Directors (the "**Authority Board**") of the Authority on March 11, 2014 (the "**Authority Resolution**"), and a resolution adopted by the Board of Supervisors (the "**County Board**") of the County of Placer (the "**County**") on March 11, 2014 (the "**County Resolution**"), and

(c) an Indenture of Trust (the "**Indenture**"), dated as of April 1, 2014, between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**").

***Form of Bonds; Book-Entry Only*.** The Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York ("**DTC**"), or its nominee. DTC, or its nominee, will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing the Bonds that are purchased. See "THE BONDS – Book-Entry Only System" and "APPENDIX F – DTC and the Book-Entry Only System."

Purpose of the Bonds. The Bonds are being issued to provide funds to (i) refinance an outstanding lease obligation of the County and all the related $8,135,000 outstanding principal amount of Certificates of Participation (2006 Administrative and Emergency Services Building Refinancing Project), (the "**2006 Certificates**"), that mature on or after June 1, 2015; (ii) refinance an outstanding lease obligation of the County and all the related $27,035,000 principal amount of Certificates of Participation (2007 South Placer Justice Center Courthouse Financing Project), **(**the **"2007 Certificates")**, that mature on or after December 1, 2016; and (iii) pay the costs of issuing the Bonds.

Security for the Bonds and Pledge of Revenues*.* The Bonds will be payable solely from and secured by Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of Lease Payments to be made by the County pursuant to a Lease Agreement, dated as of April 1, 2014, between the County and the Authority (the "**Lease**"). See "THE LEASED PROPERTY." Under the Lease, the County covenants to take such action as necessary to include the Lease Payments in its annual budgets and to make all necessary appropriations for such Lease Payments (subject to abatement under certain circumstances described in the Lease). See "SECURITY FOR THE BONDS."

Lease Payments payable by the County under the Lease are calculated to be sufficient to permit the Authority to pay the principal of, and interest on, the Bonds when due. However, under certain circumstances, Lease Payments may be abated under the Lease without constituting a default. See "SECURITY FOR THE BONDS – Abatement" and "BONDOWNERS' RISKS – Abatement."

Pursuant to an Assignment Agreement, dated as of April 1, 2014 (the "**Assignment Agreement**"), between the Authority and the Trustee, the Authority has assigned to the Trustee for the benefit of the Owners of the Bonds, certain of the Authority's rights under the Lease, including its rights to receive Lease Payments for the purpose of securing the payment of debt service on the Bonds.

No Debt Service Reserve Fund. There is no debt service reserve fund for the Bonds.

Additional Parity Obligations. Under the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part. However, the Lease allows the Authority and County to amend the Lease's terms, without the Trustee's consent, for certain purposes that include obligating the County to pay additional amounts of rental if certain conditions are satisfied. See "SECURITY FOR THE BONDS – Additional Parity Obligations."

Redemption**.** The Bonds are subject to redemption prior to their stated maturity dates. See "THE BONDS – Redemption."

Abatement. The Lease provides that the obligation of the County to pay Lease Payments will be subject to abatement by reason of (i) any damage or destruction such that there is substantial interference with the use and occupancy of all or any portion of the Leased Property, or (ii) a temporary taking of the Leased Property or a permanent taking of a portion of the Leased Property.

However, to the extent proceeds of rental interruption insurance are available, Lease Payments (or a portion thereof) may be made from those sources. See "SECURITY FOR THE BONDS – Abatement" and "BOND OWNERS' RISKS – Abatement."

Risks of Investment. The Bonds are repayable primarily from Lease Payments and other amounts payable by the County under the Lease. For a discussion of some of the risks associated with the purchase of the Bonds, see "BOND OWNERS' RISKS."

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF REVENUES AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE 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 BONDS NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE COUNTY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS (INCLUDING ANY MEMBER OF THE AUTHORITY) IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

REFINANCING PLAN

The Bonds are being issued to provide funds to (i) refinance an outstanding lease obligation of the County, pursuant to a Lease Agreement dated as of June 1, 2006 (the "**2006 Lease Agreement**"), and concurrently refinance all the outstanding 2006 Certificates that are maturing on or after June 1, 2015 ("**Refunded 2006 Certificates**"); (ii) refinance an outstanding lease obligation of the County, pursuant to a Lease Agreement dated as of December 1, 2007, as amended by a First Amendment to Lease Agreement dated as of March 1, 2010 (as amended, the "**2007 Lease Agreement**"), and concurrently refinance all the outstanding 2007 Certificates that are maturing on or after December 1, 2016 ("**Refunded 2007 Certificates**"); and (iii) pay the costs of issuing the Bonds. The refinancing plan is described in more detail below.

Refunding of the 2006 Certificates

The 2006 Certificates. The 2006 Certificates were executed and delivered to refinance the cost of various public infrastructure improvements located on real property within the boundaries of the County. The 2006 Certificates are currently outstanding in the amount of $8,135,000.

In connection with the 2006 Certificates, the County and Placer County Public Financing Authority entered into the 2006 Lease Agreement, under which the County is obligated to pay semiannual lease payments as rental for certain property (the "**2006 Lease Payments**"). The 2006 Lease Payments were assigned to The Bank of New York Mellon Trust Company, N.A., as trustee for the 2006 Certificates (in such capacity, the "**2006 Trustee**"). The 2006 Certificates were executed and delivered under a Trust Agreement dated as of June 1, 2006, among the County, Placer County Public Financing Authority and the 2006 Trustee ("**2006 Trust Agreement**").

Under the 2006 Lease Agreement, the County has the right to secure the prepayment of the 2006 Lease Payments on any date with an irrevocable deposit of funds that has the effect of discharging the County's obligations under the 2006 Lease Agreement. The County may also prepay the 2006 Lease Agreement on any date on or after May 15, 2014. The 2006 Certificates maturing on or after June 1, 2015 are subject to prepayment on any date after June 1, 2014, without premium.

Proposed Refinancing. On the date of issuance of the Bonds (the "**Closing Date**"), the County will cause to be transferred to the 2006 Trustee, for deposit into an escrow fund (the "**2006 Escrow Fund**"), an amount sufficient to prepay the 2006 Lease Payments on May 15, 2014, and the Refunded 2006 Certificates on June 1, 2014. The 2006 Trustee will hold the amounts deposited in the 2006 Escrow Fund in non-callable Federal Securities (as defined below) until required to prepay the 2006 Lease Payments. All amounts held in the 2006 Escrow Fund will be applied on May 15, 2014 to prepay the 2006 Lease Payments at a price equal to 100% of their aggregate principal amount to be prepaid together with interest accrued thereon to the prepayment date, without premium. These funds will be sufficient to prepay and redeem the Refunded 2006 Certificates in full on their prepayment date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

"**Federal Securities**" is defined in the 2006 Trust Agreement to mean:

> United States Treasury notes, bonds, bills or certificates of indebtedness, or such other Certificates for which the full faith and credit of the United States of America are pledged for the payment of principal and interest, including pre-refunded municipal Certificates secured by United States Treasury notes, bonds, bills or certificates of indebtedness.

Following the prepayment of the 2006 Lease Payments and Refunded 2006 Certificates in full, the 2006 Trustee will transfer any amounts remaining on deposit in the 2006 Escrow Fund to the Trustee to be applied to pay interest next coming due and payable on the Bonds.

The amounts held and invested by the 2006 Trustee in the 2006 Escrow Fund are pledged solely to the payment of the 2006 Lease Payments and Refunded 2006 Certificates. Neither the funds deposited in the 2006 Escrow Fund nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

2006 Certificates to be Refunded. The Refunded 2006 Certificates consist of the following:

2006 Certificates
Base CUSIP† Number: 725907
Prepayment Date: June 1, 2014
Price: 100%

Maturity Date (June 1)	Principal Amount	CUSIP Number†
2015	$625,000	DH9
2016	640,000	DJ5
2017	670,000	DK2
2018	700,000	DL0
2019	730,000	DM8
2020	760,000	DN6
2021	795,000	DP1
2022	835,000	DQ9
2023	870,000	DR7
2024	910,000	DS5

Refunding of the 2007 Certificates

The 2007 Certificates. The 2007 Certificates were executed and delivered to provide funds to finance the cost of acquiring the South Placer Justice Center Courthouse (the "Leased Property," as described in more detail below under "THE LEASED PROPERTY"). The 2007 Certificates are currently outstanding in the amount of $27,035,000.

In connection with the 2007 Certificates, the County and the Placer County Public Financing Authority previously entered into the 2007 Lease Agreement, under which the County is obligated to pay semiannual lease payments as rental for certain property (the "**2007 Lease Payments**"). The 2007 Lease Payments were assigned to The Bank of New York Mellon Trust Company, N.A., as trustee for the 2007 Certificates (the "**2007 Trustee**"). The 2007 Certificates were executed and delivered under a Trust Agreement dated as of December 1, 2007, among the County, the Placer County Public Financing Authority and the 2007 Trustee (the "**2007 Trust Agreement**").

Under the 2007 Lease Agreement, the County has the right to secure the prepayment of the 2007 Lease Payments on any date with an irrevocable deposit of funds that has the effect of discharging the County's obligations under the 2007 Lease Agreement. The County may also prepay the 2007 Lease Agreement on any date on or after November 15, 2015. The 2007 Certificates maturing on or after December 1, 2016, are subject to prepayment on any date after December 1, 2015, without premium.

Proposed Refinancing. On the Closing Date, the County will cause to be transferred to the 2007 Trustee, for deposit into an escrow fund (the "**2007 Escrow Fund**"), an amount sufficient to prepay the 2007 Lease Payments on November 15, 2016, and the Refunded 2007 Certificates on December 1, 2015. The 2007 Trustee will hold the amounts deposited in the 2007 Escrow Fund in in Defeasance Obligations (as defined below), until required to prepay the 2007 Certificates. All amounts held in the 2007 Escrow Fund will be applied on the prepayment date to prepay the 2007 Lease Payments at a price equal to 100% of their aggregate principal amount to be prepaid together with interest accrued thereon to the prepayment date, without premium. These funds will be sufficient to pay and redeem the Refunded 2007 Certificates in full on their prepayment date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

"**Defeasance Obligations**" is defined in the 2007 Trust Agreement to mean:

> (a) cash, (b) non-callable direct obligations of the United States of America ("Treasuries"), (c) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (d) subject to the prior written consent of the Municipal Bond Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (e) subject to the prior written consent of the Municipal Bond Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, unless the Municipal Bond Insurer otherwise approves.

Following the payment and prepayment of the 2007 Lease Payments in full, the 2007 Trustee will transfer any amounts remaining on deposit in the 2007 Escrow Fund to the 2007 Trustee to be applied to pay interest next coming due and payable on the Bonds.

The amounts held and invested by the 2007 Trustee in the 2007 Escrow Fund are pledged solely to the payment of the 2007 Lease Payments and the 2007 Certificates. Neither the funds deposited in the 2007 Escrow Fund nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

2007 Certificates to be Refunded. The Refunded 2007 Certificates consist of the following:

2007 Certificates
Base CUSIP† Number: 725907
Prepayment Date: December 1, 2015
Price: 100%

Maturity Date (December 1)	Principal Amount	CUSIP Number†
2015	$1,530,000	EA3
2016	1,585,000	EB1
2017	1,650,000	EC9
2018	1,715,000	ED7
2019	1,780,000	EE5
2020	1,855,000	EF2
2021	1,935,000	EG0
2022	2,015,000	EH8
2023	2,105,000	EJ4
2024	2,195,000	EK1
2025	2,295,000	EL9
2026	2,395,000	EM7
2027	2,505,000	EN5

Estimated Sources and Uses of Funds

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

Sources:	
Principal Amount	$ 33,780,000.00
Plus Original Issue Premium	4,055,340.45
Total Sources	$ 37,835,340.45
Uses:	
2006 Escrow Fund	$ 8,309,714.49
2007 Escrow Fund	29,169,712.05
Costs of Issuance (1)	355,913.91
Total Uses	$ 37,835,340.45

(1) Represents funds to be used to pay Costs of Issuance, which include legal fees, printing costs, an Underwriter's discount, rating agency fees, fees and costs of the Trustee, Escrow Agent and Verification Agent, and other miscellaneous expenses. For a description of the Underwriter's discount, see "UNDERWRITING."

THE LEASED PROPERTY

Lease Payments will be made by the County under the Lease for the use and occupancy of the Leased Property, which, as described in greater detail below, consists of the South Placer Justice Center Courthouse (the "**Courthouse**").

Description of Courthouse. The Courthouse is located in the City of Roseville and includes a 4.6-acre parcel and 110,700 square-foot building with two above grade levels and a basement level for secure holding areas. It contains nine general-purpose courtrooms, court administrative and clerical support areas as well as secure inmate holding areas in the basement and at each courtroom level.

The structure consists of concrete tilt-up walls with interior steel frame and concrete floor and roof sections. To ensure continued occupancy of inmate holding areas and data system integrity in the event of power failure, the inmate holding areas are supported by an emergency generator with automatic switching. The County acquired the South Placer Justice Center Courthouse on completion of its construction, which was in spring 2008, for a purchase price of approximately $35,500,000.

Although the County has not undertaken an appraisal of the Leased Property, the insured value of the improvements constituting the Leased Property as of October 15, 2012 is $43,337,997, and the Leased Property's useful life extends at least to December 1, 2027. In the Lease, the County and Authority agree and determine that the total Lease Payments represent the fair rental value of the Leased Property.

Courthouse Subject to Trial Court Facilities Act and Transfer Agreement. The County holds title to the Courthouse, but its right to use the facility is subject to a Transfer Agreement between the County and the Judicial Council of California, Administrative Offices of the Courts (the "**Judicial Council**"), executed in 2008 (the "**Transfer Agreement**"). The parties entered into the Transfer Agreement as required by the Trial Court Facilities Act of 2002, commencing with Section 70301 et seq. of the Government Code of the State of California (the "**Trial Court Facilities Act**").

Under the Transfer Agreement, the County previously transferred to the Judicial Council "the perpetual, exclusive right to use and occupy the [Courthouse], subject to the terms of [the Transfer Agreement]… and the [Trial Court Facilities] Act," but not title to the facility. The Trial Court Facilities Act (in Government Code Section 70325(a)(1)) provides that "during the period and to the extent which bonded indebtedness is outstanding with respect to any court facility, the state shall not have any equity or other ownership rights in, to, or with respect to, the court facility." The Act also states (in Government Code Section 70323) that:

> Subject to the provisions of Section 70325 concerning a building subject to a bonded indebtedness…, transfer of responsibility for court facilities shall be evidenced by the following change in title to the building containing those facilities: (a) … Unless bonded indebtedness, including the legal obligation to pay the indebtedness, is transferred to the state, this subdivision does not apply so long as a court facility is subject to bonded indebtedness. Title shall transfer to the state when the bonded indebtedness is paid. For the purposes of this subdivision, bonded indebtedness includes only the bonded indebtedness existing at the time of transfer of responsibility, and any refunding of the existing bonded indebtedness issued to achieve monetary savings to the county. Any

refunding under this subdivision does not extend the original maturity date of the bonded indebtedness and may not increase the original principal amount of the indebtedness, except to pay costs relating to the refunding of the bonded indebtedness.

The Trial Court Transfer Act defines "bonded indebtedness" to include "any financial encumbrance, including, but not limited to, bonds, lease revenue bonds, certificates of participation, mortgages, liens, or loans, on a building."

The County believes that the Bonds, on issuance, will constitute bonded indebtedness for purposes of the Trial Court Transfer Act because they would refund the 2007 Certificates, which were executed and delivered for the purpose of financing the Courthouse. The Bonds neither extend the original maturity date nor increase the original principal amount of the 2007 Certificates, and the terms of the Transfer Agreement will not prevent the Authority or the Trustee from exercising any of the remedies set forth in the Lease if an Event of Default occurs. Consequently, the County relies on the provisions of Sections 70323 and 70325(a)(1), as well as those of the Transfer Agreement, to enable it to utilize the Courthouse as the Leased Property relating to the Bonds.

Modifications of Leased Property

Under the Lease, subject to the approval of the Authority, the County will have the right during the term of the Lease to make additions, modifications and improvements to the Leased Property or any portion of the Leased Property. Such additions, modifications and improvements may not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements, must be of a value that is not substantially less than its value immediately prior to the making of such additions, modifications and improvements.

Substitution

Under the Lease, the County has the option at any time and from time to time, to substitute other real property (the "**Substitute Property**") for the Leased Property or any portion thereof (the "**Former Property**"), upon satisfaction of all of the requirements set forth in the Lease, which includes (among others) the following:

- No Event of Default has occurred and is continuing.
- The County has obtained a CLTA policy of title insurance insuring the County's leasehold estate under the Lease in the Substitute Property, subject only to Permitted Encumbrances (as defined in the Lease), in an amount at least equal to the estimated value thereof.
- The County has certified in writing to the Authority and Trustee that the Substitute Property serves the municipal purposes of the County and constitutes property which the County is permitted to lease under the laws of the State, and has been determined to be essential to the proper, efficient and economic operation of the County and to serve an essential governmental function of the County.

- The Substitute Property does not cause the County to violate any of its covenants, representations and warranties made in the Lease, nor does it impact the federal tax exemption relating to the Bonds.

- The County has filed with the Authority and Trustee a written certificate of the County or other written evidencing stating that the estimated value of the Substitute Property is at least equal to the outstanding principal amount of the Bonds, that the fair rental value of the Substitute Property is at least equal to the Lease Payments thereafter coming due and payable, and that the useful life of the Substitute Property at least extends to December 1, 2027.

- The County has mailed written notice of the substitution to each rating agency that then maintains a rating on the Bonds.

See "APPENDIX B – Summary of Principal Legal Documents."

After a substitution, the Former Property will be released from the leasehold, as appropriate. The Authority and the County will also make any amendments needed to be made to the Lease, and will enter into any necessary site or ground leases in connection with such substitution. Such amendments may be made without the consent of Bondowners. The County is not entitled to any reduction, diminution, extension or other modification of the Lease Payments as a result of a substitution.

Release of Leased Property

Under the Lease, the County has the option at any time and from time to time during the term of the Lease to release from the Lease any portion of the Leased Property; provided that the County satisfies all the requirements under the Lease that are conditions precedent to such removal, which include (among others) the following:

- No Event of Default has occurred and is continuing.

- The County has certified in writing to the Authority and the Trustee that the value of the property which remains subject to the Lease following such release is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to the Lease following such release is at least equal to the Lease Payments thereafter coming due and payable.

See "APPENDIX B – Summary of Principal Legal Documents."

THE BONDS

Authority for Issuance

The Bonds are being issued under the Bond Law, Authority Resolution, County Resolution, and Indenture.

General Provisions

Bond Terms. The Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of $5,000 or any integral multiple of $5,000. The Bonds will mature in the amounts and on the dates, and bear interest at the annual rates, set forth on the inside cover page of this Official Statement.

***Payments of Principal and Interest*.** Interest on the Bonds will be payable on June 1 and December 1 in each year, beginning June 1, 2014 (each an "**Interest Payment Date**"). Principal on the Bonds will be payable on the dates and in the amounts set forth on the inside front cover of this Official Statement.

While the Bonds are subject to the book-entry system, the principal and interest and any prepayment premium with respect to the Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the Bonds. See "– Book-Entry Only System" below.

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

- a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or
- interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Principal with respect to each Bond is payable upon surrender of such Bond at the Office of the Trustee in Los Angeles, California, upon maturity or the earlier redemption thereof.

The principal and interest on the Bonds will be payable in lawful money of the United States of America.

Calculation of Interest. Interest on the Bonds will accrue from the Interest Payment Date next preceding its date of authentication unless:

(i) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest with respect thereto will be payable from such Interest Payment Date, or

(ii) it is authenticated on or before the Record Date immediately preceding the first Interest Payment Date, in which event interest with respect thereto will be payable from its dated date.

However, if at the time of authentication of any Bond, interest with respect thereto is in default, interest will be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or from its dated date if no interest has been paid or made available for payment.

Interest with respect to the Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months.

Transfer, Registration and Exchange

See "APPENDIX B – Summary of Principal Legal Documents" for a description of the provisions of the Indenture relating to the transfer, registration and exchange of the Bonds.

Redemption

Optional Redemption. The Bonds maturing on or before December 1, 2024, are not subject to optional redemption prior to their stated maturity. The Bonds maturing on or after December 1, 2025, are subject to redemption, as a whole or in part at the election of the Authority among maturities on such basis as designated by the Authority and by lot within a maturity, at the option of the Authority, on December 1, 2024, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Special Mandatory Redemption From Insurance or Condemnation Proceeds. The Bonds are subject to redemption as a whole, or in part on a pro rata basis among maturities, on any date, from any Net Proceeds of insurance or eminent domain award with respect to the Leased Property which are not applied to repair, rebuild or replace the Leased Property as provided in the Indenture, at a redemption price equal to 100% of the principal amount to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium.

Notice of Redemption; Rescission. Notice of redemption will be mailed by the Trustee, first class, postage prepaid, not more than 60 and not less than 30 days before any redemption date, to the respective registered Owners of any Bonds designated for redemption at their addresses appearing on the registration books maintained by the Trustee and to one or more Securities Depositories and the Municipal Securities Rulemaking Board. Neither the failure to receive any notice nor any defect therein will affect the proceedings for such redemption.

The Authority has the right to rescind any notice of the redemption of Bonds described above under the heading "- Optional Redemption" by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Trust Agreement. The Authority and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under this Section.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all the Bonds of a single maturity, the Trustee will select the Bonds to be redeemed from all Bonds of that maturity to be redeemed by lot in any manner that the Trustee in its sole discretion deems appropriate. For purposes of such selection, Bonds will be deemed to be comprised of $5,000 portions and each portion will be subject to redemption as if such portion were a separate Bond.

Effect of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption has been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice.

Book-Entry Only System

The Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple of $5,000, under the book-entry system maintained by DTC. While the Bonds are subject to the book-entry system, the principal, interest and any prepayment premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. Purchasers of the Bonds will not receive certificates representing their interests therein, which will be held at DTC.

See "APPENDIX F – DTC and the Book-Entry Only System" for further information regarding DTC and the book-entry system.

DEBT SERVICE SCHEDULE

The table below shows annual debt service payments on the Bonds, assuming no optional redemption.

Period Ending	Principal	Interest	Bond Year Total	Fiscal Year Total
6/1/2014	$ 1,200,000	$ 120,208.89	$1,320,208.89	--
6/30/2014	--	--	--	$ 1,320,208.89
12/1/2014	2,050,000	664,175.00	2,714,175.00	--
6/1/2015	--	653,925.00	653,925.00	--
6/30/2015	--	--	--	3,368,100.00
12/1/2015	2,065,000	653,925.00	2,718,925.00	--
6/1/2016	--	633,275.00	633,275.00	--
6/30/2016	--	--	--	3,352,200.00
12/1/2016	2,120,000	633,275.00	2,753,275.00	--
6/1/2017	--	601,475.00	601,475.00	--
6/30/2017	--	--	--	3,354,750.00
12/1/2017	2,185,000	601,475.00	2,786,475.00	--
6/1/2018	--	568,700.00	568,700.00	--
6/30/2018	--	--	--	3,355,175.00
12/1/2018	2,265,000	568,700.00	2,833,700.00	--
6/1/2019	--	523,400.00	523,400.00	--
6/30/2019	--	--	--	3,357,100.00
12/1/2019	2,350,000	523,400.00	2,873,400.00	--
6/1/2020	--	476,400.00	476,400.00	--
6/30/2020	--	--	--	3,349,800.00
12/1/2020	2,445,000	476,400.00	2,921,400.00	--
6/1/2021	--	427,500.00	427,500.00	--
6/30/2021	--	--	--	3,348,900.00
12/1/2021	2,565,000	427,500.00	2,992,500.00	--
6/1/2022	--	363,375.00	363,375.00	--
6/30/2022	--	--	--	3,355,875.00
12/1/2022	2,690,000	363,375.00	3,053,375.00	--
6/1/2023	--	296,125.00	296,125.00	--
6/30/2023	--	--	--	3,349,500.00
12/1/2023	2,825,000	296,125.00	3,121,125.00	--
6/1/2024	--	225,500.00	225,500.00	--
6/30/2024	--	--	--	3,346,625.00
12/1/2024	2,095,000	225,500.00	2,320,500.00	--
6/1/2025	--	173,125.00	173,125.00	--
6/30/2025	--	--	--	2,493,625.00
12/1/2025	2,200,000	173,125.00	2,373,125.00	--
6/1/2026	--	118,125.00	118,125.00	--
6/30/2026	--	--	--	2,491,250.00
12/1/2026	2,305,000	118,125.00	2,423,125.00	--
6/1/2027	--	60,500.00	60,500.00	--
6/30/2027	--	--	--	2,483,625.00
12/1/2027	2,420,000	60,500.00	2,480,500.00	--
6/30/2028	--	--	--	2,480,500.00
Total	$33,780,000	$11,027,233.89	$44,807,233.89	$44,807,233.89

SECURITY FOR THE BONDS

The principal of and interest on the Bonds are not a debt of the Authority (except to the limited extent described in this Official Statement) or the County, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.

This section provides summaries of the security for the Bonds and certain provisions of the Indenture and the Lease. See "APPENDIX B – Summary of Principal Legal Documents" for a more complete summary of the Indenture and the Lease. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Pledge of Revenues

The Bonds are payable from and secured by a pledge of Revenues and certain funds and accounts established and held by the Trustee under the Indenture. "**Revenues**," as defined in the Indenture, mean:

> (a) all amounts received by the Authority or the Trustee under or with respect to the Lease, including, without limiting the generality of the foregoing, all the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts described in the provisions of the Lease relating to permitted amendments that provide for additional rental to be pledged or assigned for the payment of bonds issued to finance or refinance projects for which the County is authorized to expend its funds, and (ii) any Additional Rental Payments (consisting of certain administrative costs due to the Authority and the Trustee under the Lease), and
>
> (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

Pursuant to the Assignment Agreement, the Authority has assigned to the Trustee for the benefit of the Owners of the Bonds, certain of its rights under the Lease, including its right to receive Lease Payments for the purpose of securing the payment of debt service e on the Bonds.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF REVENUES AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE 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 BONDS NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE COUNTY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS (INCLUDING ANY MEMBER OF THE AUTHORITY) IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

Lease Payments; Covenant to Appropriate

The County covenants, under the Lease, to make Lease Payments as rental for the right to use and occupy the Leased Property under the Lease. Amounts of the scheduled Lease Payments are calculated to be sufficient to pay debt service on the Bonds when due. Lease Payments will be paid by the County semiannually to the Trustee on or before the fifth Business Day immediately preceding each Interest Payment Date. Upon receipt, the Trustee will deposit the Lease Payments in the Bond Fund for the purposes of paying principal of and interest on the Bonds.

The County covenants under the Lease to take such action as may be necessary to include all Lease Payments and Additional Rental in its annual budgets and to make the necessary annual appropriations for all such rental payments. On or about July 1 of each Fiscal Year, the County will provide to the Trustee a written certificate in which it will certify that it has complied with this obligation for the Fiscal Year.

Under certain circumstances described in the Lease, however, Lease Payments are subject to abatement during periods of substantial interference with the County's use and occupancy of all or a portion of the Leased Property, as described in "– Abatement."

No Debt Service Reserve Fund

There is no debt service reserve fund for the Bonds.

Abatement

The Lease provides that the obligation of the County to pay Lease Payments will be subject to abatement by reason of (i) any damage or destruction such that there is substantial interference with the use and occupancy of all or any portion of the Leased Property, or (ii) a temporarily taking of the Leased Property or a permanent taking of a portion of the Leased Property. Such abatement will be in an amount determined by the County, such that the resulting unabated portion of the Lease Payments will represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property. 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.

Notwithstanding the foregoing, under the Lease, the Lease Payments will not be subject to abatement to the extent that the proceeds from rental interruption insurance are available to pay the portion of the Lease Payments that would otherwise be abated.

Insurance; Condemnation

In the event of an abatement of Lease Payments, debt service on the Bonds may, to a certain extent, be covered by insurance proceeds. The County is required to procure and maintain rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of certain hazards pursuant to the Lease. Such insurance will be in an amount at least equal to the maximum amount of Lease Payments coming due and payable during any consecutive two Fiscal Years. The Net Proceeds of such insurance, if any, will be paid to the Trustee and deposited in the Bond Fund, for application as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

The Lease also requires the County to maintain title insurance, standard commercial general liability insurance and casualty insurance with respect to the Leased Property. Any Net Proceeds under such title insurance policy will be deposited with the Trustee in the Bond Fund, to be credited towards the prepayment of the remaining Lease Payments under the Lease.

The required casualty insurance will have a coverage amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Bonds, and may be subject to such deductibles as the County deems adequate and prudent. It must, 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, and must include earthquake insurance if available at reasonable cost from reputable insurers in the judgment of the County. See "BOND OWNERS' RISKS – Seismic Events; Force Majeure." The casualty insurance may be subject to such deductibles as the County deems adequate and prudent; may be maintained as part of or in conjunction with any other insurance coverage carried by the County; and may be maintained in whole or in part in the form of the participation by the County in a joint powers agency or other program providing pooled insurance, provided that such insurance may not be maintained by the County in the form of self-insurance.

If all or a portion of the Leased Property is damaged or destroyed, or taken under the power of eminent domain, proceeds from the casualty insurance or the condemnation award will be deposited in the Insurance and Condemnation Fund maintained by the Trustee. The County must apply all proceeds deposited in the Insurance and Condemnation Fund to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property or to replace any Leased Property taken in eminent domain proceedings.

In the event that the Leased 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 will cease as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, the (a) the Lease continues in full force and effect with respect to the Leased Property and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary, and (b) the Lease Payments are subject to abatement in an amount determined by the County such that the resulting Lease Payments represent fair consideration of the use and occupancy of the remaining usable portions of the Leased Property. Notwithstanding the foregoing, the Lease Payments are not subject to abatement to the extent that proceeds from rental interruption insurance are available to pay Lease Payments that would otherwise be abated under the Lease.

See "BOND OWNERS' RISKS – Abatement," "– Application of Net Proceeds" and "– Risk of Uninsured Loss."

Covenants Regarding Transfer Agreement

The County covenants in the Lease that the terms of the Transfer Agreement will not prevent the Authority or the Trustee from exercising any of the remedies set forth in the Lease if an Event of Default occurs.

Remedies

If the County defaults in performance of its obligations under the Lease, the Authority or the Trustee, as assignee of the Authority, may either terminate the Lease and re-enter and re-let all or a portion of the Leased Property or may retain the Lease and hold the County liable for all payments on an annual basis and still have the right to re-enter and re-let the Leased Property without effecting a surrender of the Lease. Additionally, the Trustee may pursue remedies at law or in equity to enforce the Lease.

Although the Lease and Indenture provide that the Trustee, as assignee of the Authority, may take possession of the Leased Property if there is a default by the County, and the Lease provides that the Trustee may have such rights of access to the Leased Property as may be necessary to exercise any remedies, portions of the Leased Property may not be easily recoverable and, even if recovered, could be of little value to others. There can be no assurance that the Leased Property can be re-let for an amount equal to all outstanding Lease Payments. Due to the essential nature of the governmental functions of the Leased Property, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting. In addition, the remedy of repossession and re-letting may prove to be unavailable or not economically viable with respect to all or portions of the Leased Property because the Authority has only a leasehold or other possessory right to some of the Lease Property. Therefore, repossession of the Leased Property in such instances may not be an available remedy. In addition, assuming the Leased Property could be repossessed, it may prove functionally impossible to re-lease.

Additional Parity Obligations

Under the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part. However, the Lease allows the Authority and County to amend the Lease’s terms, without the Trustee’s consent, for certain purposes that include obligating the County to pay additional amounts of rental for the use and occupancy of the Leased Property if:

(a) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the County is authorized to expend funds subject to its control,

(b) the County has obtained and filed with the Trustee an appraisal showing that the appraised value of the Leased Property is at least equal to the aggregate principal amount of the Outstanding Bonds and all such other bonds, notes, leases or other obligations, and

(c) the County has filed with the Trustee written evidence that the amendments will not of themselves cause a reduction or withdrawal of any rating then assigned to the Bonds.

THE AUTHORITY

The Authority was formed pursuant to the provisions of Article I and Article 4 of Chapter 5 of Division 7 of Title I of the Government code of the State of California (the “**Act**”) and a Joint

Exercise of Powers Agreement, dated September 1, 1993 (the "**Joint Powers Agreement**"), by and between the County and the North Lake Tahoe Public Utility District. The Authority was formed to assist in the financing of public capital improvements, such as the design, acquisition and construction of additions, betterments and improvements to the County's facilities.

The Authority functions as an independent entity and its policies are determined by a five-member board of directors consisting of representatives of the County and North Lake Tahoe Public Utility District. Under the Joint Powers Agreement, the Authority is empowered to assist in the financing of public capital improvements through the issuance of revenue bonds in accordance with the Act. To exercise these powers, the Authority is authorized, in its own name, to do all necessary acts including, but not limited to any or all of the following: make and enter into contracts, employ agents and employees, and sue or be sued in its own name.

THE COUNTY

For information about the County, including general demographic information and financial in formation relating to the General Fund, see "APPENDIX A – Information About the County of Placer."

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the State Constitution

In 1978, voters in the State approved Proposition 13, adding Article XIIIA to the State Constitution. Article XIIIA limits the amount of any ad valorem tax on real property to 1% of its full cash value (as defined in the next paragraph) and if (i) approved by the voters prior to July 1, 1978, any additional ad valorem taxes levied to pay debt service on indebtedness or (ii) approved on or after July 1, 1978 by two-thirds of the voters voting, on bonded indebtedness for the acquisition or improvement of real property.

Article XIIIA defines full cash value ("**Full Cash Value**") to mean "the county assessor's valuation of real property as shown on the fiscal year 1975-76 tax bill under 'full cash' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The Full Cash Value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to (i) permit reduction of the Full Cash Value base for declining property values caused by damage, destruction or other factors and (ii) provide that there would be no increase in the Full Cash Value base in the event of reconstruction of property damaged or destroyed in a disaster.

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to the County continues as part of its allocation in future years.

Article XIIIB of the State Constitution

In addition to the limits Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIIIB, which effectively limits the amount of the revenues those entities are permitted to spend. Article XIIIB was approved by the voters in July 1979 and modified substantially by Proposition 111 in 1990.

The appropriations limit of each government entity applies to proceeds of taxes ("**Proceeds of Taxes**"), which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that they exceed "the cost reasonably borne by such entity in providing the regulation, product or service." Proceeds of Taxes excludes tax refunds and some benefit payments, such as unemployment insurance. No limit is imposed on the appropriation of funds that are not Proceeds of Taxes, such as reasonable user charges or fees, and certain other non-tax funds. Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters; appropriations required to comply with mandates of courts or the federal government; appropriations for qualified capital outlay projects; and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following the emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services.

Proposition 111 requires that each agency's actual appropriations be tested every two years against its limit. If the aggregate amount of Proceeds of Taxes for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

For fiscal year 2011-12 the County's appropriations limit was $887,122,961, and its actual appropriations in fiscal year 2011-12 were approximately $153,333,382. The County's appropriations limit for fiscal year 2012-13 is $931,340,973, and its actual appropriations in fiscal year 2012-13 were approximately $160,588,280. The County is subject to and operating in conformity with Article XIIIB.

Articles XIIIC and XIIID of the State Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State

Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related "fee" or "charge," which is 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 user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26's amendments to Article XIIIC broadly define "tax," but specifically exclude, among other things:

> "(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
>
> (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
>
> ...
>
> (6) A charge imposed as a condition of property development.
>
> (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D."

Property-Related Fees and Charges. Under Article XIIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIIIC states that "the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives."

Proposition 62

On November 4, 1986, California voters adopted Proposition 62, which requires that (i) any local tax for general governmental purposes (a "**general tax**") must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a "**special tax**") must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency's property tax allocation.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax.

The County does not believe any of the taxes constituting County revenues are levied in violation of Proposition 62.

Proposition 1A

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. The State may, however, 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 vehicle license fee rate currently in effect (0.65% of vehicle value) the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, as of July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or 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 the 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.

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 amended the State Constitution to eliminate or reduce 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. Notwithstanding the passage of Proposition 22, the State successfully dissolved redevelopment agencies. See the discussion of the impact on the County of the redevelopment agency dissolution in APPENDIX A.

Assessment Appeals and Assessor Reductions

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "**Proposition 8**" appeal). Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals, State law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary and are expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions will be eliminated. For a recent history of Proposition 8 reductions in the County, see "APPENDIX A – Information About the County of Placer – Financial Information Relating to the County's General Fund – Property Taxes."

Timing is an important consideration with respect to the property valuation process. Values are set for the current year with a valuation date as of the preceding January 1. Changes in market value subsequent to the January 1 valuation date are not reflected until the subsequent year. Therefore, there is an inherent lag in the process.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 62 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting revenues of the County or the County's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the County.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the Bonds. It is not meant to be an exhaustive list of the risks associated with the purchase of any Bonds, nor does the order necessarily reflect the relative importance of the various risks. Potential investors in the Bonds are advised to consider the special factors described below along with all other information in this Official Statement when evaluating the Bonds. Investors should be aware of the possibility that other considerations could materialize in the future.

Special Obligations of the Authority

The Bonds are special obligations of the Authority and are payable solely from, and secured by, a pledge of Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of Lease Payments payable by the County under the Lease. If, for any reason, the Revenues collected under the Indenture are not sufficient to pay debt service on the Bonds, the Authority will not be obligated to utilize any other of its funds, other than moneys on deposit in the Bond Fund and certain other funds and accounts established under the Indenture, to pay debt service on the Bonds. The Authority has no taxing power.

No Pledge of Taxes

General. The obligation of the County to pay the Lease Payments and Additional Rental 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 pay Lease Payments and Additional Rental does not constitute a debt or indebtedness of the Authority, the County, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Limitations on Taxes and Fees. Certain taxes, assessments, fees and charges presently imposed by the County could be subject to the voter approval requirements of Article XIIIC and Article XIIID of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The County has assessed the potential impact on its financial condition of the provisions of Article XIIIC and Article XIIID of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the County believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIIIC and Article XIIID of the State Constitution are eliminated or substantially reduced, the financial condition of the County, including its General Fund, could be materially adversely affected.

Although the County does not currently anticipate that the provisions of Article XIIIC and Article XIIID of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIIIC and Article XIIID of the State Constitution on the County's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

No Debt Service Reserve Fund

There is no debt service reserve fund for the Bonds.

Additional Obligations of the County

The County has existing obligations payable from its General Fund. See "FINANCIAL INFORMATION REGARDING THE COUNTY OF PLACER – Outstanding General Fund Obligations." The County is permitted to enter into other obligations that constitute additional charges against its revenues without the consent of Owners of the Bonds. To the extent that additional obligations are incurred by the County, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease (including payment of costs of repair and maintenance of the Leased Property, taxes and other governmental charges levied against the Leased Property) are payable from funds lawfully available to the County. If the amounts that the County is obligated to pay in a fiscal year exceed the County's revenues for such year, the County may choose to make some payments rather than making other payments, including Lease Payments and Additional Rental, based on the perceived needs of the County. The same result could occur if, because of California Constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare.

Default; No Acceleration

Whenever any event of default referred to in the Lease happens and continues, the Authority is authorized under the terms of the Lease to exercise any and all remedies available under law or granted under the Lease. See "APPENDIX B – Summary of Principal Legal Documents" for a detailed description of available remedies in the case of a default under the Lease.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the Bonds or pay debt service on the Bonds.

The County will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

Under certain circumstances related to damage, destruction, condemnation or title defects which cause a substantial interference with the use and possession of the Leased Property, the County's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest on the Bonds as and when due. See "SECURITY FOR THE BONDS – Abatement" and "APPENDIX B – Summary of Principal Legal Documents."

Seismic Events; Force Majeure

The areas in and surrounding the Leased Property, like those in much of California, are subject to unpredictable seismic activity; however, the County is not aware of the Leased Property having sustained material damage from earthquakes since its construction was completed.

Further, the County is obligated under the Lease to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Leased Property if available at reasonable cost from reputable insurers in the judgment of the County; however, there can be no assurance that earthquake insurance on the Leased Property, if any, can be maintained or renewed by the County in the future. If there is no earthquake insurance on the Leased Property, but the Leased Property is damaged in an earthquake, the Lease Payments would be subject to abatement. See "– Abatement."

The County's use and possession of the Leased Property may also be at risk from other events of force majeure, such as damaging storms, floods and fires, among other events; however, the Leased Property is not located in mapped flood or fire hazard zone. The County cannot predict what force majeure events may occur in the future.

State's Greenhouse Gas Regulation Could Affect County's General Fund

The Governor of the State signed Assembly Bill 32, the Global Warming Solutions Act of 2006 ("**AB 32**"), into law on September 27, 2006. AB 32 established a comprehensive program of regulatory and market mechanisms to achieve reductions in greenhouse gas emissions, including a 2020 greenhouse emissions reduction goal. The rules established by AB 32 became effective on January 1, 2012.

Manufacturing is a significant industry within the County (see "APPENDIX A – Information about the County of Placer – General Demographic Information – Employment and Industry"). AB 32 could have an adverse impact on that industry, resulting in a strain on the County's General Fund.

The State could enact additional laws having an adverse effect on the County's economy.

Drought Conditions

California is currently in the midst of the worst drought in its recorded history. On January 17, 2014, Governor Brown declared a drought in the State and requested a 20% reduction in water use statewide. Many of the employers within the County, including major employers (see "APPENDIX A – Information about the County of Placer – General Demographic Information – Major Employers") are ski resort operators whose operations could be adversely impacted as a result.

Change in Law

No assurance can be given that the State electorate will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State, in a manner that could result in a reduction of the County's revenues and, therefore, a reduction of the funds legally available to the County to make Lease Payments. See, for example, "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIC and Article XIIID of the State Constitution."

State Law Limitations on Appropriations

Article XIIIB of the California Constitution limits the amount that local governments can appropriate annually. The ability of the County to make Lease Payments may be affected if the County should exceed its appropriations limit. The State may increase the appropriation limit of its cities by decreasing its own appropriation limit. The County does not anticipate exceeding its appropriations limit. See " CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIB of the State Constitution."

Limitations on Remedies Available to Bond Owners

The ability of the County to comply with its covenants under the Lease may be adversely affected by actions and events outside of the control of the County, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" above. Furthermore, any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Lease or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondholder remedies contained in the Lease and the Indenture, the rights and obligations under the Bonds, the Lease and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Authority or the County in violation of their respective covenants in the Lease and the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX MATTERS

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

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

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

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

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

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, Bond Counsel, will render one or more opinions with respect to the validity of the Bonds, the form of which opinion is set forth in APPENDIX E. Certain legal matters will also be passed upon for the County and the Authority by Jones Hall, as Disclosure Counsel, and the Underwriter by its counsel, Schiff Hardin LLP, San Francisco, California. Certain legal matters will be passed upon for the County by County Counsel and the Authority by its counsel.

ABSENCE OF MATERIAL LITIGATION

To the best knowledge of the County, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the County after reasonable investigation, threatened against or affecting the County or the assets, properties or operations of the County which, if determined adversely to the County or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease, the Site Lease or the Indenture, or upon the financial condition, assets, properties or operations of the County, and the County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Lease, the Site Lease or the Indenture, or the financial conditions, assets, properties or operations of the County, including but not limited to the payment and performance of the County's obligations under the Lease.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore, P.C., Denver, Colorado (the "**Verification Agent**"), will examine the arithmetical accuracy of certain computations included in the schedules provided by the County relating to discharge of the Refunded 2006 Certificates and Refunded 2007 Certificates. See "REFINANCING PLAN."

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

FINANCIAL STATEMENTS

Macias Gini & O'Connell LLP, Sacramento, California (the "**Auditor**"), audited the financial statements of the County for the Fiscal Year ended June 30, 2013. The Auditor's examination was made in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. See "APPENDIX C – Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2013."

The County has not requested nor did the County obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the County.

RATING

It is anticipated that, on the Closing Date, Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (the "**Rating Agency**"), will assign its municipal bond rating of "AA" to the Bonds.

This rating reflects only the view of the Rating Agency, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from the Rating Agency.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The County and the Authority have provided certain additional information and materials to the Rating Agency (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the Rating Agency, if in the judgment of the Rating Agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

CONTINUING DISCLOSURE

The County will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the County by not later than March 31 after the end of each fiscal year of the County (currently June 30th), commencing with the report for fiscal year 2013-14 (the "**Annual Report**"), and to provide notices of the occurrence of certain specified events. The specific nature of the information to be contained in the Annual Report or the notices of specified events is provided in "APPENDIX D – Form of Continuing Disclosure Certificate," attached to this Official Statement. The Annual Report and notices of specified events will be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access web site. These covenants have been made in order to assist the Underwriter (as defined below) in complying with Securities Exchange Commission Rule 15c2 12(b)(5).

The County has not failed to comply with an undertaking under the Rule in the past five years in any material respect, except as follows:

- The County's annual financial reports were timely, but not properly, filed in a number of instances.

- Various event notices, including rating changes relating to bond insurers and a notice of redemption, were not timely filed.

The County has made filings to correct all known instances of non-compliance during the last five years. The County has also designated a single member within the Treasurer-Tax Collector's Office with the responsibility of ensuring timely and complete filings, which will assist the County in complying with existing and future obligations under the Rule.

UNDERWRITING

Raymond James & Associates, Inc. (the "**Underwriter**"), has entered into a bond purchase agreement with the Authority and County under which the Underwriter will purchase the Bonds at a price of $37,652,485.82 (equal to the par amount of the Bonds, plus an original issue premium of $4,055,340.45, and less an Underwriter's discount of $182,854.63).

The Underwriter will be obligated to take and pay for all of the Bonds if any are taken. The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

PROFESSIONAL SERVICES

In connection with the issuance of the Bonds, all or a portion of the fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the Bonds: Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel and Disclosure Counsel; Schiff Hardin LLP, San Francisco, California, as counsel to the Underwriter; and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as Trustee and Escrow Agent.

EXECUTION

The execution and delivery of this Official Statement have been authorized by the Authority Board and the County Board.

NORTH LAKE TAHOE PUBLIC
FINANCING AUTHORITY

By : /s/ David Boesch
Executive Director

COUNTY OF PLACER

By : /s/ Jenine Windeshausen
County Treasurer-Tax Collector

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APPENDIX A

INFORMATION ABOUT THE COUNTY OF PLACER

GENERAL DEMOGRAPHIC INFORMATION

*The following information is included only for the purpose of supplying general information regarding Placer County (the "**County**"). This information is provided only for general informational purposes, and provides prospective investors limited information about the County and its economic base. The Bonds are not a debt of the County, the State or any of their respective political subdivisions, and none of the County, the State or any of their respective political subdivisions is liable therefor.*

General and Location

The County, which covers an estimated area of 1,500 square miles, is bordered by the State of Nevada on the east, Nevada County on the north, Yuba and Sutter Counties on the west and by Sacramento and El Dorado Counties on the south. The County is included (along with Sacramento County and El Dorado County in the three-county Sacramento Metropolitan Statistical Area. There are six incorporated cities in the County, of which four (Auburn, Lincoln, Rocklin and Roseville) have populations of 10,000 or more, with Auburn being the County seat.

Organization

The California Legislature approved the formation of the County in 1851 from portions of what were then Sutter and Yuba Counties. The County is a charter county divided into five districts on the basis of registered voters and population. The County is governed by a five member, non-partisan Board of Supervisors who serves alternate four-year terms. The Supervisors elect one of the members as chairman annually and make program and policy decisions for the County. The County Administration includes appointed and elected officials, boards, commissions, and committees that assist the Board of Supervisors in making decisions.

A wide range of services is provided by the County to its residents, including deputy sheriff and fire protection, medical and health services, education, library services, judicial institutions, a variety of public assistance programs and other programs. Additional services are provided to residents in specific areas by special districts and service or improvement areas. Some municipal services are provided to incorporated cities within the County boundaries on a contract basis. This permits cities to contract for services without incurring the cost of creating numerous city departments and facilities.

Topography and Climate

The County offers a great variety of elevations and terrain. From a minimum of 40 feet above sea level in the southwestern corner of the County near Roseville, the land rises to an elevation of 9,000 feet at the summit of the Sierra Nevada Mountains, near the County's northeastern boundary. The western portion of the County, an area of rolling foothills, provides the site for several large industrial areas and a major railroad marshaling and switching yard. To the northeast, the terrain becomes more mountainous, advancing from orchard land to high elevation timberland. The eastern side of the County, particularly the area surrounding Lake

Tahoe, provides a setting for high-altitude winter sports and summer recreational activities. Over much of its length, the County is bounded by the American and Bear Rivers.

The climate in the lower elevations is generally characterized by warm summers and mild winters. The higher elevations experience the extremes of winter typical of such climes. In the more populated areas, monthly averages of daily extreme temperatures range from 39 degrees Fahrenheit minimum to 52 degrees Fahrenheit maximum in January, and 58 degrees Fahrenheit and 90 degrees Fahrenheit in July. The average annual rainfall is 36 inches, with an average annual snowfall of 216 inches in the Lake Tahoe area. Approximately 90% of average annual rainfall occurs in the six-month period extending from November to April.

Population

The following table shows population estimates for the County and the State as of January 1 for the past five calendar years.

PLACER COUNTY
Population Estimates
Calendar Years 2009 through 2013

Year	Placer County	California
2009	340,995	36,966,713
2010	347,133	37,223,900
2011	351,463	37,427,946
2012	355,328	37,678,563
2013	357,463	37,966,471

Source: California State Department of Finance, Demographic Research Unit.

Effective Buying Income

Effective buying income ("**EBI**") is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of Owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the County, the State of California and the United States.

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2008 through 2012 (the most recent year for which annual data is available).

Effective Buying Income
As of January 1, 2008 through 2012†

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2008	Placer County	$ 9,416,798	$56,445
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	Placer County	$ 9,911,191	$59,331
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	Placer County	$ 9,455,123	$56,109
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	Placer County	$ 9,797,178	$55,993
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012†	Placer County	$ 9,955,120	$55,173
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

† Most recent annual data available.
Source: The Nielsen Company (US), Inc.

Employment and Industry

The table below provides information about employment by industry type for the County for calendar years 2008 through 2012 (the most recent year for which annual data is available).

PLACER COUNTY
Employment by Industry
Annual Averages

	2008	2009	2010	2011	2012†
Civilian Labor Force (1)	177,300	179,800	176,900	177,900	178,800
Employment	165,900	161,000	156,600	158,800	162,000
Unemployment	11,400	18,700	20,300	19,100	16,800
Unemployment Rate	6.4%	10.4%	11.5%	10.8%	9.4%
Wage and Salary Employment (2)					
Agriculture	400	300	300	400	400
Natural Resources and Mining	100	100	100	0	0
Construction	12,300	9,200	8,400	8,100	8,400
Manufacturing	7,900	7,000	6,600	6,600	6,300
Wholesale Trade	4,200	4,000	3,700	3,700	4,100
Retail Trade	20,900	19,000	19,300	19,800	20,600
Transportation, Warehousing and Utilities	2,900	3,000	3,000	2,800	2,900
Information	2,400	2,500	2,500	2,300	2,300
Finance and Insurance	7,700	7,200	7,000	7,200	7,600
Real Estate and Rental and Leasing	3,000	2,700	2,700	2,600	2,700
Professional and Business Services	14,600	12,800	13,000	13,300	13,900
Educational and Health Services	16,700	17,100	18,100	19,300	20,400
Leisure and Hospitality	19,300	18,000	18,100	18,500	18,700
Other Services	4,700	4,700	4,500	4,700	5,000
Federal Government	700	700	800	700	700
State Government	700	800	800	800	700
Local Government	18,500	17,200	17,300	16,700	17,300
Total, All Industries (3)	136,900	126,300	126,200	126,500	131,800

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

Major Employers

The table below lists the largest employers in the County as of February 2014.

PLACER COUNTY
Major Employers
February 2014

Employer Name	Location	Industry
Agilent Technologies Inc	Roseville	Instruments-Measuring (Mfrs)
Alpine Meadows	Alpine Meadows	Resorts
At&t	Auburn	Telephone Companies
Composite Engineering Inc	Roseville	Engineers-Professional
K-Love Christian Music	Rocklin	Radio Stations & Broadcasting Companies
Kaiser Roseville Medical Ctr	Roseville	Hospitals
Nordstrom	Roseville	Department Stores
Northstar At Tahoe Resort	Truckee	Resorts
Oracle	Rocklin	Computer Software-Manufacturers
Placer County Fire Dept	Auburn	County Government-Fire Protection
Placer County Food Stamps	Auburn	County Government-Social/Human Resources
Placer County of Education	Auburn	Schools
Placer County Sheriff	Auburn	Sheriff
Progressive Technology	Rocklin	Machine Shops (Mfrs)
Resort At Squaw Creek	Olympic Valley	Hotels & Motels
Ritz-Carlton-Lake Tahoe	Truckee	Hotels & Motels
Roseville Golfland-Sun Splash	Roseville	Water Parks
Roseville Toyota & Scion	Roseville	Automobile Dealers-New Cars
Sheriff's Training	Auburn	Sheriff
Sure West Communications	Roseville	Long Distance Telephone Service
Sutter Roseville Medical Ctr	Roseville	Hospitals
Tami Saner & Assoc	Roseville	Real Estate
Thunder Valley Casino	Lincoln	Casinos
Unfi Western Region Div	Rocklin	Food Products (Whls)
Walmart Supercenter	Roseville	Department Stores

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database 2014 1st Edition

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 is not comparable to that of prior years. A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first three quarters of calendar year 2012 in the County were reported to be $1,811,013,000, a 7.55% increase over the total taxable sales of $1,674,371,000 reported during the first three quarters of calendar year 2011. Annual figures are not yet available for 2012.

PLACER COUNTY
Taxable Transactions
Calendar Years 2007 through 2011†
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	5,065	5,553,447	11,676	7,431,405
2008	5,841	5,009,849	12,104	6,634,810
2009 (1)	7,819	4,453,186	11,135	5,796,644
2010 (1)	8,110	4,678,785	11,439	6,017,542
2011 (1)	7,803	5,112,781	11,120	6,568,195

† Most recent annual data available.
(1) Not comparable to 2007 and 2008. “Retail” category now includes “Food Services.”
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

The following table shows a five-year summary of the valuation of building permits issued in the County.

PLACER COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2008	2009	2010	2011	2012
Permit Valuation					
New Single-family	$353,462.9	$257,838.2	$272,263.0	$230,831.8	$431,611.6
New Multi-family	31,846.0	25,595.7	11,385.1	6,549.5	11,368.0
Res. Alterations/Additions	57,459.6	41,270.3	50,586.8	62,155.8	35,481.3
Total Residential	$442,768.5	$324,704.2	$334,234.9	$299,537.1	$478,460.9
New Commercial	$120,409.3	$ 7,200.2	$ 5,551.8	$ 7,014.3	$ 44,303.0
New Industrial	4,140.4	0.0	0.0	860.0	164.0
New Other	58,423.4	29,275.1	29,303.2	12,112.3	414.5
Com. Alterations/Additions	116,531.9	77,101.0	73,789.4	88,639.9	55,512.0
Total Nonresidential	$299,505.1	$113,576.3	$108,644.4	$108,626.5	$100,393.5
New Dwelling Units					
Single Family	1,330	1,056	1,090	802	1,209
Multiple Family	383	259	79	28	111
TOTAL	1,713	1,315	1,169	830	1,320

Source: California Homebuilding Foundation Construction Industry Research Board, Building Permit Summary.

Transportation

The County's transportation network is an integral part of its development. Centrally located in the State, the area is the hub of several major highways. Interstate 80 runs through the County, connecting San Francisco to New York. Highway 65 runs north from I-80 to Lincoln and Marysville. Interstate 5, which is west of the County, runs north to Seattle and south to Los Angeles.

Union Pacific Railroad bought Southern Pacific in 1996 and the J.R. Davis Yard, located in Roseville, is the largest rail facility on the West Coast. Union Pacific owns and operates track in 23 states, primarily west of the Mississippi River. Amtrak provides passenger service daily to San Francisco and San Jose, and the California Zephyr connects the County to the Midwest and Chicago.

Greyhound operates a station in Roseville, providing interstate destination services. Greyhound also operates throughout the County, with bus depots or regularly scheduled stops in most of the communities along major highways and roads.

Sacramento International Airport is located 17 miles west of Roseville via I-80 and I-5. Served by ten major carriers and several commuter airlines, as well as air-freight carriers, Metro handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well. Auburn Municipal has an elevation of 1,520 feet and an east/west runway 3,100 feet in length. Lincoln Municipal Airport is located nine miles north of Roseville and offers fueling and maintenance services to private aircraft. Lincoln Municipal has an elevation of 119 feet and a 6,000-foot runway. Corporate aviation and fixed based operations from Lincoln Municipal provide daily service to the San Francisco Bay area.

Several trucking companies serve the County, ranging from interstate lines to local haulers, and transporting a wide variety of goods. United Parcel Service, with a distribution center in Rocklin, offers freight transportation services as well.

The Port of Sacramento is located approximately 38 miles from the City of Roseville. The Port handles ocean-going freighters via San Francisco Bay. Warehouses and conveyor systems are equipped with vacuum dust collectors, permitting rapid loading of ordinary dusty commodities without environmental pollution. A $46 million expansion project will accommodate the majority of the bulk cargo vessels, as well as general container cargo vessels.

FINANCIAL INFORMATION RELATING TO THE COUNTY'S GENERAL FUND

County Budget

Budget Process. In accordance with the applicable sections of the California Government Code and other statutory provisions commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget for each fiscal year, which by law is required to be adopted by October 2. The County uses a two-phase process to develop its budget. In the first phase, the Board of Supervisors (the "**Board**") adopts a proposed budget each June so the County has a balanced spending plan in place when the new fiscal year begins on July 1. In the second phase, the Board holds budget workshops in August before holding a public hearing on the final budget and adopting it in September. The two-phased approach allows the County to adopt a final budget that includes updated revenue and expenditure estimates. See "– 2013-14 Budget" below for information about the County's fiscal year 2013-14 budget.

Supplemental appropriations may be made during the year by the Board if revenues are received from unanticipated or anticipated sources. Management cannot amend the budget without the Board's approval. All unencumbered budget appropriations lapse at the end of the fiscal year. The legal level of budgetary control is exercised at the budget unit (departmental) level. Amendments and transfers of appropriations between budget units or that involve the addition or deletion of a project or piece of equipment must be approved by the Board. Management can make balanced adjustments within an appropriation at its discretion, within or between levels within the same budget unit, however adjustments related to capital projects and assets require Board approval.

As a legal subdivision of the State, the County is required to deliver State services, including public health, mental health and welfare, as well as County-wide services, such as public safety (jail, prosecution and probation), to all County residents. It is also required to provide municipal services to residents in its unincorporated areas, such as sheriff patrol, parks, planning, roads, and libraries.

Impacts of State Budget. The County receives a significant amount of its revenues from the State. Accordingly, the County is dependent on the State budget and payments made or appropriated by the State to the County for various programs. See "– State Budget and Its Impact on the County."

The State's budget for fiscal year 2012-13, for example, implemented significant policy changes that impact county operations, including the realignment of statewide program responsibilities to counties.

The Realignment significantly alters the State/County fiscal structure for a number of programs including mental health, substance abuse, social services, probation and public safety responsibilities related to AB 109. With the exception of AB 109, the Realignment changed the fiscal structure for programs already provided by the County by providing a dedicated funding stream that removes a significant portion of County dependency on the State budget. For AB 109, the Realignment shifted new programmatic responsibilities and dedicated funding intended to support them; however, it shifted some additional fiscal risk to the County due to having new programmatic responsibility. The phased opening of the South Placer Adult Correctional Facility will add 80 new prisoner beds as well as additional responsibilities for the Sheriff, Probation, and Health and Human Services Departments.

See "– State Budget and Its Impact on the County" for a description of the State's budgetary issues, as well as the County's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013, which is attached to this Official Statement as APPENDIX C.

Social Services Provided by County. As a legal subdivision of the State, the County is required to deliver state services, including public health, mental health and welfare, as well as Countywide services such as public safety (jail, prosecution and probation) to all County residents. It is also required to provide municipal services to residents in the unincorporated area such as sheriff patrol, parks, planning, roads and libraries, most of which are funded from the General Fund.

Federal health reform went into effect beginning January 1, 2014. As part of the early implementation within the State, the County has implemented a Medicaid 1115 Waiver Demonstration Program to leverage additional federal funds using already mandated County funds.

2013-14 County Budget. The Board approved a $720.8 million final budget for fiscal year 2013-14 (the "**FY 2013-14 County Budget**") on September 10, 2013, which is $9.3 million (or 1.3%) lower than the fiscal year 2012-13 final budget. The budgeted General Fund operating expenditures are $381.5 million, an increase of $17.2 million (or 4.7%) from the final fiscal 2012-13 budget. The year-over-year increase includes Federal and State funded program expansions in Health and Human Services of $12.9 million, and 91 positions to carry out enhanced healthcare, resulting from implementation of federal health reform and State program initiatives, CalWORKS (welfare to work), CalFresh (foodstamps), and mental health services, at no cost to the General Fund. Other year over year General Fund increases include $2.1 million in salary and benefit costs outside of the Health & Human Services Department and $2.4 million in enhanced A-87 (federal award moneys disbursed through the County) allocated costs. They also include a $2.1 million increase in the discretionary contribution to the Public Safety Fund, which, itself, received a revenue increase of $1.3 million in realignment revenue and $2.2 million in public safety sales tax (Proposition 172 funding). The increases in the General Fund operating budget are offset by various services and supplies decreases of approximately $300,000.

The FY 2013-14 County Budget adds $5.7 million to the General Fund reserves, enabling the County to achieve its 5% target for the first time in six years. See "– Fund Balance

Policy – Reserves." The recommended General Fund contingency funding set-aside for unanticipated expenditures or revenue shortfalls is 1.5% of General Fund operating costs, or $5.6 million for fiscal year 2013-14. These funds may be used for operating costs or unanticipated revenue decreases.

The FY 2013-14 County Budget also funds about 2,502 employee positions, an increase of 5.3% over what was funded in the previous fiscal year.

Budgeted General Fund revenues have increased when compared to the fiscal year 2012-13 final budget; up $19.8 million from $339.0 million to $358.8 million mostly due to over $10 million in Health and Human Services Federal and State expansion, and Property Tax increases of $5.2 million due to an increase in Countywide assessed valuation. As the local economy continues its modest recovery, increases in revenue collections related to Lake Tahoe-area Transient Occupancy Taxes ($640,000), Real Property Transfer Taxes ($400,000), Construction Permits ($344,000), and Construction Inspection ($344,000) are projected during fiscal year 2013-14.

Collections of property tax represent the single largest source of discretionary revenue available in the General Fund. Adjusting for County population and inflation, the per capita amount of property tax collected is anticipated to be at levels experienced in fiscal year 2001-02. Real property assessed valuations are not anticipated to recover to peak levels experiences just before the onset of the "Great Recession" at any time in the foreseeable future, but rather grow modestly at a rate of approximately 2.0 to 2.5%, consistent with Proposition 13 valuation growth limits and recovery of property valuation adjustments

General Fund Budgets

General. The table below shows the County's general fund budget amounts for fiscal years 2012-13 and 2013-14, and actual results for fiscal year 2012-13 on a Budgetary Basis and Generally Accepted Accounting Principles (or GAAP) basis.

Table 1
COUNTY OF PLACER
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Budgeted and Actual
For Fiscal Years 2012-13 and 2013-14
(Dollars in Thousands)

	Original Budget 2012-13	Amended Budget 2012-13 [(2)]	Actual Amounts (Budgetary Basis [(2)]) 2012-13	Actual (GAAP Basis) 2012-13	Adopted Budget 2013-14	Amended Budget 2013-14
Revenues:						
Taxes	$137,918	$138,207	$145,363	$152,300	$142,347	$145,514
Licenses and permits	6,908	6,908	8,417	8,449	7,632	7,632
Fines, forfeitures and penalties	12,663	12,668	14,132	15,118	12,456	12,456
Investment earnings	2,502	2,502	477	580	2,591	2,591
Intergovernmental	125,466	138,677	139,917	192,730	135,043	144,312
Charges for services	41,085	42,005	27,258	32,824	43,801	43,825
Contributions and donations	8	8	27	254	9	9
Miscellaneous revenues	722	192	793	1,232	250	250
Total revenues	$327,272	$341,167	$336,384	$403,487	$344,129	$356,428
Expenditures:						
Current:						
General government	$68,070	$68,456	$40,221	$46,169	$69,563	$70,203
Public protection	45,125	45,456	39,376	168,550	46,135	47,852
Public assistance	63,027	68,182	65,747	65,747	69,014	72,446
Health and sanitation	86,330	91,062	85,803	85,803	92,703	96,450
Recreation and cultural services	4,608	4,719	4,320	4,320	4,602	4,646
Education	343	343	326	326	350	350
Debt service	30	30	--	572	--	--
Capital outlay	395	622	364	1,349	259	269
Total Expenditures	$267,928	$278,870	$236,157	$372,836	$282,626	$292,216
Excess of revenues over expenditures	$59,344	$62,297	$100,227	$30,651	$61,232	$64,212
Other Financing Sources (Uses)						
Capital lease financing	--	--	--	$555	--	--
Proceeds from sale of capital assets	$32	$32	$7	125	--	--
Transfers in [(1)]	955	2,265	939	978	$2,104	$2,411
Transfers out [(1)]	(91,016)	(94,130)	(95,430)	(26,858)	(92,971)	(92,951)
Total other sources (uses)	$(90,029)	$(91,833)	$(94,484)	$(25,200)	$(90,867)	$(90,540)
Net change in fund balance	$(30,685)	$(29,536)	$5,743	$5,451	$(29,635)	$(28,739)

(1) Represents inter-fund transfers of the County. Generally, inter-fund transfers reflect funding for capital projects, re-allocations of special revenues and subsidies of various County operations. For more information, see Note 4 of the County's audited financial statements for fiscal year 2013-14, which are attached to this Official Statement as APPENDIX C.

(2) The County utilizes the budgetary basis of accounting due to implementation of GASB Statement No. 54 during fiscal year 2010-11. As a result, certain special revenue funds (Public Safety Fund, Gold Country Tourism and Promotions Fund, Lake Tahoe Tourism and Promotions Fund, and Open Space Fund) are now reported in the General Fund. For more information, see Note 2 in the section of the County's fiscal year 2012-13 Comprehensive Annual Financial Report entitled "Required Supplementary Information."

Source: County of Placer.

Financial Statements

A copy of the County's audited financial statements is included as part of its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013, which is attached to this Official Statement as APPENDIX C.

The County has not requested nor did the County obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the County.

The County maintains 14 operating and two capital and infrastructure funds, with the General Fund being its main operating fund. In the County's audited financial statements, balance sheet information and operational results are provided separately for each of the General Fund, Low and Moderate Income Housing Asset Fund, Road Fund, and Capital Improvements Fund. Data for the other governmental funds is combined into a single, aggregated presentation.

The County's governmental fund financial statements, including those of the General Fund, are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 180 days of the end of the current fiscal period, except for property taxes, which the County considers available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual; so they have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives cash.

The following table shows the historical balance sheets for the General Fund for fiscal years 2008-09 through 2012-13 based on the County's audited financial statements.

Table 2
COUNTY OF PLACER
General Fund Balance Sheet
For Fiscal Years 2008-09 through 2012-13
(Dollars in Thousands)

	Audited 2008-09	Audited 2009-10	Audited 2010-11	Audited 2011-12	Audited 2012-13
ASSETS:					
Cash and investments	$105,850	$75,228	$110,680	$123,437	$124,029
Restricted cash and investments	--	--	32	43	7
Deposits with others	--	--	--	9	5
Receivables (net)					
Accounts	2,813	2,798	3,606	2,746	2,492
Interest	997	568	241	225	193
Due from other funds	276	528	64	21	122
Due from other governments	80,410	72,028	80,760	66,087	78,164
Inventories	49	43	76	50	48
Prepaid items	949	1,092	1,179	958	1,343
Advances to other funds	149	106	92	45	22
Total assets	$191,493	$152,391	$196,730	$193,621	$206,425
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued liabilities	$29,117	$ 17,507	$ 24,920	$ 17,735	$18,493
Due to other governments	2,510	1,609	1,613	2,204	556
Deposits from others	274	198	128	133	91
Deferred revenue	20,229	26,909	39,813	22,504	--
Unearned revenue	--	--	--	--	10,772
Total liabilities	52,130	46,223	66,474	$42,576	29,912
Deferred inflows of resources: (1)					
Unavailable resources:					
State mandates	--	--	--	--	$19,897
Total deferred inflows of resources	--	--	--	--	$19,897
Fund Balances: (2)					
Nonspendable	--	--	1,360	1,053	1,413
Restricted	--	--	16,185	34,721	38,029
Committed	--	--	60,536 (3)	61,517 (3)	63,368 (3)
Assigned	--	--	6,752	38,148	39,246
Unassigned	--	--	45,423	15,606 (4)	14,560
Reserved for:					
Encumbrances	4,557	4,616	--	--	--
Inventories	49	43	--	--	--
Prepaid items	949	1,092	--	--	--
Advances to other funds	149	106	--	--	--
Imprest cash	12	10	--	--	--
Unreserved, designated for general fund	73,193	55,230	--	--	--
Unreserved, reported in general fund	60,455	45,071	--	--	--
Total fund balances	139,364	106,168	130,256	151,045	156,616
Total liabilities, deferred inflows of resources, and fund balances	$191,493	$152,391	$196,730	$193,621	$206,425

(1) In addition to liabilities, the balance sheet of governmental funds reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue until that time. State mandates qualify for reporting in this category. Accordingly, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(2) During fiscal year 2010-11 the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*s. As a result, the County restated the beginning fund balance and reclassified the fund balance components.

(3) Includes the County's separate committed fund balance, known as the "General Reserve," in the amount of $9,998 for each of fiscal years 2010-11 and 2011-12 and $12,044 for fiscal year 2012-13. See "– Fund Balance Policy – General Reserve" below.

(4) Decrease due to inadvertent inclusion of $33,094 in Unassigned, rather than Assigned, balance.

Source: County of Placer Audited Financial Statements.

The following table shows the operational results of the General Fund for fiscal years 2008-09 through 2012-13 based on the County's audited financial statements.

Table 3
COUNTY OF PLACER
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2008-09 through 2012-13
(Dollars in Thousands)

	Audited 2008-09	Audited 2009-10	Audited 2010-11	Audited 2011-12	Audited 2012-13
Revenues:					
Taxes [1]	$156,361	$147,017	$147,914	$146,064	$152,300
Licenses and permits	7,000	6,715	6,819	7,461	8,449
Fines, forfeitures and penalties	15,076	17,384	16,578	14,472	15,118
Investment earnings	6,482	5,002	2,473	3,882	580 [3]
Intergovernmental [2]	128,068	126,843	170,040	196,855	192,730
Charges for services	35,641	32,144	30,321	33,748	32,824
Contributions and donations	51	54	299	273	254
Miscellaneous revenues	743	1,276	1,323	2,101	1,352
Total revenues	349,422	336,435	375,767	404,856	403,607
Expenditures:					
Current:					
General government	55,100	50,209	45,085	48,803	46,169
Public protection	42,491	39,112	157,821	163,234	168,550
Public assistance	57,713	60,081	63,594	61,421	65,747
Health and sanitation	85,390	79,295	82,131	83,495	85,803
Recreation and cultural services	4,306	4,339	4,016	4,128	4,320
Education	314	311	325	306	326
Debt service	30	30	488 [4]	515 [4]	572 [4]
Capital outlay	1,318	805	5,914 [5]	2,231	1,349
Total Expenditures	246,662	234,182	359,374	364,133	372,836
Excess of revenues over (under) expenditures	102,760	102,253	16,393	40,723	30,771
Other financing sources (uses):					
Capital lease financings	--	--	354	337	555
Proceeds from sale of capital assets	5	10	467	222	125
Transfers in [6]	1,674	803	614	739	978
Transfers out [6]	(109,323)	(102,203)	(17,749) [7]	(21,232)	(26,858)
Total other financing sources (uses)	(107,644)	(101,390)	(16,314)	(19,934)	(25,200)
Special item	--	(34,058)	--	--	--
Net change in fund balance	(4,884)	(33,195)	79	20,789	5,571
Fund balance - July 1 [8]	144,247	139,363	130,177	130,256	151,045
Fund balance - June 30	$139,363	$106,168	$130,256	$151,045	$156,616

(1) For a breakdown of each component of taxes, see Table 4.
(2) Described under the heading entitled "– Intergovernmental Revenues" below.
(3) Investment earnings decreased approximately 83.6% from fiscal year 2011-12 to 2012-13 due to the Treasury yield for the County Investment Pool declining from 1.5% in fiscal year 2011-12 to 1.3% in the fiscal year 2012-13, and the fair market value of the County's investments were $7.8 million less than the book value at the end of the fiscal year 2012-13.
(4) Increased Debt Service in fiscal years 2010-11, 2011-12 and 2012-13 is a result of capital lease payments for Public Safety vehicles.
(5) Increase from 2009-10 reflects a $5 million purchase for Bruin Ranch easement.
(6) Represents inter-fund transfers of the County. Generally, inter-fund transfers reflect funding for capital projects, re-allocations of special revenues and subsidies of various County operations. For more information, see Note 4 of the County's audited financial statements for fiscal year 2013-14, which are attached to this Official Statement as APPENDIX C.
(7) Decrease from 2010-11 reflects additional contributions for capital projects.
(8) During fiscal year 2010-11 the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As a result, the County restated the beginning fund balance and reclassified the fund balance components.

Source: County of Placer Audited Financial Statements; County of Placer.

Fund Balance Policy

General. The Board establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the fiscal year. When both restricted and unrestricted resources are available for use, the County's policy is to use restricted resources first, followed by the assigned, committed, and unassigned resources as they are needed. These resource designations are described under Note 1.D. to the County's financial statements, which are attached as APPENDIX C to this Official Statement.

For information about the County's investment policy, see "– Investment Policy" below. The County's investment policy is also attached to this Official Statement as APPENDIX G.

Reserves. The County has adopted a policy to achieve and maintain an unrestricted fund balance in the General Fund (including the separate committed fund balance known as the "General Reserve," which is discussed below) amounting to a minimum of 5% of the annual operating budget at the close of each fiscal year. This is consistent with the recommended level promulgated by the Government Finance Officers Association.

General Reserve. Funding for the General Reserve is appropriated annually by the Board as part of the budget approval process. As of June 30, 2013, the General Reserve balance was $12,044,000, which is consistent with the County's policy.

The purpose of the General Reserve is to:

1. Mitigate economic downturns that reduce County general revenue;

2. Mitigate state or federal budget actions that may reduce County revenue;

3. Maintain core service levels essential to public health, safety, and welfare; and

4. Completely fund, if necessary, disaster costs or costs associated with emergencies. Only those events that have been legally declared to be a disaster at the local, state or federal level are eligible for funding from the General Reserve.

The monies in the General Reserve are separate monies used only for the purposes stated above. Any transfer of funds is approved by the Board and does not exceed the amount sufficient to balance the General Fund. Transfers require approval by 3/5 vote during budget hearings and 4/5 vote at all other times during the fiscal year in accordance with the County Budget Act.

Intergovernmental Revenues

Intergovernmental revenues were the County's largest single revenue source in fiscal year 2012-13. They include grant revenues received from the State and federal governments (constituting, respectively, approximately $57,438, or 30%, and $53,403, or 28%, of all intergovernmental revenues), as well as revenues from the State as payment for services that the County provided to it (constituting approximately $39,951, or 21% of all intergovernmental revenues). Approximately $32,913, or 17%, of these revenues are attributable services resulting from the State's realignment plan described under the heading entitled "– State Budget and Its Impact on the County – 2013-14 State Budget – Realignment." The impact of realignment on the County is described under "– County Budget – Impact of State Budget on County."

Taxes and Other Revenues

The County derives its revenues from a variety of sources, including ad valorem property taxes, sales and use taxes, licenses, permits, and intergovernmental revenues.

The table below shows the audited tax amounts received by the County in the five most recent fiscal years and the amounts the County estimates it will receive in fiscal year 2013-14 based on the FY 2013-14 County Budget.

Table 4
COUNTY OF PLACER
Major Tax Revenues by Source - General Governmental Activities
(Dollars in Thousands)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14†
Property Taxes	$152,358	$140,797	$134,442	$130,114	$129,762	$131,537
Sale and Use Taxes	15,783	13,021	15,246	15,605	16,821	16,179
Transient Occupancy Tax	8,877	9,070	10,429	10,129	11,626	10,685
Real Property Transfer Tax	2,190	2,393	2,467	2,684	3,439	2,600
Other Taxes	31	3	27	42	28	102
Total Taxes	$179,239	$165,284	$162,611	$158,574	$161,676	$161,103

† Estimated amounts based on FY 2013-14 County Budget.
Source: County of Placer.

Property Taxes

General. Property taxes represent the County's largest source of tax revenues. This section describes property tax levy and collection procedures in the County and provides certain information regarding the County's historical assessed values and major property tax payers.

Property Tax Collection Procedures. Taxes are levied for each fiscal year on taxable real and personal property that is situated in the County as of the preceding January 1. However, on a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation. For assessment and collection purposes, property is classified either as "**secured**" or "**unsecured**" and is listed accordingly on separate assessment rolls. The secured roll is that assessment roll containing locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the unsecured roll.

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in

1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of growth in situs assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions that serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas that were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional voter-approved debt service and fixed charge assessments on behalf of any taxing agency and special districts within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, the taxes become delinquent after 5:00 p.m. on December 10 and April 10, respectively, and a 10% penalty attaches. A $10-cost also applies to all delinquent second installments. Property on the secured roll with unpaid delinquent taxes is declared tax-defaulted after 5:00 p.m. on June 30. The property may thereafter be redeemed by payment of the delinquent taxes, the 10% delinquency penalty, the $28 administrative cost, a $15 per parcel redemption fee (from which the State receives five dollars), and redemption penalty of one and one half percent per month starting July 1 and continuing until date of redemption. If taxes remain unpaid after five years on the default roll, the property becomes subject to a tax sale by the County Treasurer-Tax Collector.

Property taxes on the unsecured roll are due as of January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

Taxation of State-Assessed Utility Property. The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization and taxed locally. Property valued by the State Board of Equalization as an operating unit in a primary function of the utility taxpayer is known as "unitary property," a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates, and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Other Taxing Entities. The County does not retain all the property taxes it collects for its own purposes, but rather, the bulk of the funds collected are disbursed to other agencies. For fiscal year 2011-12, the County retained approximately 18.19% of the total amount collected (and expects the amount for fiscal year 2012-13 to be similar). The remainder is distributed according to State law (AB 8), which established a tax-sharing formula, and State redevelopment law. Taxes levied for the purpose of repaying general obligation debt, special taxes and assessments are passed on in their entirety, less any allowable collection charges.

The County's share of the property tax will vary throughout the County depending on the presence of other taxing entities − e.g., cities, special districts, school districts and redevelopment agencies. Legislation enacted as part of the State's 2011 Budget Act eliminated redevelopment agencies, with formal dissolution effective as of February 1, 2012. See "– Elimination of Redevelopment Agency."

Assessed Valuation*.* All property is assessed using its full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY REVENUES AND APPROPRIATIONS" in the forepart of this Official Statement.

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, and 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.

Assessed Valuation History. The following table shows a five-year history of the County's assessed valuation.

Table 5
COUNTY OF PLACER
Assessed Valuations of All Taxable Property
Fiscal Years 2008-09 to 2012-13
(Dollars in Thousands)

	Local Secured	Unsecured	Total Levy	Less Exemptions	Net Assessed Value	Change
2009-10	$57,260,362	$1,547,054	$58,807,416	$(2,233,993)	$56,573,423	--
2010-11	53,939,158	1,474,633	55,413,791	(2,375,477)	53,038,314	(6.25)%
2011-12	52,239,149	1,527,027	53,766,176	(2,297,247)	51,468,929	(2.96)
2012-13	52,177,644	1,489,791	53,667,435	(2,359,959)	51,307,476	(0.30)
2013-14	55,240,227	1,558,720	56,798,947	(2,346,711)	54,452,236	6.13

Source: Placer County Auditor-Controller.

Proposition 8. Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(a)(2)), provides for the temporary assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value, and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

The following tables show summaries of Proposition 8 reductions for (i) residential parcels in the County and (ii) all parcels in the County in the past five years. The information in the tables' columns is cumulative from year to year.

Table 6
COUNTY OF PLACER
Summary of Proposition 8 Reductions
Tax Roll Years 2009 through 2013
All Parcels

Tax Roll Year	Parcel Count	Net Assessed Value	Peak Assessed Value (1)	Change	Total Decline	% of Parcels
2009	174,088	$56,573,483,173	$65,297,453,813	$(8,723,970,640)	(13.36)%	69.64%
2010	172,697	53,038,314,299	65,331,189,197	(12,292,874,898)	(18.82)	93.14
2011	172,209	51,468,928,675	65,927,521,868	(14,458,593,193)	(21.93)	92.51
2012	172,623	51,307,476,072	67,220,718,144	(15,913,242,072)	(23.67)	95.29
2013	173,230	54,452,236,134	67,568,429,987	(13,116,193,853)	(19.41)	70.39

(1) Peak assessed value is defined as a parcel's highest value after its most recent sale. If a parcel is assessed for a lower value after its most recent sale, then the sales price becomes the peak value.
Source: Placer County Assessor.

Table 7
COUNTY OF PLACER
Summary of Proposition 8 Reductions
Tax Roll Years 2009 through 2013
Residential Parcels

Tax Roll Year	Parcel Count	Net Assessed Value	Peak Assessed Value (1)	Change	Total Decline	% of Parcels
2009	151,607	$44,676,045,810	$51,307,996,887	$(6,631,951,077)	(12.93)%	70.92%
2010	146,635	41,553,403,577	49,794,846,176	(8,241,442,599)	(16.55)	94.37
2011	147,989	42,006,009,696	51,423,708,128	(9,417,698,432)	(18.31)	93.16
2012	147,275	40,538,723,026	51,058,082,227	(10,519,359,201)	(20.60)	96.75
2013	147,126	43,340,139,362	51,342,157,450	(8,002,018,088)	(15.59)	71.84

(1) Peak assessed value is defined as a parcel's highest value after its most recent sale. If a parcel is assessed for a lower value after its most recent sale, then the sales price becomes the peak value.
Source: Placer County Assessor.

Foreclosure. The table below shows a summary of foreclosure activity in the County from calendar years 2009 through 2013. The information it contains was provided by MDA DataQuick Information Systems.

Table 8
COUNTY OF PLACER
Summary of Foreclosure Activity
Calendar Years 2009 through 2013

	Notice of Default					Trustee Deeds (Foreclosures)				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Auburn	443	386	279	238	101	150	217	215	125	70
Colfax	131	108	121	79	40	54	61	62	59	26
Lincoln	1,141	797	664	431	156	531	515	425	239	95
Loomis	168	143	113	101	20	49	64	71	35	16
Rocklin	861	705	552	406	135	306	345	328	184	70
Roseville	2,007	1,569	1,277	935	311	754	825	827	486	145
Subtotal Incorporated	4,751	3,708	3,006	2,190	763	1,844	2,027	1,928	1,128	422
Unincorporated	819	716	614	445	173	318	657	319	229	93
Total County	5,570	4,424	3,620	2,635	936	2,162	2,684	2,247	1,357	515
Percent Change	--	(20.6%)	(18.2%)	(27.2%)	(64.5%)	--	24.1%	(16.3%)	(39.6%)	(62.0%)

Source: MDA DataQuick Information Systems.

Major Property Taxpayers. The following table shows the twenty largest taxpayers in the County, based on their secured assessed valuations in fiscal year 2013-14.

Table 9
COUNTY OF PLACER
Largest 2013-14 Secured Taxpayers
(Dollars in Thousands)

Property Owner	Primary Land Use	2013-14 Assessed Value	% of Total (1)	Total Taxes
Pacific Gas & Electric Co.	Utilities, Public And Private	$476,411,755	0.87492%	$7,121,360.10
Roseville Shoppingtown LLC	Shopping Center	389,315,948	0.71497	4,357,139.34
LV Bickford Ranch LLC	Vacant, All Types-Not Asgnd	223,637,079	0.41070	2,540,567.64
Hewlett Packard Co	Heavy Industrial	134,977,790	0.24788	1,479,412.20
Cellco Partnership DBA	Utilities, Public And Private	101,939,604	0.18721	1,523,997.08
Cpt Creekside Town Center LLC	Shopping Center	88,282,040	0.16213	1,164,843.28
Surewest Telephone	Utilities, Public And Private	81,256,383	0.14922	1,214,782.92
Union Pacific Railroad Company	Utilities, Public And Private	79,911,867	0.14676	1,035,023.14
Slate Creek Roseville LLC	Apartments, 4 Units Or More	79,749,000	0.14646	876,630.16
California Pacific Electric Company, LLC	Utilities, Public And Private	75,504,975	0.13866	1,128,799.38
Bep Roseville Investors LLC	Office General	75,400,000	0.13847	856,172.41
Meridian Apartments LP	Apartments, 4 Units Or More	70,599,019	0.12965	1,139,496.78
Pacific Bell Telephone Co	Utilities, Public And Private	65,828,021	0.12089	967,370.28
Roseville Fountains LP	Shopping Center	64,122,292	0.11776	1,662,302.40
Trimont Land Company Et Al	Ski Facility	62,167,176	0.11417	696,197.30
Mgp X Properties LLC	Shopping Center	60,435,000	0.11099	1,054,372.28
Sierra Pacific Industries	Timberland, Zoned Tpz	49,629,205	0.09114	509,503.40
Timberpine Holdings LLC	Heavy Industrial	47,500,000	0.08723	520,537.04
Kw-Northstar Ventures LLC	Hotels, Motels, Resorts	44,261,210	0.08128	755,704.84
Ace Hardware Corporation	Warehouse	43,560,380	0.08000	482,204.08
TOTAL:		$2,314,488,744		$31,086,416.05

(1) Fiscal year 2013-14 Local Secured Assessed Valuation: $56,054,646,388.
Source: Placer County Assessor.

Teeter Plan. Beginning in fiscal year 1993-94, the Board approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, the County Auditor-Controller is authorized to pay 100% of the secured property taxes billed to the taxing agencies within the County, so that participating agencies receive their full levy of current secured taxes regardless of delinquency rate, subject to roll corrections during the year. The County recognizes property tax receivables and revenues in the period for which the taxes are levied.

The Teeter Plan is applicable to all tax levies on secured property for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections. 1915 Act bond debt service levies and Mello-Roos taxes are not covered by the County's Teeter Plan.

The following table shows a five-year history of property tax levies and delinquencies as of both fiscal year-end and February 1, 2014.

Table 10
COUNTY OF PLACER
Secured Property Tax Roll
Levies and Collections
For Fiscal Years 2008-09 through 2012-13 [(1)]

Fiscal Year	Secured Property Tax Levy	Amounts Delinquent as of Fiscal Year-End	% of Levy Delinquent as of Fiscal Year-End	Amounts Delinquent as of February 1, 2014	% of Levy Delinquent as of Feb. 1, 2014
2008-09	$727,312,939	$30,196,856	4.15%	$1,098,187	0.15%
2009-10	707,342,532	22,275,569	3.15	1,845,341	0.26
2010-11	686,391,752	14,505,975	2.11	2,155,126	0.31
2011-12	678,064,695	11,035,359	1.63	3,320,354	0.49
2012-13	681,319,116	8,005,102	1.17	3,409,948	0.50

(1) Taxes for the County, cities, special districts, school districts and redevelopment agencies included in the totals. See "– Property Taxes – Other Taxing Entities" above.
Source: Placer County Treasurer-Tax Collector.

The Teeter Plan is to remain in effect (i) unless the Board orders its discontinuance; (ii) unless prior to the commencement of any fiscal year of the County (which commences on July 1), the Board receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year or (iii) except that the County may discontinue the Teeter Plan with respect to any underlying agency if delinquencies within the jurisdiction of that agency exceed 3%. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions for which the County acts as the tax-levying or tax-collecting agency.

Sales and Use Taxes

General. Sales taxes represent the second largest source of tax revenue to the County (approximately 10.40% of general governmental tax revenues in 2012-13). See "– Taxes and Other Revenues Above." This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State. The County currently projects $16,179,000 in sales tax revenue for fiscal year 2013-14, which would be a decrease of approximately $642,000, or 3.80%, from the prior year.

Sales and Use Tax Rates. The County collects a percentage of taxable sales within its jurisdiction (minus certain administrative costs imposed by the State Board of Equalization) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax. As part of the State's 2003-04 Budget, the State Legislature authorized, and the voters of the State approved, a redirection of sales tax revenues from local jurisdictions (including the County) to the State in the amount of

0.25% of the basic 1.0% local sales tax rate, starting July 1, 2004. The State uses these revenues to pay debt service on its economic recovery bonds. Under the California Economic Recovery Act, which includes legislation commonly referred to as the "**Triple Flip**," the State redirected certain property taxes in the Education Augmentation Revenue Fund ("**ERAF**") to local governments, including the County, to compensate for the redirection on a "dollar for dollar" basis. Under this legislation, along with the guarantees provided by the passage of Proposition 1A in November 2004, the County expects that it will not experience any significant fiscal impacts resulting from the Triple Flip.

Due to voter approval of Proposition 30 in November 2012, the statewide base sales and use tax rate increased one quarter of one percent (0.25%) on January 1, 2013. The higher tax rate will apply for four years – from January 1, 2013 through December 31, 2016.

Currently, taxable transactions in the County are subject to the following sales and use taxes. The County's share is only a portion. See "– Property Taxes – Other Taxing Entities." The County currently has no voter-approved taxes that are additional to the total Statewide sales and use tax rate. The components of the County's sales and use tax rate are shown below.

Table 11
COUNTY OF PLACER
Sales and Use Tax Rates
January 1, 2014

State (General Fund)	3.9375%
State (Local Revenue Fund 2011)	1.0625
State (Fiscal Recovery Fund)	0.2500
State (Local Revenue Fund)	0.5000
State (Local Public Safety Fund))	0.5000
State (Education Protection Account)	0.2500
Local (City and County Operations)	0.7500
Local (County Transportation Funds)	0.2500
Total State-Wide Tax Rate	7.5000%
Total County of Placer Tax Rate	7.5000%

Source: California State Board of Equalization.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State where the use will occur within the State.

Certain transactions are exempt from the State sales and use tax. These include sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's June 2005 Publication No. 61 entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found at the State Board of Equalization's website at www.boe.ca.gov.

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the California State Board of Equalization. According to the State Board of Equalization, it distributes quarterly tax revenues to cities, counties and special districts using the following method:

Using the prior year's quarterly tax allocation as a starting point, the State Board of Equalization first eliminates nonrecurring transactions such as fund transfers, audit payments, and refunds. Then it adjusts for growth and the state tax in order to establish the estimated base amount. The State Board of Equalization distributes 90% of the base amount to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. It withholds 10% as a reserve against unexpected occurrences that can affect tax collections (for example, earthquake, fire, or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents 40%. One advance payment is made each month, and the quarterly reconciliation payment (cleanup) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, state tax adjustment, prior advances, and the current advance are provided with each quarterly cleanup payment.

Under the State's Sales and Use Tax Law, all sales and use taxes collected by the State Board of Equalization under a contract with any city, city and county, redevelopment agency, or county are required to be transmitted by the State Board of Equalization to such city, city and county, redevelopment agency, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, the State Board of Equalization projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the County on a monthly basis. The amount of each monthly advance is based upon the State Board of Equalization's quarterly projection. During the last month of each quarter, the State Board of Equalization adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

The Board of Equalization receives an administrative fee based on the cost of services provided by the Board to the County in administering the County's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the County.

Transient Occupancy Tax

Pursuant to State and Revenue Taxation Code Section 7280 and Placer County Ordinance 5006-B, the County currently levies a transient occupancy tax on hotel and motel bills. The tax is levied at a rate of 10% or 8%, depending on the location of the occupied unit. See Table 4 under the heading "- Taxes and Other Revenues" for a five-year history of transient occupancy tax revenues.

State Budget and Its Impact on the County

General. On January 9, 2014, Governor Brown presented a budget package for fiscal year 2014-15 (the "**2014-15 Proposed Budget**") that included $151 billion in spending from the General Fund and special funds, representing an $11 billion increase over the revised 2013-14 level, and a $2.3 billion reserve at the end of fiscal year 2014-15. The 2014-15 Proposed Budget uses much of the large projected growth – primarily attributable to increases in personal income tax collections – to pay down $6.2 billion in school and community college deferrals. The 2014-15 Proposed Budget includes $1.6 billion in payments for the State's prior economic recovery bonds. The Governor also proposes a rainy-day fund measure be brought before the voters on the November 2014 ballot. The rainy-day fund would base deposits on capital gains-related revenues.

The Legislative Analyst's Office's ("**LAO**") Overview of the Governor's Budget dated January 13, 2014 praised the Governor's emphasis on debt repayment and stated that the 2014-15 Proposed Budget would place California on an even stronger fiscal footing. In addition to the proposed rainy day fund, the LAO suggests that the State begin setting aside funds in fiscal year 2014-15 to address the STRS unfunded liabilities.

The execution of the 2014-15 Proposed State Budget may be affected by numerous factors, including but not limited to: (i) shifts of costs from the federal government to the State, (ii) national, State and international economic conditions, (ii) litigation risk associated with proposed spending reductions, (iii) rising health care costs and (iv) other factors, all or any of which could cause the revenue and spending projections made in 2014-15 Proposed State Budget to be unattainable. There can be no assurances that the 2014-15 Proposed State Budget or future State budgets will not adversely affect the County. Additionally, the County cannot predict the accuracy of any projections made in the 2014-15 Proposed State Budget. To the extent that the 2014-15 Proposed State Budget or future State budget processes results in reduced revenues to the County, the County will be required to make adjustments to the General Fund budget. A decrease in State revenues may have an adverse impact on the County's ability to repay the Lease Payments.

Information about the 2014-15 Proposed State Budget and other State budgets is regularly available at various State-maintained websites. The Legislative Analyst Office has published an impartial analysis of the budget at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. *The County can take no responsibility for the continued accuracy of the aforementioned website addresses or for* *the accuracy, completeness or timeliness of the information posted there, and such information is not incorporated in this Official Statement by such reference.*

Realignment. In 2011, the State legislature made a number of changes to realign certain State program responsibilities and revenues to local government, and primarily counties. In total, the realignment shifted approximately $6 billion in State sales tax revenues, vehicle license fee revenues, and (on a one-time basis) Mental Health Services Fund revenues to local governments to fund various criminal justice, mental health, and social service programs. As part of the fiscal year 2012-13 State budget, the State legislature approved a number of changes to the funding structure and programs in the realignment, including without limitation establishing an ongoing funding structure for the programs realigned in 2011. For information about the impact of the realignment, see "– County Budget – Impacts of State Budget."

Elimination of Redevelopment Agency. State legislation enacted as part of the 2011 Budget Act, and upheld by the California Supreme Court (as amended, the "**Dissolution Act**"), resulted in the formal dissolution of redevelopment agencies, including the Placer County Redevelopment Agency (the "**Former Redevelopment Agency**"), effective as of February 1, 2012. All tax increment that would have been allocated to the Former Redevelopment Agency is now allocated to the Redevelopment Successor Agency of Placer County, as established by the County Auditor-Controller under the Dissolution Act. Any tax increment remaining after the payment of enforceable legal obligations, pass-through payments and limited administrative costs will be distributed as property tax revenue to the appropriate taxing entities, including the County general fund.

The Former Redevelopment Agency had a total outstanding principal amount of $16,650,000 in bonded debt as of August 1, 2013, as well as other recognized payment obligations. For information about the Former Redevelopment Agency and Redevelopment Successor Agency of Placer County, see Note 15 of the County's audited financial statements for fiscal year 2012-13, which is attached to this Official Statement as APPENDIX C.

The County does not expect the Former Redevelopment Agency's dissolution to adversely affect its operations or ability to pay Lease Payments.

The State has not entered into any contractual commitment with the County or the owners of the Bonds to provide State budget information to the County or the owners of the Bonds. Although the County believes the State sources of information listed above are reliable, the County assumes no responsibility for the accuracy of the State budget information set forth or referred to in this Official Statement.

Outstanding Debt of the General Fund

Provided below is a summary of long-term obligations payable from the General Fund.

Capital Leases. The County is currently a party to capital lease agreements as the lessee for financing the acquisition or construction of administrative buildings, fire trucks, helicopters, equipment and vehicles. The related assets and obligations have been recorded using the County's incremental borrowing rate at the inception of the leases.

On April 9, 2009, a lease purchase certificate in the amount of $1,500,000 was issued by the Authority and purchased by the County Treasurer-Tax Collector to finance a portion of the costs for a helicopter acquisition. The lease purchase certificate is facilitated by a lease purchase agreement with the Authority.

On December 1, 2010, the County entered into a lease/purchase agreement with Bank of America in the amount of $8,165,000 with an average interest rate of 3.41% to refinance the cost of constructing the juvenile detention facility and jail kitchen refunding and refund $8,945,000 of the outstanding 1998 and 1994 Certificates of Participation with an average interest rate of 4.7%.

The carrying amount of assets acquired under capital leases totaled $7,771,000 at June 30, 2013. The future obligations and net present value of these minimum lease payments as of June 30, 2013, were as follows:

Table 12
COUNTY OF PLACER
Capital Lease Payments
(Dollars in Thousands)

Fiscal Year Ending June 30	Principal	Interest	Total Lease Payment
2014	$1,149	$ 309	$1,458
2015	1,104	262	1,366
2016	1,022	220	1,242
2017	719	184	903
2018	629	160	789
2019-2023	3,065	470	3,535
2024-2027	1,170	67	1,237
Total	$8,858	$1,672	$10,530

Certificates of Participation*.* The County's only outstanding lease obligations, the 2006 Certificates and 2007 Certificates, are being refunded using a portion of the proceeds of the Bonds, as described under the heading entitled "REFINANCING PLAN" in the forepart of this Official Statement.

Direct and Overlapping Debt*.* Numerous overlapping local agencies provide public services to properties in the County; many of these local agencies have outstanding debt. The direct and overlapping debt (the "**Debt Report**") of the County as of February 27, 2014, as shown in Table 13, was prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The County has not reviewed this 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.

Table 13
Direct and Overlapping Bonded Debt
(As of February 27, 2014)

2013-14 Assessed Valuation: $56,054,646,388 (includes unitary utility valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 2/15/14
Sierra Joint Comm. College Dist. School Facilities Improvement Dist. No. 1	65.563%	$20,325,168
Los Rios and Yuba Joint Community College Districts	0.043 & 0.085	265,862
Rocklin Unified School District	100.000	66,757,748
Tahoe-Truckee Joint USD and School Facilities Improvement Dist. Nos. 1 and 2	38.848 & 89.500	249,316,280
Other Unified School Districts	Various	7,977,766
Placer Union High School District	100.000	30,549,040
Roseville Joint Union High School Dist. and School Facilities Improvement Dist. No. 1	100.000	84,971,628
Dry Creek Joint School District	70.224	31,803,913
Roseville City School District	100.000	25,409,632
Other High School and School Districts	Various	10,770,203
City of Colfax	100.000	31,000
Tahoe Forest Hospital District	65.585	64,597,946
Sierra Lakes County Water District	100.000	180,000
Community Facilities Districts	100.000	679,732,637
1915 Act Bonds (Estimate)	100.000	62,453,773
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$1,135,142,596
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Placer County General Fund Obligations	**100. %**	**$41,755,000** (1)
Placer County Office of Education Certificates of Participation	100	1,815,000
Community College District Certificates of Participation	0.043-74.593	7,640,111
Western Placer Unified School District Certificates of Participation	99.988	129,054,512
Other Unified School District Certificates of Participation	Various	19,766,170
Union High School District Certificates of Participation	94.151-100	8,395,416
Auburn Union School District Certificates of Participation	100.	37,428,580
Roseville City School District Certificates of Participation	100.	10,495,000
Other School District Certificates of Participation	100.	8,161,967
City of Lincoln General Fund Obligations	100.	20,775,000
City of Roseville Certificates of Participation	100.	16,570,000
Other City General Fund and Pension Obligations	100.	6,735,000
Auburn Area Recreation and Park District Certificates of Participation	100.	120,000
Placer Mosquito and Vector Control District Certificates of Participation	100.	4,110,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$312,821,756
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES):	100. %	$96,455,000
COMBINED TOTAL DEBT		$1,544,419,352 (2)

(1) Excludes the Bonds and capital leases other than December 2010 lease/purchase agreement with Bank of America. See "– Capital Leases."
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.03%
Total Direct Debt ($41,755,000)	**0.07%**
Combined Total Debt	2.76%

Ratios to Redevelopment Incremental Valuation ($2,287,124,480):

Total Overlapping Tax Increment Debt	4.22%

Source: California Municipal Statistics, Inc.

Employee Relations

The County had 2,798 authorized, and 2,211 filled, full-time equivalent positions at the beginning of fiscal year 2013-14, of which approximately 239 were sworn deputy sheriff personnel. The County has no fire personnel, but contracts for fire protection services with CalFire.

The County's employees are represented by two bargaining units, the Placer Public Employee Organization, which represents professional and general employees, and the Deputy Sheriffs Association, which represents sheriff sergeants and deputies and district attorney investigators and welfare fraud investigators. A table summarizing certain information about these organizations is provided below.

Bargaining Unit	No. of Employees	Contract Expiration
Placer Public Employee Organization	1,882	December 31, 2013
Deputy Sheriffs Associations	242	December 31, 2015

The Board implemented greater participation by employees in their health insurance premium and pension cost sharing with the last set of contract negotiations. In 2009, years in advance of State actions, the Board approved a second pension platform according under which new employees would pay 100% of their pension cost and earn a reduced pension benefit. More recently, the Governor signed AB 340 (known as the "California Public Employees' Pension Reform Act of 2013") into law, which established new, lower retirement formulas for defined benefit pension plans and set a maximum allowable benefit amount for employees hired after January 1, 2013. See "Employee Retirement System – Pension Reform Act of 2013 (Assembly Bill 340)."

Risk Management

The County uses programs of self-insurance for workers' compensation and general liability claims. Under these programs, the County is self-insured for the following risks up to the deductible amount per claim as follows: Workers' Compensation, $300,000 and General Liability, $1,000,000. The County purchases commercial insurance for claims in excess of the preceding coverage amounts and for all other risks of loss.

See Note 11 in the County's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013, which is attached to this Official Statement as APPENDIX C, for additional information about the County's risk management practices.

Employee Retirement System

The information contained in the following section (other than under the headings entitled "– Recent CalPERS Actions" and "– Pension Reform Act of 2013 (Assembly Bill 340)") has been derived from the County's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014, which is attached to this Official Statement as APPENDIX C, and most recent CalPERS actuarial valuations.

Retirement Plan. The County contributes to the Public Employees' Retirement System of the State ("**CalPERS**"), an agent multiple-employer public employee retirement program that acts as a common investment and administrative agent for participating entities within the State of California. The County's Safety and Miscellaneous Plans are part of the Public Agency portion of CalPERS. The benefits for the public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. CalPERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information. Copies of CalPERS annual financial reports may be obtained from its Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

All full and part-time permanent County employees, and certain extra help employees who have worked over 1,000 hours in a fiscal year, are eligible to participate in CalPERS. Elected officials may participate at their own option. Benefits vest after five years of service. To be eligible for retirement, an employee must be at least 50 years of age and have five years of CalPERS credit service.

Safety employees hired on or prior to March 12, 2011, who retire at age 50 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3% of their average monthly pay rate for the highest consecutive paid 12 months of employment, for each year of credited service up to a maximum of 30 years or 90%. Safety employees hired on or after March 13, 2011, who retire at 55 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3% of their average monthly pay rate for the highest consecutive paid 12 months of employment, for each year of credited service up to a maximum of 30 years or 90%.

Miscellaneous employees hired on or prior to March 12, 2011, who retire at age 55 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their average monthly pay rate for the highest consecutive paid 12 months of employment. Miscellaneous employees hired on or after March 13, 2011, who retire at age 55 with five years of credited service are entitled to an annual retirement benefit, payable for life, in an amount equal to 2% of their average monthly pay rate based on the highest or final 3 year average compensation earned during employment with the County.

CalPERS also provides death and disability benefits to plan members and beneficiaries. These benefit provisions and all other requirements are prescribed by a contract between the County and CalPERS.

Funding Policy. Employees under the Miscellaneous Plan are required to contribute 7% or 8% of their annual covered salary, depending on their tier within the plan; employees under the Safety Plan are required to contribute 9% of their annual covered salary. The County is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. For the fiscal year ending June 30, 2014, the employer contribution rate is 20.790% for the Miscellaneous Plan and 30.378% for the Safety Plan; however, between March 1 and June 30, a change in the actuarial and billing process in accounting for the contribution and credits/payments from the Public Employees Retirement Fund (PERF) to the Replacement Benefit Fund (RBF) created a one-time temporary rate reduction to 18.810% for the Miscellaneous Plan and 28.031% for the Safety Plan.

The Placer Public Employee Organization's represented employees, the majority of the County's workforce, pay 100% of their employee pension contribution of 7% or 8% for Miscellaneous Plan members or 9% for Safety Plan members. For employees hired prior to January 1, 2011, as part of its compensation to Deputy Sheriff Association ("**DSA**")-represented employees, the County pays 7% of the 9% for Safety and 6% of the 8% for Miscellaneous Plan members. DSA employees hired after January 1, 2011, pay 100% of their employee pension contribution of 7% or 8% (Miscellaneous) or 9% (Safety). In addition, the County pays 7% of the 8% employee contribution for management and confidential employees and the full 9% employee pension contribution for safety management employees, however members hired in these employee groups on or after January 1, 2011, pay their full employee pension contribution.

Annual Pension Cost. For the fiscal year ended June 30, 2013, the County's annual pension cost of $39,764,000 for CalPERS was equal to the County's required and actual contributions. The required contribution for the fiscal year ended June 30, 2013 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with contributions determined as a percentage of covered payroll. For a five-year history of County's contributions to each plan, see Table 14. The actuarial assumptions included the following for the Miscellaneous Plan and Safety Plan: (a) a rate of return on investments (net of administrative expenses) of 7.75%, (b) inflation of 3.00%, (c) payroll growth of 3.25%. Projected salary increases under the Miscellaneous Plan were 3.55% to 14.45%, and the Safety Plan were 3.55% to 13.15%, depending on age, service and type of employment.

The actuarial value of each Plan's assets was determined using techniques that smooth the effects of short-term, volatility in the market value of investments over a 15-year period. The difference between the Actuarial Value of Assets and the Actuarial Accrued Liability is being amortized as a level percentage of projected payroll on a closed basis. The average remaining period for the Miscellaneous Plan and the Safety Plan at June 30, 2012 was 30 years. The actuarial assumptions included in the June 30, 2012 actuarial valuation, the County's most recent valuation, are the same as the actuarial assumptions in the June 30, 2010 valuation, which was used in establishing the County's annual required contribution for the fiscal year ended June 30, 2013. The actuarial assumptions included the following for the Miscellaneous Plan and Safety Plan: (a) a rate of return on investments (net of administrative expenses) of 7.50%, (b) inflation of 2.75%, (c) payroll growth of 3.00%. Projected salary increases under the Miscellaneous Plan and Safety Plan were 3.30% to 14.20%, depending on age, service and type of employment.

Shown below is information on the annual pension costs and percentage of annual pension cost contributed for the County's Safety Plan and Miscellaneous Plan.

Table 14
COUNTY OF PLACER
Trend Information for CALPERS
(Dollars in Thousands)

	Miscellaneous Plan		Safety Plan		
Fiscal Year	Annual Pension Cost ("APC")	Percentage of APC Contributed	Annual Pension Cost ("APC")	Percentage of APC Contributed	Total Contribution
2008-09	$28,319	100%	$10,751	100%	$39,070
2009-10	27,940	100	10,500	100	38,440
2010-11	27,867	100	10,386	100	38,253
2011-12	31,212	100	12,205	100	43,417
2012-13	27,840	100	11,924	100	39,764

Funded Status and Funding Progress. As of June 30, 2012, the most recent actuarial valuation date, the Miscellaneous Plan was 74.9% funded. The actuarial accrued liability for benefits was $923,168,000, and the actuarial value of plan assets was $691,246,000, resulting in an unfunded actuarial accrued liability ("**UAAL**") of $231,922,000. The covered payroll (annual payroll of active employees covered by the Miscellaneous Plan) was $133,076,000 and the ratio of the UAAL to the covered payroll was 174.3%.

As of June 30, 2012, the most recent actuarial valuation date, the Safety Plan was 71.4% funded. The actuarial accrued liability for benefits was $297,290,000 and the actuarial value of plan assets was $212,361,000, resulting in a UAAL of $84,929,000. The covered payroll (annual payroll of active employees covered by the Safety Plan) was $34,511,000, and the ratio of the UAAL to the covered payroll was 246.1%.

The table below shows the recent history of the actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability to payroll for the County. More information is available in Note 8 of the County's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013, which is attached to this Official Statement as APPENDIX C.

Table 15
COUNTY OF PLACER
Trend Information for CalPERS
(Dollars in Thousands)

Miscellaneous Plan

Valuation Date	Actuarial Value Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL/Excess Assets	Funded Ratio	Estimated Covered Payroll	UAAL as a % of Covered Payroll	Market Value of Assets
6/30/2009	$576,943	$764,659	$187,716	75.5%	$148,099	126.8%	$420,086
6/30/2010	612,423	814,891	202,468	75.2	143,817	140.8	480,595
6/30/2011	652,418	876,895	224,477	74.4	138,892	161.6	582,592
6/30/2012	691,246	923,168	231,922	74.9	133,076	174.3	579,736

Safety Plan

Valuation Date	Actuarial Value Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL/Excess Assets	Funded Ratio	Estimated Covered Payroll	UAAL as a % of Covered Payroll	Market Value of Assets
6/30/2009	$174,175	$241,986	$67,811	72.0%	$32,682	207.5%	$127,343
6/30/2010	185,851	257,354	71,503	72.2	33,064	216.3	146,695
6/30/2011	199,047	279,994	80,948	71.1	33,120	244.4	178,918
6/30/2012	212,361	297,290	84,929	71.4	34,511	246.1	179,343

Recent CalPERS Actions**.** On March 14, 2012, the CalPERS Board voted to reduce its discount rate, which rate is attributable to its expected price inflation and investment rate of return (net of administrative expenses), from 7.75% to 7.5%. As a result of such discount rate decrease, among other things, in fiscal year 2012-13, (i) the amounts of CalPERS member state and schools employer contributions increased by 1.2 to 1.6% for Miscellaneous plans and 2.2 to 2.4% for Safety plans and (ii) the amounts of CalPERS member public agency contributions will increase by 1 to 2% for Miscellaneous plans and 2 to 3% for Safety plans beginning in fiscal year 2013-14. More information about the CalPERS discount rate adjustment and the resulting impacts can be accessed through CalPERS's web site at www.calpers.ca.gov/index.jsp?bc=/about/press/pr-2012/mar/discount-rate.xml. *The reference to this Internet website is shown for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the County and is not incorporated herein by reference.*

The CalPERS Board adjustment has been undertaken in order to address underfunding of the CalPERS funds, which arose from significant losses incurred as a result of the economic crisis arising in 2008 and persists due to a slower than anticipated, subsequent economic recovery. The County is unable to predict what the amount of CalPERS liabilities will be in the future, or the amount of the CalPERS contributions that the County may be required to make.

At its April 17, 2013 meeting, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy that spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

The new amortization and smoothing policy will be used for the first time in the June 30, 2013 actuarial valuations. These valuations will be performed in the fall of 2014 and will set employer contribution rates for fiscal year 2015-16.

The table below shows projected employer contribution rates (before cost sharing) for the next five fiscal years, assuming CalPERS earned 12% for fiscal year 2012-13 and 7.50% every fiscal year thereafter, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the fiscal year 2015-16. Consequently, these projections do not take into account potential rate increases from likely future assumption changes. Nor do they take into account the positive impact PEPRA (defined and discussed below under the heading entitled "– Pension Reform Act of 2013 (Assembly Bill 340)") is expected to gradually have on the normal cost.

Miscellaneous Plan

	New Rate for Fiscal Year	Projected Future Employer Contribution Rates for Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Contribution Rates:	21.466%	22.500%	23.500%	24.500%	25.500%	26.600%

Safety Plan

	New Rate for Fiscal Year	Projected Future Employer Contribution Rates for Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Contribution Rates:	30.283%	31.400%	32.600%	33.700%	34.900%	36.000%

On February 18 2014, the CalPERS Board of administration approved contribution increases for its contracting local agency employers, including the County, that are scheduled to take effect on July 1, 2015, be phased in over five years and be spread over 20 years

Pension Reform Act of 2013 (Assembly Bill 340). On September 12, 2012, Governor Brown signed AB 340, a bill that enacted the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**") and amended various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. PEPRA (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual CalPERS pension benefit payout, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least 50% of the costs of their CalPERS pension benefits. PEPRA will apply to all public employers *except* the University of California, charter cities and charter counties (except to the extent they contract with CalPERS).

The provisions of PEPRA went into effect on January 1, 2013 with respect to State employees hired on that date and after; local government employee associations, including employee associations of the County, have a five-year window to negotiate compliance with PEPRA through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could force employees to pay their half of the costs of CalPERS pension benefits, up to 8% of pay for civil workers and 11% or 12% for public safety workers. The County has already implemented PEPRA.

CalPERS predicts that the impact of PEPRA on employers, including the County, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, CalPERS notes that changes arising from PEPRA could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

More information about PEPRA can be accessed through CalPERS's website at www.calpers.ca.gov/index.jsp?bc=/member/retirement/pension-reform-impacts.xml&pst=ACT&pca=ST. *The reference to this website is shown for reference and convenience only; the information contained within the website may not be current and has not been reviewed by the County and is not incorporated herein by reference.*

Other Post-Employment Retirement Benefits

The information contained in the following section has been derived from the County's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014, which is attached to this Official Statement as APPENDIX C, and most recent CalPERS actuarial valuations.

Plan Description. The County contributes to the California Employers' Retiree Benefit Trust ("**CERBT**"), an agent multiple employer plan administered by CalPERS. See "– Employee Retirement System" above for information about how to obtain CalPERS' publicly available Comprehensive Annual Financial Report.

In accordance with California Government Code, all employees electing a CalPERS retirement date within 120 days of retiring from the County are eligible to receive healthcare benefits for life. The County provides post retirement medical and dental benefits to employees who retire directly from the County after age 50 and with five years of County service and 10 years of CalPERS service if hired after January 1, 2005. Eligible retirees can continue participation in the medical and dental plans, with the County contributing up to a cap, which varies by bargaining unit. The following table shows a history of the number of retirees and beneficiaries receiving benefits, terminated plan members and active plan members based on the most recent actuarial valuations.

Actuarial Valuation Dated as of June 30,	Beneficiaries Receiving Benefits	Terminated Plan Members Entitled to But Not Yet Receiving Benefits	Active Plan Members
2006	896	Not reported	2,464
2009	1,207	263	2,500
2011	1,367	130	2,304
2013	1,507	194	2,214

The County contributes the one-party premium rate for dental insurance coverage for employees retiring on or after July 1, 2000, and the retiree is responsible for all dependent premiums. Employees hired on or after November 23, 2010, are not eligible to participate in the dental plan at retirement.

Funding Policy. During the fiscal year ended June 30, 2013, the County contributed $37,629,000 to the other post-employment benefits ("**OPEB**") plan. Of this amount, the County paid $11,779,000 to retirees during the year and $25,850,000 to the CERBT. The purpose of these contributions was to cover the annual required contribution rate of approximately $7,000 per employee (excluding extra help) and to prefund as determined annually. In addition, County departments are required to prefund a portion of the final estimated OPEB obligation in the amount of approximately $37,000 for each new employee hired from outside the County.

Annual OPEB Cost and Net OPEB Obligation. The Annual Required Contribution ("**ARC**") is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's Net OPEB obligation:

Dollars in Thousands

Annual required contribution	$ 27,891
Interest on net OPEB obligation	(3,559)
Adjustment to annual required contribution	3,080
Annual OPEB cost (expense)	27,412
Contributions (benefit payments)	(37,629)
Increase in net OPEB obligation	(10,217)
Net OPEB obligation – beginning of year	(46,767)
Net OPEB obligation – end of year	$(56,984)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are as follows:

Dollars in Thousands

Fiscal Year	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2009-10	$24,532	253%	$(37,555)
2010-11	24,832	114	(41,603)
2011-12	26,532	117	(46,767)
2012-13	27,412	137	(56,984)

Funded Status and Funding Progress. As of June 30, 2013, the most recent valuation date, the plan was 57% funded. The schedule of funding progress is as follows:

Dollars in Thousands

Actuarial accrued liability (AAL)	$316,085
Actuarial value of plan assets	180,202
Unfunded actuarial accrued liability (UAAL)	$135,883
Funded ratio (actuarial value of plan assets/AAL)	57.0%
Covered payroll (active Plan members)	$171,129
UAAL as a percentage of covered payroll	79.4%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments 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.

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 County's June 30, 2013 actuarial valuation, the actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 7.61% investment rate of return, which is CalPERS' assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of approximately 10% percent initially, reduced by decrements of approximately 1% per year to an ultimate rate of 5% in the tenth year. Both rates included a 3% inflation assumption and assumed the County's payroll will increase 3.25% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 26-year fresh-start amortization. The assumptions used to determine the funded progress and status as of June 30, 2013, are the same assumptions used to determine the annual required contribution for the fiscal year ended June 30, 2013.

Investment Policies and Procedures

The Placer County Treasurer's Pool (the "**Pool**") is invested in accordance with California State Government Code section 53600 et seq. The Treasury Review Panel is charged with overseeing activity in the Pool for compliance to policy and code requirements. To this end, the Treasury Review Panel reviews the monthly investment report and causes a compliance audit of investments to occur annually. Certain special districts and all public school districts are required by legal provisions to deposit their funds with the County Treasurer. The Pool consists almost entirely of those districts and includes 92% involuntary participants at June 30, 2013.

Pursuant to California Government Code Section 53646, the County Treasurer prepares investment policy guidelines that are approved by the Treasury Review Panel and the Board annually. The objectives of the policy are, in order or priority, safety of principal, liquidity, and yield. All investments are made in accordance with the California Government Code Section 53601 and, in general, the Treasurer's policy is more restrictive than State law. The County's current investment policy is attached as APPENDIX G to this Official Statement.

The table below shows the Pool's investment portfolio as of February 1, 2014.

Table 16
COUNTY OF PLACER
Investment Portfolio as of February 1, 2014

Investments	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat.	YTM (360 Equiv.)	YTM (365 Equiv.)
U.S. Treasury Coupons	$ 50,000,000.00	$ 49,997,400.00	$ 49,902,570.10	4.91%	877	1.175	1.191
Federal Agency Coupons	660,000,000.00	657,800,311.11	660,283,100.14	64.94	1,533	1.329	1.347
Medium Term Notes	187,985,000.00	193,156,334.39	191,811,449.98	18.87	996	1.340	1.359
Negotiable Certificates of Deposit	10,000,000.00	10,000,100.00	10,000,000.00	0.98	10	0.145	0.147
Commercial Paper Disc. - Amortizing	10,000,000.00	9,994,666.67	9,994,666.67	0.98	96	0.200	0.203
PFA - HELIFOCPTER	674,413.00	674,413.00	674,413.00	0.07	772	2.442	2.476
Local Agency Bonds	82,607,261.00	82,607,261.00	82,607,261.00	8.13	7,838	4.603	4.667
Rolling Repurchase Agreements	5,560,286.43	5,560,286.43	5,560,286.43	0.55	1	0.000	0.000
mPower Placer	4,855,228.71	4,855,228.71	4,855,228.71	0.48	1	3.452	3.500
Municipal Bonds	1,007,134.76	1,007,134.76	1,007,134.76	0.10	121	0.395	0.400
Total	$1,012,689,323.90	$1,015,653,136.07	$1,016,696,110.79	100.00%	1,865	1.569	1.591
Cash and Accrued Interest							
Passbook/Checking	$51,622,073.86	$51,622,073.86	$51,622,073.86	N/A	1	0.000	0.000
Total Cash and Investments	$1,064,311,397.76	$1,067,275,209.93	$1,068,318,184.65	N/A	1,865	1.569	1.591

Source: County of Placer.

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APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Site Lease, Lease Agreement and the Indenture of Trust relating to the Bonds. Such summary is not intended to be definitive, and reference is made to the complete documents for the complete terms thereof.

DEFINITIONS

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

"Additional Rental Payments" means the amounts of additional rental which are payable by the County under the Lease Agreement.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Board 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 Tax Code.

"Bond Fund" means the fund by that name established and held by the Trustee under the Indenture.

"Bond Year" means each twelve-month period extending from June 2 in one calendar year to June 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year commences on the Closing Date and extends to and including June 1, 2015.

"Closing Date" means the date of original issuance of the Bonds.

"Federal Securities" means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

"Lease Payment Date" means, with respect to any Interest Payment Date, the 5th Business Day immediately preceding such Interest Payment Date.

"Lease Payments" means the amounts payable by the County under the Lease Agreement as rental for the Leased Property, including any prepayment thereof and including any amounts payable upon a delinquency in the payment thereof, but excluding Additional Rental Payments.

"Leased Property" means the real property described in Appendix A to the Lease, together with all improvements and facilities at any time situated thereon, consisting generally of a public parking facility in the County.

"Net Proceeds" means amounts derived from any policy of casualty insurance or title insurance with respect to the Leased Property, or the proceeds of any taking of the Leased Property or portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

"Owner", when used with respect to any Bond, means the person in whose name the ownership of such Bond is registered on the Bond registration books of the Trustee.

"Permitted Encumbrances" means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may permit to remain unpaid under Article V of the Lease; (b) the Site Lease, the Lease and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, material man, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date; (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the County certifies in writing will not materially impair the use of the Leased Property for its intended purposes; (f) the Transfer Agreement; and (g) the County Premises License Agreement - South Placer Courthouse by the Judicial Council of California, Administrative Office of the Courts to the County, together with any amendments thereto.

"Permitted Investments" means any of the following:

(a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged.

(b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

(c) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by S&P.

(d) Interest-bearing deposit accounts (including certificates of deposit) in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee and its affiliates), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by S&P; or (ii) such deposits are fully insured by the Federal Deposit Insurance Corporation.

(e) Commercial paper rated, at the time of purchase, "A-1+" or better by S&P.

(f) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "A-1+" or better by S&P.

(g) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, 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 this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(h) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by S&P, or (b) fully secured as to the payment of principal and interest by Permitted Investments described in clauses (a) or (b).

(i) Obligations issued by any corporation organized and operating within the United States of America having assets in excess of $500,000,000, which obligations are rated A or better by S&P.

(j) Bonds or notes issued by any state or municipality which are rated A or better by S&P.

(k) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by S&P at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event either of such ratings at any time falls below A.

(l) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Revenues" means: (a) all amounts received by the Authority or the Trustee under or with respect to the Lease Agreement, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts payable by the County under the Lease Agreement in respect of additional debt, and (ii) any Additional Rental Payments; and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

"Site Lease Payment" means the amount of up-front rent which is payable under the Site Lease in consideration of the lease of the Leased Property by the County to the Board thereunder.

"S&P" means Standard & Poor's, a division of the McGraw Hill Companies, of New York, New York, its successors and assigns.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Transfer Agreement" means that certain "Transfer Agreement between the Judicial Council of California, Administrative Office of the Courts, and the County of Placer For the Transfer of Responsibility for Court Facility," dated May 19, 2008, together with any amendments thereto.

"2006 Certificates" means the outstanding 2006 Administrative and Emergency Services Building Refinancing Project Certificates of Participation originally executed and delivered in the aggregate principal amount of $11,770,000.

"2006 Trustee" means The Bank of New York Trust Company, N.A., its successors and assigns, as trustee for the 2006 Certificates.

"2007 Certificates" means the outstanding 2007 South Placer Justice Center Courthouse Financing Project Certificates of Participation executed and delivered in the aggregate principal amount of $34,850,000.

"2007 Trustee" means The Bank of New York Trust Company, N.A., its successors and assigns, as trustee for the 2007 Certificates.

SITE LEASE

Under the Site Lease, the County agrees to lease the Leased Property to the Authority in consideration of the payment by the Authority of the Site Lease Payment on the Closing Date. The Authority agrees to cause the full amount of the Site Lease

Payment to be raised from the proceeds of the Bonds, and to cause the Site Lease Payment to be deposited with the Trustee in the Prepayment Fund. No further rent payment is due by the Authority for the lease of the Leased Property under the Site Lease. The Site Lease is for a term commencing on the Closing Date and extending to the date on which no Bonds remain outstanding under the Indenture, but not later than ten years following the final stated maturity date of the Bonds. In the event of any release or substitution of property under the Lease Agreement as described below, the description of the property leased under the Site Lease will be modified accordingly.

LEASE AGREEMENT

Lease of Leased Property; Term

Under the Lease Agreement, the Authority leases the Leased Property back to the County. The Lease Agreement is for a term commencing on the Closing Date and extending to the date on which no Bonds remain outstanding under the Indenture, but not later than ten years following the final stated maturity date of the Bonds.

Lease Payments

The County agrees to pay semiannual Lease Payments, subject to abatement as described below, as the rental for the use and occupancy of the Leased Property. On each Lease Payment Date, the County is obligated to deposit with the Trustee the full amount of the Lease Payments coming due and payable on the next Interest Payment Date, to the extent required to be paid by the County under the Lease Agreement. Any amount held in the Bond Fund, the Interest Account or the Principal Account on any Lease Payment Date (other than amounts specifically required to be credited to the prepayment of Lease Payments), will be credited towards the Lease Payment then coming due and payable.

Source of Payments

The Lease Payments are payable from any source of available funds of the County, subject to the provisions of the Lease Agreement relating to abatement.

Budget and Appropriation

The County covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease Agreement and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. Such covenant constitutes a duty imposed by law and each and every public official of the County is required to take all actions required by law in the performance of the official duty of such officials 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. On or about July 1 of each Fiscal Year, the County will provide to the Trustee a Written Certificate, signed by an Authorized Representative, in which it will certify that it has complied with the Indenture for such Fiscal Year.

Abatement of Lease Payments

The Lease Payments will be abated under the Lease Agreement during any period in which there is substantial interference with the County's use and occupancy of all or any portion of the Leased Property, including interference due to: (a) damage or destruction of the Leased Property in whole or in part or (b) eminent domain proceedings with respect to the Leased Property or any portion thereof.

The amount of such abatement is required to be an amount determined by the County, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property. In the event of such abatement, the County will have no obligation to pay abated Lease Payments and there is no remedy available to the Trustee or the Bond Owners arising from such abatement. Notwithstanding the foregoing, there will be no abatement of Lease Payments to the extent that rental interruption insurance Net Proceeds are available to pay Lease Payments which would otherwise be abated under the Lease, such proceeds and amounts being constituted a special fund for the payment of the Lease Payments.

Option to Prepay

The County has the option to prepay the principal components of the Lease Payments in whole, or in part in any integral multiple of $5,000, from any source of legally available funds, on any Interest Payment Date on which the Bonds are subject to optional redemption, at a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, together with the interest component of the Lease Payment required to be paid on such Interest Payment Date, and together with a prepayment premium equal to the premium (if any) required to be paid on the resulting redemption of Bonds under the Indenture.

Substitution of Property

The County has the option at any time and from time to time during the term of the Lease Agreement to substitute other land, facilities or improvements (the "Substitute Property") for the Leased Property or portion thereof (the "Former Property") provided that the County must satisfy all of the requirements set forth in the Lease Agreement, including the following:

(a) No Event of Default has occurred and is continuing.

(b) The County has filed with the Authority and the Trustee, and caused to be recorded in the office of the Placer County Recorder sufficient memorialization of, an amendment to the Lease Agreement which adds the legal description of the Substitute Property to the Lease Agreement and deletes therefrom the legal description of the Former Property.

(c) The County has obtained a CLTA policy of title insurance insuring the County's leasehold estate in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the estimated value thereof.

(d) The County has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the County and constitutes property which the County is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the County and to serve an essential governmental function of the County.

(e) The Substitute Property does not cause the County to violate any of its covenants, representations and warranties made in the Lease Agreement.

(f) The County has filed with the Authority and the Trustee a written certificate of the County or other written evidencing stating that the estimated value of the Substitute Property is at least equal to the outstanding principal amount of the Bonds, that the fair rental value of the Substitute Property is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement, and that the useful life of the Substitute Property at least extends to December 1, 2027.

(g) The County has mailed written notice of such substitution to each rating agency which then maintains a rating on the Bonds.

Following the date on which all of the foregoing conditions precedent to such substitution are satisfied, the term of the Lease Agreement ceases with respect to the Former Property and continues with respect to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The County will not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

Release of Property

The County has the option at any time and from time to time during the term of the Lease Agreement to release any portion of the Leased Property from the Lease Agreement (the "Released Property") provided that the County must satisfy all of the requirements set forth in the Lease Agreement, including the following:

(a) No Event of Default has occurred and is continuing.

(b) The County has filed with the Authority and the Trustee, and caused to be recorded in the office of the Placer County Recorder sufficient memorialization of, an amendment which removes the Released Property from the Site Lease and the Lease.

(c) The County has certified in writing to the Authority and the Trustee that the value of the property which remains subject to the Lease Agreement following such release is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to the Lease Agreement following such release is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

(d) The County has mailed written notice of such release to each rating agency which then maintains a rating on the Bonds.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Released Property. The County is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Board and the County will execute, deliver and cause to be recorded all documents required to discharge the Site Lease, the Lease Agreement and the Assignment Agreement of record against the Released Property.

Maintenance, Utilities, Taxes and Modifications

The County, at its own expense, has agreed to maintain or cause to be maintained the Leased Property in good repair; the Authority has no responsibility for such maintenance. The County is also obligated to pay all taxes and assessments charged to the Leased Property. The County has the right under the Lease Agreement to remodel the Leased Property and to make additions, modifications and improvements to the Leased Property, provided that any such additions, modifications and improvements to the Leased Property are of a value which is not substantially less than such value of the Leased Property immediately prior to making such additions, modifications and improvements. The County will not permit any mechanic's or other lien to be established or to remain against the Leased Property, except that the County has the right in good faith to contest any such lien.

Insurance

The Lease Agreement requires the County to maintain or cause to be maintained the following insurance against risk of physical damage to the Leased Property and other risks for the protection of the Bond Owners, the Board and the Trustee:

<u>Public Liability and Property Damage Insurance</u>. The County shall maintain or cause to be maintained throughout the Term of the Lease, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the County, a standard commercial general liability insurance policy or policies in protection of the Authority, the County, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties

against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the County deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the County, and may be maintained in whole or in part in the form of self-insurance by the County, or in the form of the participation by the County in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

If any insurance required pursuant to this provision is provided in the form of self-insurance, the County must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the County or an independent insurance adviser engaged by the County identifying the extent of such self-insurance and stating the determination that the County maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the County, the County has no obligation to make any payment with respect to any insured event except from those reserves.

Casualty Insurance. The County shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, casualty insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Outstanding Bonds. Such insurance must, 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, and must include earthquake insurance if available at reasonable cost from reputable insurers in the judgment of the County. Such insurance may be subject to such deductibles as the County deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the County, and may be maintained in whole or in part in the form of the participation by the County in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the County in the form of self-insurance. The Net Proceeds of such insurance shall be applied as provided in the Lease.

Rental Interruption Insurance. The County shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the insurance required by the casualty insurance described above in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the County, and may be maintained in whole or in part in the form of the participation by the County in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the County in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Recordation and Title Insurance. On or before the Closing Date the County shall, at its expense, (a) cause the Site Lease, the Assignment Agreement and the Lease, or a memorandum thereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Placer County Recorder, and (b) obtain a CLTA title insurance policy insuring the County's leasehold estate in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments under the Lease.

Assignment; Subleases

The Authority has assigned certain of its rights under the Lease Agreement to the Trustee under the Assignment Agreement. The County may not assign any of its rights in the Lease Agreement. The County may sublease all or a portion of the Leased Property, but only under the conditions contained in the Lease Agreement, including the condition that such sublease not cause the interest component of the Lease Payments to become subject to federal or State of California personal income taxes.

Amendment of Lease Agreement

The Authority 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 consents of the Owners of a majority in aggregate principal amount of the outstanding Bonds; or (b) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

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

- to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, to conform to the original intention of the County and the Authority;

- to modify, amend or supplement the Lease Agreement in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code;

- to amend the description of the Leased Property to reflect accurately the property originally intended to be included therein;

- to obligate the County to pay additional amounts of rental for the use and occupancy of the Leased Property, but only if (A) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the County is authorized to expend funds subject to its control, (B) the County has obtained and filed with the Trustee an appraisal showing that the appraised value of the Leased Property is at least equal to the aggregate principal amount of the outstanding Bonds and all such other bonds, notes, leases or other obligations, and (C) the County has filed with the Trustee written evidence that the amendments made under this clause will not of themselves cause a reduction or withdrawal of any rating then assigned to the Bonds;

- in any other respect whatsoever as the Authority and the County may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds.

Events of Default

Each of the following constitutes an Event of Default under and as defined in the Lease Agreement:

- Failure by the County to pay any Lease Payment or other payment required to be paid under the Lease Agreement at the time specified therein.

- 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, other than as referred to in the preceding paragraph, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Authority or the Trustee; *provided, however*, that if in the reasonable opinion of the County the failure stated in the notice can be corrected, but not within such 30-day period, such failure will not constitute an Event of Default if the County commences to cure such failure within such 30-day period and thereafter diligently and in good faith cures such failure in a reasonable period of time.

- Certain events relating to the insolvency or bankruptcy of the County.

Remedies on Default

Upon the occurrence and continuance of any Event of Default, the Authority has the right to terminate the Lease Agreement or, with or without such termination, re-enter, take possession of and re-let the Leased Property. When the Authority does not elect to terminate the Lease Agreement, the County remains liable to pay all Lease Payments as they come due and liable for damages resulting from such Event of Default. Any amounts collected by the Authority from the reletting of the Leased Property will be credited towards the unpaid Lease Payments. Any net proceeds of re-leasing or other disposition of the Leased Property are required to be applied as set forth in the Indenture. Under the Assignment Agreement, the Authority assigns all of its rights with respect to remedies in an Event of Default to the Trustee, so that all such remedies will be exercised by the Trustee and the Bond Owners as provided in the Indenture.

The Trustee has no right to accelerate Lease Payments and, due to the governmental nature of the Leased Property, it is uncertain whether a court would permit the exercise of the remedies of re-entry, repossession or re-letting.

INDENTURE OF TRUST

Transfer and Exchange of Bonds

Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Bond or Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

Limitations. The Trustee may refuse to transfer or exchange, under the provisions of the Indenture, any Bonds selected by the Trustee for redemption, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

Establishment of Funds and Accounts; Flow of Funds

Costs of Issuance Fund. A portion of the proceeds of the Bonds will be deposited by the Trustee in the Costs of Issuance Fund on the Closing Date. The moneys in the Costs of Issuance Fund will be disbursed to pay costs of issuing the Bonds and other related financing costs from time to time upon receipt of written requests of the Authority. On August 1, 2014, or at the earlier written request of the Authority, all amounts remaining in the Costs of Issuance Fund will be transferred by the Trustee to the Interest Account and the Trustee will thereupon close the Costs of Issuance Fund.

Site Lease Payment. Proceeds representing the Site Lease Payment will be applied to refund and defease the 2006 Certificates and the 2007 Certificates in full.

Bond Fund; Deposit and Transfer of Amounts Therein. All Revenues will be deposited by the Trustee in the Bond Fund promptly upon receipt. On or before each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

(a) *Interest Account.* The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest coming due and payable on such date on all outstanding Bonds. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it comes due and payable, including accrued interest on any Bonds redeemed prior to maturity.

(b) *Principal Account.* The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit therein to equal the principal amount of the Bonds maturing on such date. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds at the maturity thereof.

Redemption Fund. The Trustee will establish and maintain a Redemption Fund, amounts in which will be used and withdrawn by the Trustee solely for the purpose of paying the principal of on the Bonds to be redeemed. At any time prior to giving notice of redemption of any such Bonds, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Authority directs, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Insurance and Condemnation Fund; Application of Net Proceeds. Any Net Proceeds of insurance or condemnation awards with respect to the Leased Property will be deposited in the Insurance and Condemnation Fund. In the event of an insurance or eminent domain award, the Net Proceeds on deposit in the Insurance and Condemnation Fund will be used, as directed by the County, either:

- to replace, repair, restore, modify or improve the Leased Property if the County determines that such is economically feasible or in the best interests of the County, or

- to the extent not so used, to prepay the Lease Payments and thereby redeem outstanding Bonds.

Notwithstanding the foregoing, however, in the event of damage or destruction of the Leased Property in full, the Net Proceeds of such insurance are required to be used by the County to rebuild or replace the Leased Property if such proceeds are not sufficient to redeem outstanding Bonds equal in aggregate principal amount to the unpaid Lease Payments.

Investment of Funds; Determination of Value of Investments

All moneys in any of the funds or accounts held by the Trustee under the Indenture will be invested by the Trustee solely in Permitted Investments as directed by the Authority in advance of the making of such investments. In the absence of any such direction of the Board, the Trustee will invest any such moneys in Permitted Investments consisting of money market funds. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture will be deposited in the Bond Fund. For the purpose of determining the amount in any fund or account established under the Indenture, the value of investments credited to such fund will be calculated at the market value thereof, in accordance with the procedures specified in the Indenture.

Covenants of the Authority

Payment of Bonds. The Authority will punctually pay or cause to be paid the principal of and interest and premium (if any) on the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, but only out of the Revenues and other assets pledged for such payment as provided in the Indenture. The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are outstanding, except the pledge and assignment created by the Indenture.

Accounting Records and Financial Statements. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries will be made of all transactions relating to the proceeds of the Bonds, the Revenues, the Lease Agreement and all funds and accounts established pursuant to the Indenture. Such books of record and account will be available for inspection by the Authority and the County, during regular business hours and upon reasonable prior notice.

No Additional Obligations. The Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of the Revenues in whole or in part.

Tax Covenants. The Authority will not take, nor permit nor suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of any of the Bonds which would cause any of the Bonds to be "arbitrage bonds" or "private activity bonds" within the meaning of the Tax Code. The Authority will cause to be calculated annually all excess investment earnings which are required to be rebated to the United States of America under the Tax Code, and will cause all required amounts to be rebated from payments made by the County for such purpose under the Lease Agreement.

Lease Agreement. The Trustee will promptly collect all amounts due from the County pursuant to the Lease Agreement. Subject to the provisions of the Indenture governing the enforcement of remedies upon the occurrence of an Event of Default, the Trustee is required to enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority and for the enforcement of all of the obligations of the County under the Lease Agreement.

Amendment of Indenture

The Indenture may be modified or amended at any time by a supplemental indenture with the prior written consents of the Owners of a majority in aggregate principal amount of the Bonds then outstanding. No such modification or amendment may (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

The Indenture may also be modified or amended at any time by a supplemental indenture, without the consent of any Bond Owners, to the extent permitted by law, but only for any one or more of the following purposes:

- To add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority.

- To cure any ambiguity, inconsistency or omission in the Indenture, or correct any defective provision in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, so long as such modification or amendment does not materially adversely affect the interests of the Bond Owners in the opinion of Bond Counsel filed with the Trustee.

- To modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or any similar federal statute at any time in effect.

- To modify, amend or supplement the Indenture so as to cause interest on the Bonds to remain excludable from gross income under the Tax Code.

- to facilitate the issuance of additional obligations of the County under the Lease Agreement. See "LEASE AGREEMENT – Amendment of Lease Agreement" above.

Events of Default

Events of Default Defined. The following events constitute events of default under the Indenture:

- Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

- Failure to pay any installment of interest on the Bonds when due.

- Failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Authority by the Trustee; provided, however, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the Authority institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

- The commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

- The occurrence and continuation of any Event of Default under and as defined in the Lease Agreement. See "LEASE AGREEMENT - Events of Default" above.

Remedies. If any Event of Default occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding shall, in each case, upon receipt of indemnification satisfactory to Trustee against the costs, expenses and liabilities to be incurred in connection with such action, upon notice in writing to the Authority, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Authority deposits with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable fees, charges and expenses (including those of its legal counsel, including the allocated costs of internal attorneys) of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority, the County and the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment will extend to or affect any subsequent Event of Default, or will impair or exhaust any right or power consequent thereon.

Application of Revenues and Other Funds After Default. If an Event of Default has occurred and is continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture will be applied by the Trustee as follows and in the following order:

(1) To the payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(2) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of the Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the available amount is not sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Limitation on Bond Owners' Right to Sue. No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, unless:

- such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;

- the Owners of a majority in aggregate principal amount of all the Bonds then outstanding have requested the Trustee in writing to exercise its powers under the Indenture;

- said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;

- the Trustee has refused or failed to comply with such request for a period of 60 days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee; and

- no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in aggregate principal amount of the Bonds then outstanding.

Discharge of Indenture

The Authority may pay and discharge the indebtedness on any or all of the outstanding Bonds in any one or more of the following ways:

- by paying or causing to be paid the principal of and interest on the Bonds, as and when the same become due and payable;

- by irrevocably depositing with the Trustee, in trust, at or before maturity, cash and/or non-callable Federal Securities which, together with the investment earnings to be received thereon, have been verified by an independent accountant to be sufficient to pay or redeem such Bonds when and as the same become due and payable; or

- by delivering to the Trustee, for cancellation by it, all of such Bonds.

Upon such payment, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Revenues and other funds provided for in the Indenture with respect to such Bonds, and all other obligations of the Authority under the Indenture with respect to such Bonds, will cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose. Any funds thereafter held by the Trustee, which are not required for said purposes, will be paid over to the Authority.

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APPENDIX C

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2013

County of Placer
State of California

Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2013

Hidden Falls Bridge Photo © Mark Rideout

Andrew C. Sisk, CPA
AUDITOR-CONTROLLER

COUNTY OF PLACER, CALIFORNIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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Financial Section

COUNTY OF PLACER

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Assistant Auditor-Controller
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November 18, 2013

To the Board of Supervisors and Citizens of Placer County:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of American (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the County of Placer (County) for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the information contained herein is complete and reliable in all material respects.

The County's financial statements have been audited by Macias Gini & O'Connell LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's basic financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report and are also available on the Auditor-Controller's webpage at www.placer.ca.gov.

2970 Richardson Drive / Auburn, California 95603 / (530) 889-4160 / Fax (530) 889-4163
Internet Address: http://www.placer.ca.gov / email: auditor@placer.ca.gov

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The County is located 80 miles northeast of San Francisco, and Auburn, the County seat, is located 120 miles southwest of Reno. The County encompasses over 1,431 square miles of land and water and serves a population of 352,380. There are six incorporated cities and towns located within the County: Auburn, Colfax, Lincoln, Loomis, Rocklin and Roseville. The Sierra Nevada Mountains, home to the 1960 Winter Olympics and the largest concentration of world class ski resorts in the Western United States, provide an abundance of year-round recreational and cultural opportunities to the residents of the County.

County government functions as a local government body to serve the needs of its residents. As geographical and political subdivisions of the state, counties serve a dual role, providing municipal services in the unincorporated areas and acting as administrative agents for state and federal government programs and services. As a general-law county, Placer County is bound by state law as to the number and duties of county elected officials. Placer County has five districts that are approximately equal in population with boundaries adjusted every ten years following the federal census. Policymaking and legislative authority are vested in the County Board of Supervisors that consists of an elected supervisor from each of the five districts. Supervisors are elected to four-year staggered terms in even-year elections. The County has six elected department heads: Assessor, Auditor-Controller, County Clerk-Recorder, District Attorney, Sheriff-Coroner-Marshal, and Treasurer-Tax Collector.

The County provides a wide range of services to its residents, including public protection services, medical and health services, public assistance programs, sanitation services, the construction and maintenance of roads and infrastructure, environmental services, parks, libraries, and a variety of other general governmental services. Every resident of the County, directly or indirectly, benefits from these services. Most services performed by the County are provided for all residents, regardless of whether those residents live in cities or unincorporated areas. A major challenge to the County in future years will be the maintenance of these services to the extent feasible within the County's financial resources.

The financial reporting entity (County of Placer) includes all the funds of the primary government (the County of Placer as legally defined), as well as all of its component units. Blended component units, although legally separate entities, are considered to be part of the primary government's operations for financial reporting purposes, as required by GAAP. The following component units are blended: County Service Areas, Sewer Maintenance Districts, Newcastle and Penryn Lighting Districts, the Successor Agency of Placer County (the former Redevelopment Agency), North Lake Tahoe Public Financing Authority, Placer County Public Financing Authority, Gold Country Settlement Funding Corporation, In-Home Support Services Public Authority and the Placer County Housing Authority. The First 5 Placer Children and Families Commission is included in this report as a discretely presented component unit. Additional information on all of these entities can be found under Note 1 in the Notes to the Basic Financial Statements.

In accordance with the provisions of California Government Code Sections 29000 through 29143 inclusive, commonly known as the County Budget Act, the County prepares and adopts a budget for each fiscal year. Activities of the General Fund, Special Revenue, Capital Projects and Debt Service Funds are included in the annual budget. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level except for capital assets, which are controlled at the line item level. The budgeted expenditures become law through the passage of an Appropriation Resolution. This resolution constitutes the authorized spending threshold for the fiscal year, and cannot be exceeded except by subsequent amendment of the budget by the Board of Supervisors. In the governmental funds, an encumbrance system is used to ensure effective budgetary control and to enhance cash planning and control.

Factors Affecting Economic Condition

State Government

The County is a political subdivision of the State of California and as such, its government is subject to State subventions and regulations. Therefore, the County's financial health is tied closely to the financial condition of the State government. The County cannot predict whether the State will encounter budgetary difficulties in the current or future fiscal years. The County also cannot predict the impact future budgets will have on the County's finances and operations. Current and future State budgets will be affected by national and State economic conditions and other factors outside the County's control.

Placer County Economy

Recently, there have been some signs the economy is slowly improving. Unemployment levels trended above national levels from 2009 until 2012, but declined to 7.5%, which is below the national 7.8%, as of June 2013. While property and real property transfer taxes are projected to grow at a moderate pace of about 2 – 2.5% annually, sales tax collections are estimated to increase 4% annually through 2018. Assessed values in the County have experienced declines during the recession, but the fiscal 2014 tax roll shows an increase of 4% from the previous year to $54.5 billion. With an uptake in building permit activity, several large residential developments in progress, and recent job growth, the local economy is expected to improve in the near-term and position the County favorably for future growth.

Over the past few years, the County has prepared for looming fiscal challenges in both our state and national economy in regards to impacts to local government. The County has taken aggressive budgetary action to ensure it lives within its means. Some of these actions include the minimal use of reserves in order to maintain them at prudent levels, one-time reductions in charges, restricting program expansion, ongoing budget reductions, and reductions in labor costs. With a hiring freeze in effect since 2007, the county's workforce has declined by over 15%. In fiscal year 2012-13, salary and benefit costs have again been held nearly flat, but are expected to increase moderately in fiscal year 2013-2014 due to a cost of living increase of 2% in December 2013 for all County employees. These steps, combined with other cost saving measures, are designed to provide more fund balance and reduce future costs in light of the anticipated funding constraints the County will still face in fiscal year 2013-14 and beyond.

Long-term Financial Planning

Strategic efforts over the last several years by the Board of Supervisors have positioned the County to begin replacing its aging infrastructure and plan for program and service delivery growth. Project priority is determined by whether a project is identified in the Capital Improvements Master Plan, mitigates health and safety needs, improves departmental operations, or preserves and extends the life of an existing county facility. As part of a long-term, on-going facility planning effort, the Board has established funding mechanisms to address capital infrastructure needs identified for the next decade, including provision of general fund reserves, capital facility impact fees (assessed on new development that occurs within cities and the unincorporated portions of the County), Securitized Master Tobacco Settlement Agreement revenue, prudent debt issuance and community financial support.

The following fiscal and policy challenges that will be addressed over the next 5 years are summarized as follows:

- Timing, demands and approach to opening and operating the South Placer Adult Correctional Facility
- Exploring viable alternatives for a new District Attorney crime lab
- Identification of infrastructure and deferred maintenance needs across County functional areas to align needs with funding within Board-established policies; the County has established a County Infrastructure Investment Committee to assist with this endeavor
- Continued sustainability of funding and operations for County libraries and fire protection services as a result of declining dedicated property tax revenues and state funding

Relevant Financial Policies

To achieve the goal of providing outstanding, cost-effective regional public services, the County of Placer applies sound management practices and policies that enhance the quality of life of its citizens. Such financial management practices have been identified by the Government Finance Officers Association of the United States and Canada and recognized by Fitch Ratings as best practices that promote financial soundness, efficiency in government and solvency in public finance. The County Board of Supervisors has established a number of relevant financial policies, some of which that are discussed below, that are administered and overseen by the County's Finance Committee (comprised of County Executive Officer, Auditor-Controller and Treasurer-Tax Collector). All of the County's financial policies can be found within the County's Proposed Budget located at www.placer.ca.gov/Departments/Ceo.aspx or available by request to the Placer County Auditor-Controller, 2970 Richardson Drive, Auburn, CA 95603.

Credit and Debt Management

In accordance with the County's debt management policy, the County intends to maintain a minimum bond rating level of A1 by Moody's and A by Standard and Poor's Corporation. As of October 31, 2012, the County maintains a Standard & Poor's "AA-" and a Moody's "Aa3" for long-term certificates of participation. The County is only one of two local government agencies in the County with ratings this high. On a statewide basis, the County is among a handful of counties with ratings in these high categories. Subsequent to fiscal year-end, Moody's conducted a full review of the County's rated debt. This review was conducted primarily as a result of Moody's revised approach to rating general fund-backed obligations in California which state that California general fund obligations have increased probability of default and expected loss and therefore require a new notching convention, which is at least two notches below the Issuer GO or long-term rating. As a result of their review, Moody's lowered their rating from "Aa3" to "Aa2". Although the review resulted in a "technical" one notch downgrade, receiving affirmation of the County's long-term rating at "Aa1" is a very positive outcome and speaks volume of the Board of Supervisors' fiscal prudency and overall direction as the County moves forward.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the County of Placer for its CAFR for the fiscal year ended June 30, 2012. This is the 12^{th} consecutive year that the County received this award. The Certificate of Achievement is a prestigious award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards and satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are applying for the Certificate again this year.

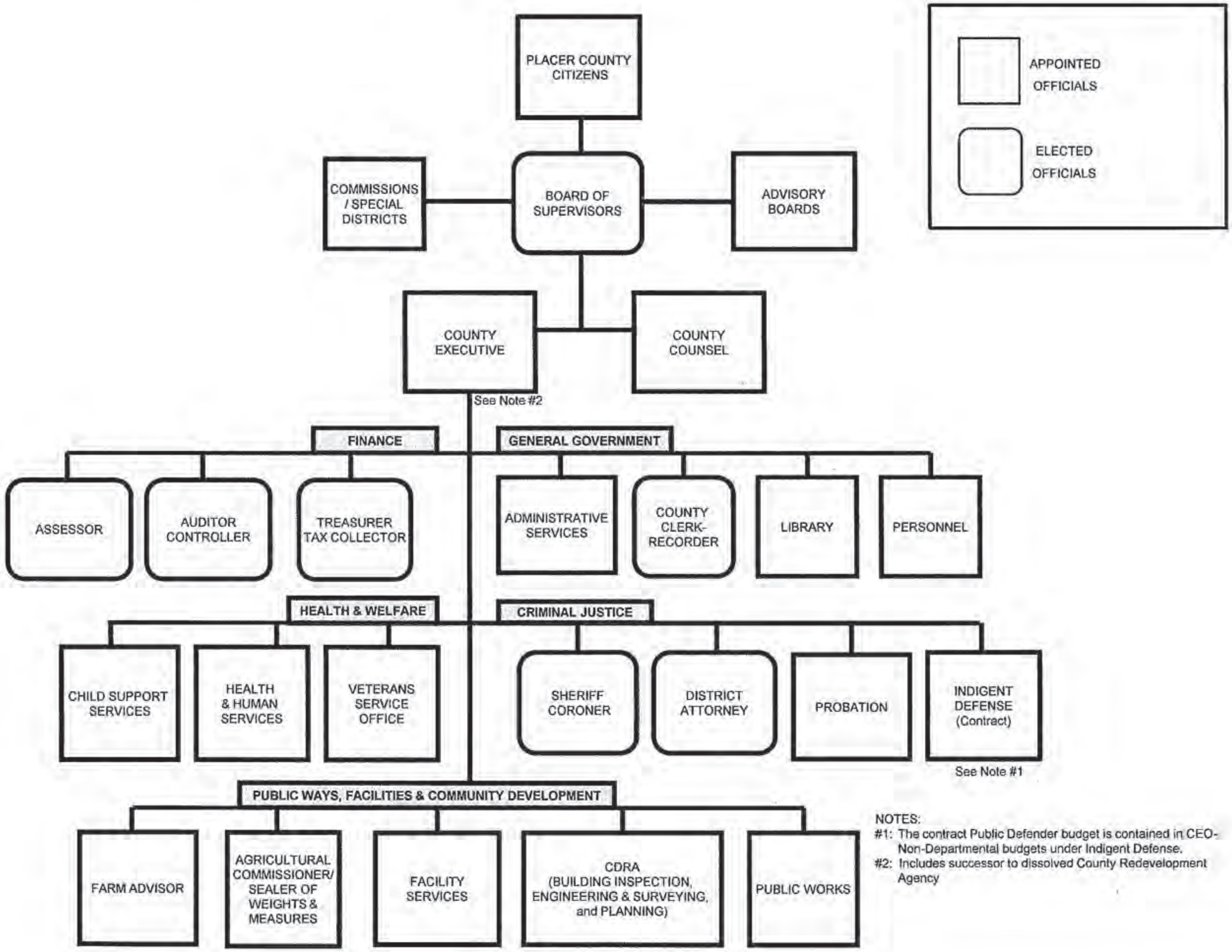
The preparation of the CAFR and its timely issuance is the result of a concentrated and dedicated effort by the entire Auditor-Controller staff. I am especially grateful to the members of my staff for their special efforts, particularly Sandra Bozzo, Marcia Glisson and Elena Gagnie. In addition, I would like to thank the Board of Supervisors and the County Executive Office for their leadership and actions that ensure the general fiscal health and integrity of the County.

Respectfully submitted,

Andrew C. Sisk

Andrew C. Sisk, CPA
Auditor-Controller

PLACER COUNTY ORGANIZATION CHART



NOTES:
#1: The contract Public Defender budget is contained in CEO-Non-Departmental budgets under Indigent Defense.
#2: Includes successor to dissolved County Redevelopment Agency

PLACER COUNTY OFFICIALS
GOVERNING BODY

ELECTED

BOARD OF SUPERVISORS

Jack Duran	Supervisorial District 1
Robert M. Weygandt	Supervisorial District 2
Jim Holmes	Supervisorial District 3
Kirk Uhler	Supervisorial District 4
Jennifer Montgomery	Supervisorial District 5

Assessor	Kristen Spears
Auditor-Controller	Andrew Sisk
County Clerk-Recorder-Registrar of Voters	James McCauley
District Attorney	R. Scott Owens
Sheriff-Coroner-Marshal	Ed Bonner
Treasurer-Tax Collector	Jenine Windeshausen

PLACER COUNTY OFFICIALS
GOVERNING BODY

APPOINTED

Administrative Services Director	Jerry Gamez
Agricultural Commissioner/Sealer of Weights & Measures	Joshua Huntsinger
Air Pollution Control Officer	Thomas Christofk
Chief Building Official	Tim Wegner
Child Support Services Director	Troy Held
Community Development Resource Agency	Michael Johnson
County Counsel	Gerald Carden
County Executive Officer	David Boesch
Facility Services Director	Mary Dietrich
Farm Advisor	Roger Ingram
Health & Human Services Director	Dr. Richard Burton
Library Services Director	Mary George
Personnel Director	Nancy Nittler
Chief Probation Officer	Marshall Hopper
Public Works Director/Road Commissioner	Ken Grehm
Veterans Service Officer	Jonn Melrose

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Placer
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

COUNTY OF PLACER

STATE OF CALIFORNIA

MGO Certified Public Accountants.

Sacramento
3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

Walnut Creek

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Placer
Auburn, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Placer, California (County), as of and for the fiscal 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 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 discretely presented component unit, 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.

Emphasis of Matter

As described in Note 1, the County adopted the provisions of the following Governmental Accounting Standards Board Statements: Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained In Pre- November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of defined benefit pension plans and OPEB plan funding progress, and budgetary comparison information, listed as required supplementary information 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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2013, 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 the County's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Sacramento, California
November 18, 2013

This section of the County of Placer's (County) comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2013. It should be read in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded liabilities at the close FY 2012-13 by $1,115,764 *(net position).* Of the net position amount, $247,611 in *unrestricted* is available to meet ongoing obligations to citizens and creditors, $157,219 in *restricted* must be used only for specific purposes and $710,934 is the *net investment in capital assets.*

- The County's total net position increased by $38,305 over the prior year. Of this amount, net investment in capital assets, increased $27,472 and represents the County's continued investment in capital projects. The County's total long-term liabilities decreased by $2,577 primarily as a result of a reduction in our self-insurance liability and annual debt service payments. Restricted net position represents resources that are subject to external restrictions on their use and these assets increased $16,776 during the fiscal year. In addition, unrestricted net position, which represents resources available to fund County programs to citizens, decreased $5,943 during the fiscal year.

- As of June 30, 2013, the County governmental funds reported combined fund balances of $350,886, an increase of $13,769 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned and unassigned fund balances* and total 99% of ending fund balance. Of this amount, $155,061 is restricted by law or externally imposed requirements, $100,549 is committed for specific purposes and $77,896 is assigned for specific purposes based on the intent of the Board of Supervisors.

- At the end of the fiscal year, unassigned fund balance for the General Fund, the county's largest fund, was $14,560 or 3.9% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis in this section are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: (1) **government-wide** financial statements, (2) **fund** financial statements, and (3) **notes** to the basic financial statements. **Required supplementary information** is included in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, using accounting methods similar to those of a private-sector business. These statements provide both long-term and short-term information about the County's overall financial status. The government-wide financial statements can be found on pages 19-21 of this report.

The *Statement of Net Position* presents information on all the County's assets, liabilities and deferred inflows/outflows of resources as of the end of the fiscal year, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information on how the net position changed during the fiscal year, with revenues and expenses by major type or function. Revenues and expenses are reported when 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., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes, intergovernmental and program revenues (*governmental activities)* from other functions that are intended to recover most or all of their costs through user fees and charges (*business-type activities).* The governmental activities of the County include general government, public protection, public assistance, community development, health and sanitation, public ways and facilities, recreation and cultural services, and education. The business-type activities of the County include energy efficiencies, property management and solid waste, public transit, and sewer maintenance

Blended component units are included in the County's basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. Examples are the Successor Agency of Placer County (the former Redevelopment Agency), North Lake Tahoe Public Financing Authority, Gold Country Settlement Funding Corporation, Placer County Public Finance Authority, In-Home Support Services Public Authority, Placer County Housing Authority and numerous County Service Areas and Special Districts governed by the Board of Supervisors. The First 5 Placer Children and Families Commission is reported as a *discretely presented component unit* because the governing body is not substantially the same as the County Board of Supervisors. For further information concerning the County component units, refer to the separately issued financial statements, which are available from the Office of the Auditor-Controller upon request.

Fund financial statements are the more familiar groupings of related accounts that are used to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state or federal law or by debt covenants. All of the County's funds 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 near-term financial resources, such as cash, that (1) have been spent on governmental programs during the fiscal year and (2) that will be available for financing such programs in the near future. The governmental funds financial statements are presented by major fund and for nonmajor funds in the aggregate on pages 22-28 of this report.

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 governmental 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.

The County maintains 16 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Low and Moderate Income Housing Asset Fund, Road Fund, and Capital Improvements Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary funds are of two types: enterprise funds and internal service funds. These funds provide services that are usually supported in total or in major part by customer fees and charges. The proprietary funds financial statements can be found on pages 29-32 of this report.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As noted previously, the County uses enterprise funds to account for public transit, property management and solid waste, energy efficiency, and sewer maintenance activities.

Internal service funds are an accounting device used to accumulate and allocate costs for services to the County's various functions. The County uses internal service funds to account for its telecommunications operations, workers' compensation and risk management, employee dental and vision and unemployment insurance programs, retiree health, fleet services operations and maintenance, special district's administration and operations, correction's food services and countywide technology development and maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. All of the County's enterprise funds are considered to be major enterprise funds. The County's three internal service funds are also combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds are provided in the form of combining statements elsewhere in this report.

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 those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds, except for agency funds, which have more limited accounting and financial statements because of their purely custodial nature. The fiduciary fund financial statements can be found on pages 33-34 of this report.

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. The notes can be found on pages 36-83 of this report.

Required Supplementary Information is presented to reflect budgetary comparison schedules for the General Fund and major Special Revenue Funds, as well as the schedules of funding progress. Required supplementary information can be found on pages 86-93 of this report.

Immediately following the required supplementary information, the combining and individual fund statements and schedules referred to earlier provide information for nonmajor governmental funds, internal service funds, and agency funds. The combining and individual fund statements and schedules can be found on pages 95-129 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, net position (assets in excess of liabilities) were $1,115,764 as of June 30, 2013, the close of the County's fiscal year.

Condensed Statement of Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2012 *	2013	2012	2013	2012	2013	Dollar Change	Percent Change
Assets:								
Current and other assets	$ 505,498	$ 525,192	$ 69,273	$ 63,202	$ 574,771	$ 588,394	$ 13,623	2.4%
Capital assets, net	645,093	671,679	91,364	89,182	736,457	760,861	24,404	3.3%
Total assets	1,150,591	1,196,871	160,637	152,384	1,311,228	1,349,255	38,027	2.9%
Deferred outflows of resources:								
Deferred amount on refundings	-	1,593	-	-	-	1,593	1,593	100.0%
Total deferred outflows of resources	-	1,593	-	-	-	1,593	1,593	100.0%
Liabilities:								
Current and other liabilities	58,903	62,650	2,495	2,640	61,398	65,290	3,892	6.3%
Noncurrent liabilities	166,525	162,021	5,846	7,773	172,371	169,794	(2,577)	-1.5%
Total liabilities	225,428	224,671	8,341	10,413	233,769	235,084	1,315	0.6%
Net Position:								
Net investment in capital assets	592,098	621,752	91,364	89,182	683,462	710,934	27,472	4.0%
Restricted	139,783	154,360	660	2,859	140,443	157,219	16,776	12.0%
Unrestricted	193,282	197,681	60,272	49,930	253,554	247,611	(5,943)	-2.3%
Total net position	**$ 925,163**	**$ 973,793**	**$ 152,296**	**$ 141,971**	**$ 1,077,459**	**$ 1,115,764**	**$ 38,305**	**3.6%**

* Amounts have been restated from amounts presented in the prior year as a result of early implementation of GASB Statement No. 65. Please refer to Note 17.

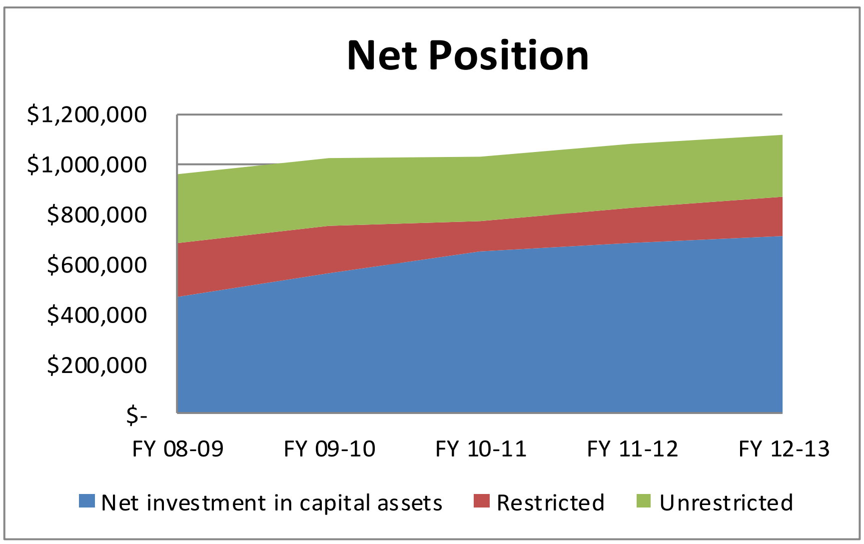
Analysis of Net Position:

The County's total net position increased by $38,305, or 3.6%, during the fiscal year, as described in the following paragraphs.

Net investment in capital assets: Net investment in capital assets, increased $27,472 or 4%, primarily due to the County's investment in major capital projects and is discussed in more detail under Capital Assets and Debt Administration. Comprising $710,934 or 63.7% of total net position, this category is the largest portion of the County's net position and reflects its investment in *capital assets* (e.g. land and easements, structures and improvements, infrastructure, equipment and intangible assets), less any outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, such as tax revenues, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position: Restricted net position of $157,219 or 14.1% of total net position represents resources that are subject to external restrictions on their use, such as public ways and facilities (49.9%), debt service (5.3%), state mandates (9.8%), mental health (13.9%), capital projects (16.7%), and grantors (2.4%). During the fiscal year ended June 30, 2013, restricted net position increased $16,776 or 12.0%.

Unrestricted net position: Unrestricted net position in the amount of $247,611 or 22.2% of total net position may be used to meet the County's ongoing obligations to citizens and creditors. The majority of the unrestricted net position resides in the County's General Fund. Unrestricted net position decreased $5,943 or 2.3%.



At the end of the current fiscal year, the County reported positive balances in all three categories of net position, both for the County as a whole, as well as for its separate governmental and business-type activities.

The County's total net position increased $38,305 during the fiscal year ended June 30, 2013. When compared to the prior year, revenues have decreased approximately $10,073 or 1.8%, and County expenses have increased approximately $15,369 or 3.2%. The table on the next page indicates the changes in net assets for governmental and business-type activities.

Condensed Statement of Activities (in thousands)

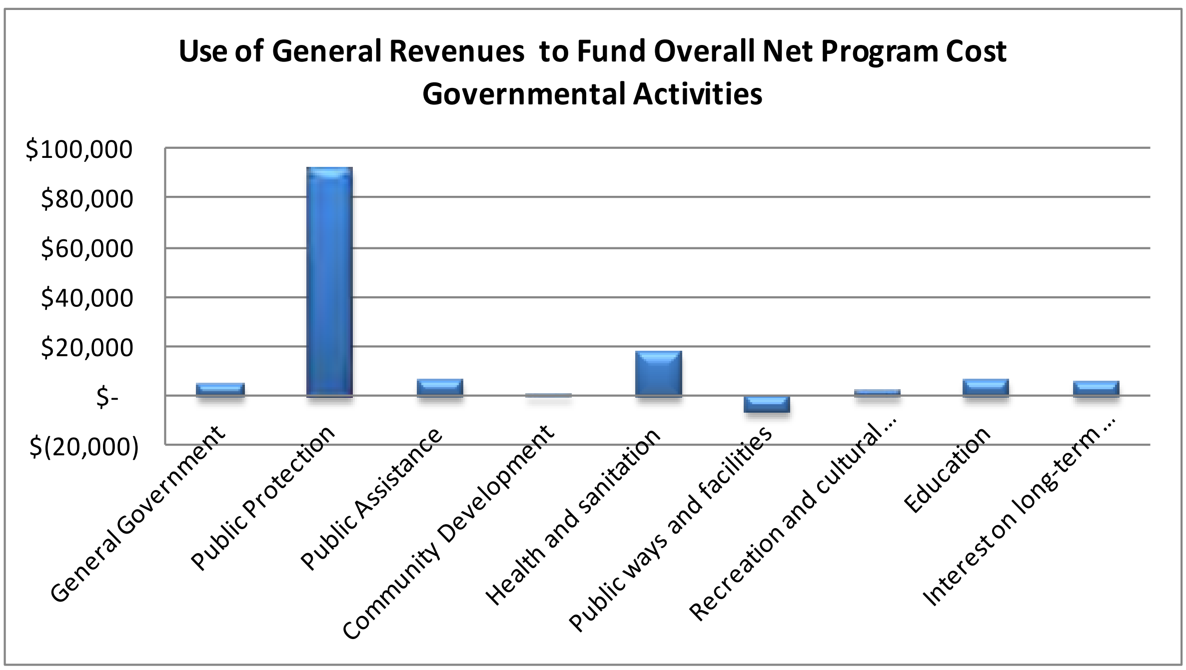
	Governmental Activities		Business-type Activities		Total		Total	
	2012	2013	2012	2013	2012	2013	Dollar Change	Percent Change
Revenues:								
Program revenues:								
Charges for services	$ 78,440	$ 80,316	$ 19,704	$ 19,755	$ 98,144	$ 100,071	$ 1,927	2.0%
Operating grants and contributions	225,528	224,885	3,601	3,298	229,129	228,183	(946)	-0.4%
Capital grants and contributions	45,544	34,020	1,491	3,855	47,035	37,875	(9,160)	-19.5%
General revenues:								
Property taxes	130,114	129,762	116	116	130,230	129,878	(352)	-0.3%
Sales and use taxes	15,605	16,821	3,230	3,263	18,835	20,084	1,249	6.6%
Transient occupancy taxes	10,129	11,626	-	-	10,129	11,626	1,497	14.8%
Real property transfer tax	2,684	3,439	-	-	2,684	3,439	755	28.1%
Other taxes	42	28	-	-	42	28	(14)	-33.3%
Grants and contributions not restricted to specific programs	852	741	-	-	852	741	(111)	-13.0%
Tobacco settlement	3,449	4,687	-	-	3,449	4,687	1,238	35.9%
Unrestricted investment earnings	5,852	957	828	171	6,680	1,128	(5,552)	-83.1%
Miscellaneous	1,937	1,333	-	-	1,937	1,333	(604)	-31.2%
Total revenues	520,176	508,615	28,970	30,458	549,146	539,073	(10,073)	-1.8%
Expenses:								
General government	57,238	55,654	-	-	57,238	55,654	(1,584)	-2.8%
Public protection	175,926	180,662	-	-	175,926	180,662	4,736	2.7%
Public assistance	61,212	65,254	-	-	61,212	65,254	4,042	6.6%
Community development	10,553	4,567	-	-	10,553	4,567	(5,986)	-56.7%
Health and sanitation	85,727	87,271	-	-	85,727	87,271	1,544	1.8%
Public ways and facilities	45,841	56,677	-	-	45,841	56,677	10,836	23.6%
Recreation and cultural services	4,693	4,896	-	-	4,693	4,896	203	4.3%
Education	6,421	6,888	-	-	6,421	6,888	467	7.3%
Interest on long-term debt	10,179	5,652	-	-	10,179	5,652	(4,527)	-44.5%
Energy efficiency	-	-	500	424	500	424	(76)	-15.2%
Property management and solid waste	-	-	4,755	4,505	4,755	4,505	(250)	-5.3%
Public transit	-	-	9,379	9,434	9,379	9,434	55	0.6%
County service areas - sewer and water	-	-	1,778	2,429	1,778	2,429	651	36.6%
Sewer maintenance	-	-	11,197	16,455	11,197	16,455	5,258	47.0%
Total expenses	457,790	467,521	27,609	33,247	485,399	500,768	15,369	3.2%
Increase in net position before transfers	62,386	41,094	1,361	(2,789)	63,747	38,305	(25,442)	-39.9%
Transfers	3,370	7,536	(3,370)	(7,536)	-	-	-	0.0%
Change in net position	65,756	48,630	(2,009)	(10,325)	63,747	38,305	(25,442)	-39.9%
Extraordinary item	(12,157)	-	-	-	(12,157)	-	12,157	100.0%
Net position, beginning of year, as restated	874,072	925,163	154,305	152,296	1,028,377	1,077,459	49,082	4.8%
Net position, end of year	$ 927,671	$ 973,793	$152,296	$ 141,971	$1,079,967	$1,115,764	$ 35,797	3.3%

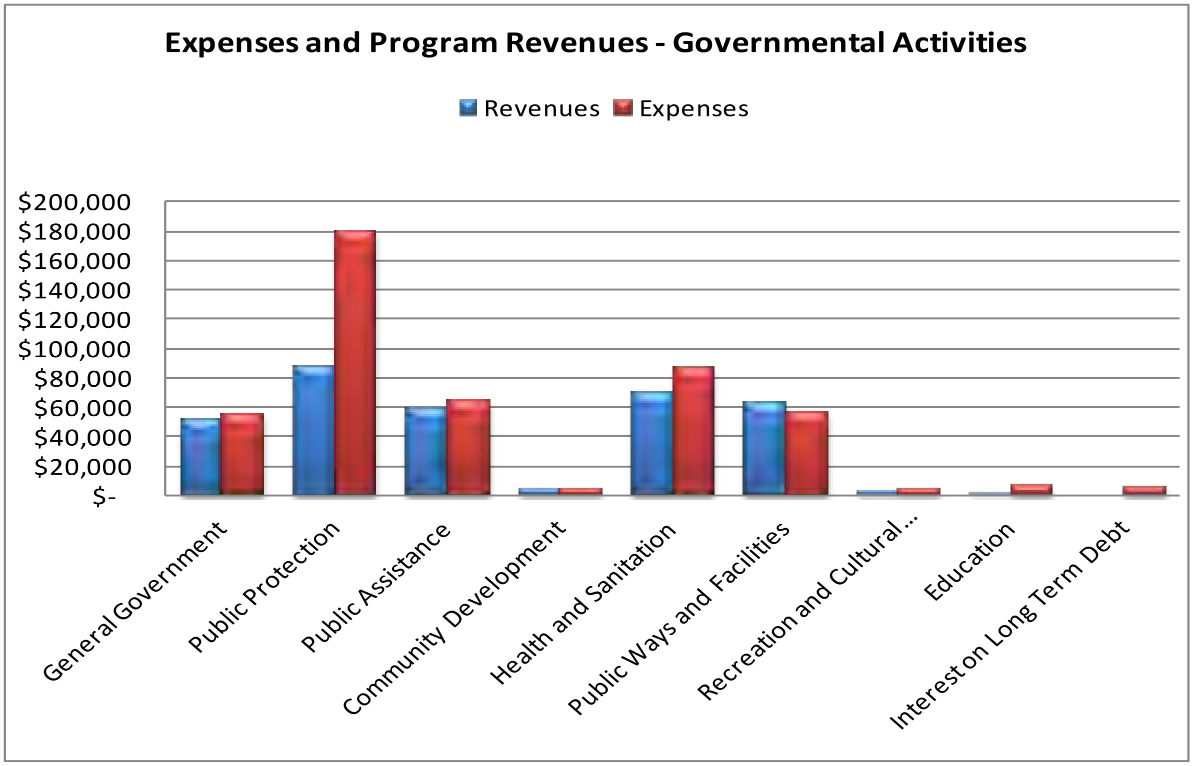
Governmental activities increased the County's net position by $48,630. Overall, program revenues decreased by $10,291 or 2.9% and general revenues decreased approximately $1,270 or 1%. Within program revenue, capital grants and contributions decreased by approximately $11,524 as a result of the number of construction projects receiving federal reimbursements decreasing during the fiscal year.

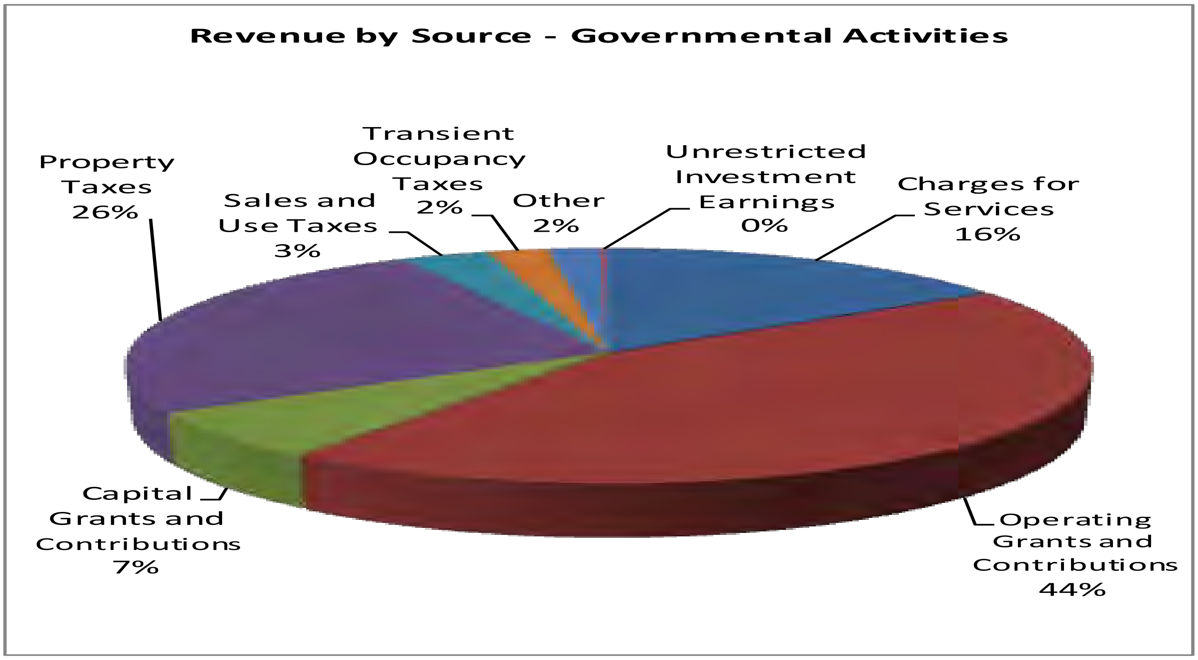
Investment earnings decreased approximately $4.9 million or 83.6% due to the Treasury yield for the County Investment Pool declining from 1.5% in the prior year to 1.3% in the current year and the fair market value of the County's investments were $7.8 million less that the book value at the end of the current fiscal year.

Expenses for governmental activities increased approximately $9.7 million or 2.1% overall. This increase was mainly attributable due to the following factors:

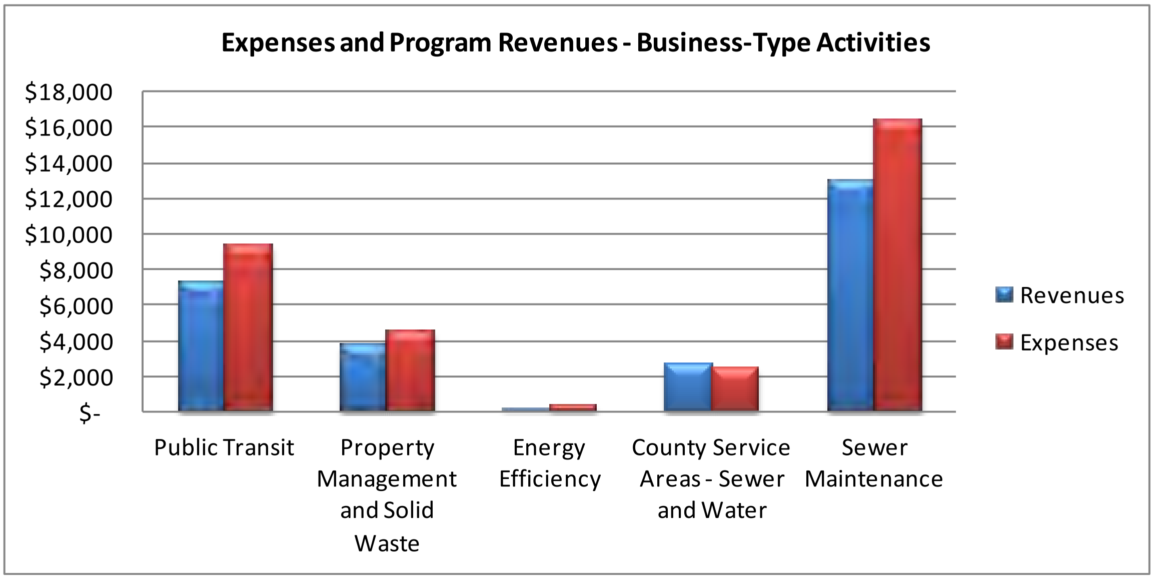
- Public protection of $4.7 million mainly attributable to increases in salaries and benefits for new corrections positions for AB 109 and upfront OPEB charges.
- Public assistance of $4.0 million mainly attributable to increases in expenditures related to the Medicaid Waiver Demonstration Program.
- Public ways and facilities of $10.8 million mainly attributable to various road projects and the Regional Sewer Project.

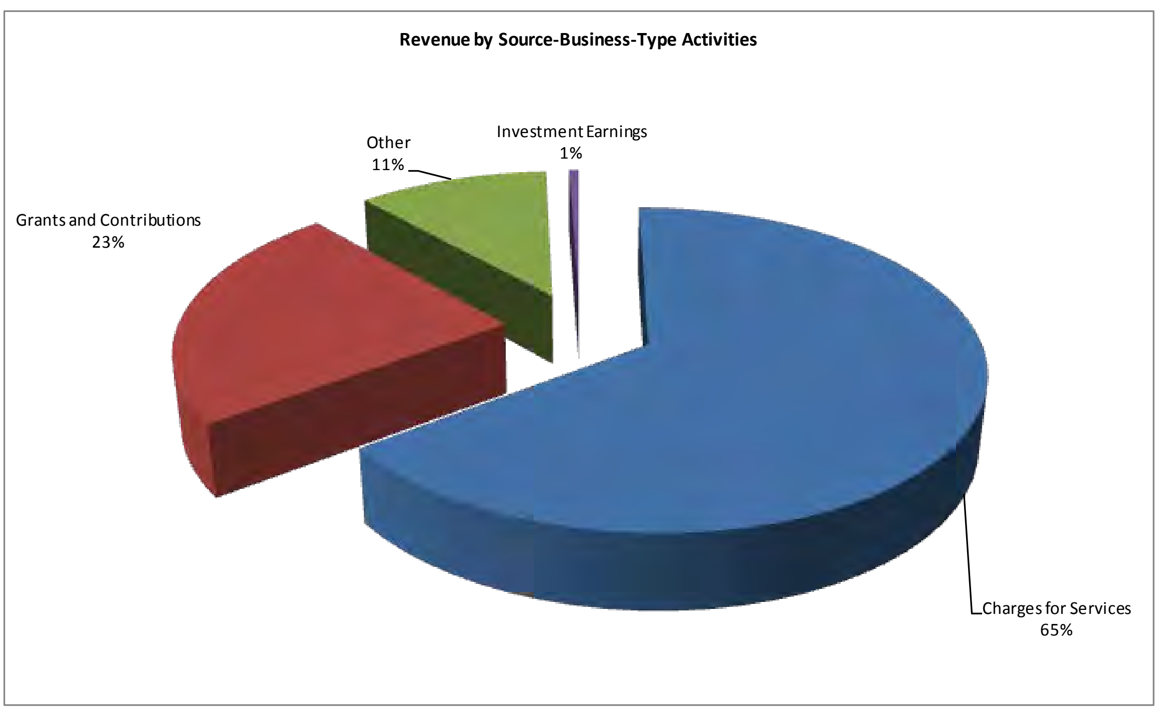



Expenses and Program Revenues - Governmental Activities
Revenues
Expenses
$200,000
$180,000
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$-
General Government
Public Protection
Public Assistance
Community Development
Health and Sanitation
Public Ways and Facilities
Recreation and Cultural ...
Education
Interest on Long Term Debt


Revenue by Source - Governmental Activities
Property Taxes 26%
Sales and Use Taxes 3%
Transient Occupancy Taxes 2%
Other 2%
Unrestricted Investment Earnings 0%
Charges for Services 16%
Capital Grants and Contributions 7%
Operating Grants and Contributions 44%

Business-type activities decreased the County's net position by $10.3 million. When compared to the prior year, the County had an increase in operating revenues of approximately $2.1 million (primarily an increase in capital grants and contributions), an increase in operating expenses of approximately $5.6 million, mostly related to sewer maintenance activities, and an increase in transfers out of $4.1 million as a result of ongoing sewer-related projects being managed by the Capital Improvements Fund.





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:

The County's general government functions are contained in the General, Special Revenue, and Debt Service Funds. Also included in these funds are the special districts governed by the Board of Supervisors. As noted previously, the focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's more immediate financing requirements.

At June 30, 2013, the County's governmental funds reported combined fund balances of $350,886, an increase of $13,769 in comparison with the prior year. The components of fund balance are as follows, and with the exception of nonspendable fund balance, are available for appropriation at any time:

- Nonspendable fund balance, $2,820, is amounts that are not spendable in form, or are legally or contractually required to be maintained intact and primarily consist of long-term receivables of $555, prepaid items of $1,901 and inventories of $351.
- Restricted fund balance, $155,061, consists of amounts with constraints put on their use by externally imposed creditors, grantors, laws, regulations and enabling legislation. Examples of restrictions on those funds consist of debt service of $8,328, state mandates of $16,068, mental health $21,841 and enabling legislation by the County for certain fees imposed to mitigate future development to pay for affordable housing, parks, county service areas, lighting districts and capital facilities of $55,601.
- Committed fund balance, $100,549, represents amounts for specific purposes as determined by the County Board of Supervisors, such as the General Reserve of $12,044, infrastructure development in the North Lake Tahoe region of $1,821 and for capital projects as approved in the County's Capital Facility Financing Plan of $78,734.
- Assigned fund balance, $77,896, represents amounts intended for use as determined by the County Board of Supervisors, and for the most part, represents the residual balance in the General and Capital Improvements Funds.
- Unassigned fund balance, $14,560, represents the residual classification for the County's General Fund.

The General Fund is the main operating fund of the County. At June 30, 2013, fund balance of the General Fund was $156,616, an increase of $5.6 million from the prior year. This was mainly attributable to the increase of $6.2 million in tax revenue. As a measure of the General Fund's liquidity, it may be useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance equates to 42.0% of total fund expenditures, while spendable fund balance represented 41.6% of that same amount.

The remaining major funds and other governmental funds' balances increased by $8,198 to $194,270. The key factor in this increase is an approximate $7,213 net change in fund balance in the Road Fund due to a reduction of $3.6 million in capital outlay expenditures and an increase of $3 million in transfers in to fund construction projects in the North Lake Tahoe area.

Proprietary Funds:

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the enterprise funds decreased $10,325 to $141,971. The significant factors that contributed to the current year decrease in net position were related to an increase of expenses and transfers out for ongoing sewer-related projects. The internal service funds net position decreased by $6,868 to $30,574 as a result of the following: a decrease in revenue in the Self Insurance Fund and an increase in transfers out to fund capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for the fiscal year ended June 30, 2013 resulted in a $10,942 increase in appropriations. Mid-year budget changes were as follows: $5.7 million increase in the Public Assistance and Health Services appropriations due to increased federal and state revenues. The difference between the final amended budget and actual expenditures for the fiscal year ended June 30, 2013 was $42,713 and can be briefly summarized as follows:

- $28,235 under-budget in general government expenditures due to a stabilization of the County's workforce, departmental cost savings and contingencies.
- $6,080 and $5,259 under-budget in public protection and health and sanitation expenditures, respectively, due to a stabilization of the County's workforce, a collapse in the housing market that resulted in cost savings in the Planning and Building departments, and other departmental cost savings as a result of a number of measures put in place by the County Executive Office to slow and even reduce certain expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounted to $760,861 (net of accumulated depreciation). This investment in capital assets includes land and easements, infrastructure, structures and improvements, land improvements, equipment, intangible assets and construction in progress. The total increase in the County's investment in capital assets for the current period was 3.3%.

Major capital asset events during the current fiscal year included the following:

- A net increase of $23.5 million in construction in progress related to the following projects: South Placer Adult Detention Facility, Foresthill Bridge Seismic Retrofit, Sewer Maintenance District #1 and the Cook Riolo Bike Bridge.

The following table presents a summary of the County's capital assets as of June 30, 2013 and 2012.

Capital Assets (net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2012	2013	2012	2013	2012	2013	Dollar Change	Percent Change
Land	$ 30,182	$ 30,913	$ 1,398	$ 1,398	$ 31,580	$ 32,311	$ 731	2.31%
Intangible assets	35,068	36,550	-	-	35,068	36,550	1,482	4.23%
Construction in progress	184,217	207,803	-	2	184,217	207,805	23,588	12.80%
Capital assets, not being depreciated	249,467	275,266	1,398	1,400	250,865	276,666	25,801	10.28%
Buildings and improvements	225,576	226,858	21,774	21,225	247,350	248,083	733	0.30%
Land improvements	7,832	9,924	94	87	7,926	10,011	2,085	26.31%
Equipment	29,236	29,383	4,775	4,036	34,011	33,419	(592)	-1.74%
Infrastructure	130,475	128,286	62,655	61,854	193,130	190,140	(2,990)	-1.55%
Intangible assets	2,507	1,962	668	580	3,175	2,542	(633)	-19.94%
Capital assets, net of accumulated depreciation	395,626	396,413	89,966	87,782	485,592	484,195	(1,397)	-0.29%
Total	$ 645,093	$ 671,679	$ 91,364	$ 89,182	$ 736,457	$ 760,861	$ 24,404	3.31%

More detailed information about the County's capital assets is presented in Note 3 in the basic financial statements.

Long-term Liabilities:

At June 30, 2013, the County had total long-term liabilities outstanding of $169,794. During the fiscal year ended June 30, 2013, total long-term debt decreased $2.6 million as a result of the following:

- $2 million increase in notes payable for the mPower program.
- $3 million decrease in self insurance as the result of our recent actuarial report.
- $3.2 million decrease as a result of making annual debt service payments.

The following table represents a summary of the County long-term liabilities as of June 30, 2013 and 2012.

Outstanding Long-Term Debt (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2012	2013	2012	2013	2012	2013	Dollar Change	Percent Change
Bonds payable	$ 5,394	$ 5,296	$ 1,047	$ 952	$ 6,441	$ 6,248	$ (193)	-3.00%
Notes payable	-	-	-	2,100	-	2,100	2,100	100.00%
Capital leases	9,127	8,858	-	-	9,127	8,858	(269)	-2.95%
Certificates of participation	38,304	36,576	-	-	38,304	36,576	(1,728)	-4.51%
Loans payable	59,992	58,952	-	-	59,992	58,952	(1,040)	-1.73%
Self insurance	16,396	13,339	-	-	16,396	13,339	(3,057)	-18.64%
Pollution remediation obligation	-	640	-	-	-	640	640	100.00%
Landfill postclosure liability	-	-	4,300	4,186	4,300	4,186	(114)	-2.65%
Compensated absences	37,312	38,360	499	535	37,811	38,895	1,084	2.87%
Total	$ 166,525	$ 162,021	$ 5,846	$ 7,773	$ 172,371	$ 169,794	$ (2,577)	-1.50%

More detailed information about the County's long-term debt is presented in Note 5 in the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Consistent with the County's Budget and Financial Policy approved by the Board of Supervisors, the following budget goals were considered in preparing the County's balanced budget for fiscal year 2013-14:

- ❖ To protect and fund ongoing critical operations, services and program costs with ongoing revenues to promote fiscal sustainability and predictability.
- ❖ To continue to fund capital improvement and infrastructure projects prioritized by the Board.
- ❖ To maintain appropriate fiscal contingency and reserve levels consistent with state policy objectives.

In addition to the above, these factors were also considered and were highlighted during budget discussions and workshops:

- ❖ Sustainability of County operations within the context of a multi-year budget framework;
- ❖ Increased transparency and communication of departmental operations and the "Compelling Public Value" associated with the delivery of countywide services as a segue to future consideration of a priority-based budget; and
- ❖ Ongoing sustainability and development of a long-term funding model for the phased opening of the South Placer Adult Correctional Facility.

The fiscal year 2013-14 budget continues to provide services to our constituents and meet important obligations to the County community, and protects the County from potential financial uncertainties to the extent foreseeable at this time. The fiscal year 2013-14 adopted budget is $720.8 million, representing a decrease of $3 million or 1.3% from the prior year's adopted budget. The decrease in funding is comprised of several components, including a $39.5 million decrease to the Public Ways and Facilities Fund, much of which results from the decision not to encumber costs for future projects, offset by a combined $30.0 million increase in the General, Public Safety and Capital Projects funds. Other key components of the proposed budget are as follows:

- ❖ Salary and benefit costs are the largest expenditure category in the county budget, representing 42.0% of the budget or $303.4 million. There are 125 more funded positions than in fiscal year 2012-13, an increase of 5.3%, primarily due to mandated Health and Human Services program expansions and the phased opening of the South Placer Adult Correctional Facility.

- ❖ The assessed valuation in unincorporated Placer County, which continues to remain well below pre-recession levels, increased by 4.14% from 2012 to 2013 due to a slight recovery in the local real estate market. As a result, County staff estimates property tax revenues will increase approximately 3.4% in the coming fiscal year.

- ❖ For fiscal year 2013-2014, as directed by the Board of Supervisors, a total of $5.7 million has been added to the General Fund reserves, enabling the County to achieve the 5% General/Economic Contingency Reserve target outlined in the Budget and Financial Policy for the first time in six years while providing fiscal flexibility for future Board priorities and/or economic challenges.

- ❖ As a legal subdivision of the State, the County is required to deliver state services, including public health, mental health and welfare, as well as countywide services such as public safety (jail, prosecution and probation) to all County residents. It also is required to provide municipal services to residents in the unincorporated area such as sheriff patrol, parks, planning, roads, and libraries.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any information provided in this report or requests for additional information should be addressed to County of Placer, Office of Auditor-Controller, 2970 Richardson Drive, Auburn, CA 95603. The County's Comprehensive Annual Financial Report can also be found at www.placer.ca.gov/auditor.

COUNTY OF PLACER

STATE OF CALIFORNIA

County of Placer, California

Statement of Net Position
June 30, 2013
(Dollars in Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Children and Families Commission
Assets				
Cash and investments	$ 342,304	$ 57,174	$ 399,478	$ 10,034
Receivables (net)	113,833	3,254	117,087	618
Internal balances	85	(85)	-	-
Net OPEB asset	56,984	-	56,984	-
Other assets	3,101	-	3,101	7
Restricted cash and investments	8,885	2,859	11,744	-
Capital assets:				
Nondepreciable	275,266	1,400	276,666	-
Depreciable, net	396,413	87,782	484,195	-
Total assets	1,196,871	152,384	1,349,255	10,659
Deferred outflows of resources				
Deferred amount on refundings	1,593	-	1,593	-
Total deferred outflows of resources	1,593	-	1,593	-
Liabilities				
Payables	31,681	2,452	34,133	827
Accrued interest	620	2	622	-
Unearned revenue	30,349	186	30,535	-
Noncurrent liabilities:				
Due within one year	11,137	212	11,349	-
Due in more than one year	150,884	7,561	158,445	-
Total liabilities	224,671	10,413	235,084	827
Net Position				
Net investment in capital assets	621,752	89,182	710,934	-
Restricted	154,360	2,859	157,219	9,832
Unrestricted	197,681	49,930	247,611	-
Total net position	$ 973,793	$ 141,971	$ 1,115,764	$ 9,832

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

County of Placer, California

Statement of Activities
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 55,654	$ 39,034	$ 9,927	$ 2,156
Public protection	180,662	21,734	67,040	-
Public assistance	65,254	72	58,814	-
Community development	4,567	631	3,712	-
Health and sanitation	87,271	7,230	62,141	-
Public ways and facilities	56,677	8,690	23,017	31,864
Recreation and cultural services	4,896	2,556	36	-
Education	6,888	369	198	-
Interest on long-term debt	5,652	-	-	-
Total governmental activities	467,521	80,316	224,885	34,020
Business-type activities:				
Public transit	9,434	1,375	3,230	2,754
Property management and solid waste	4,505	3,730	30	-
Energy efficiency	424	100	37	-
County service areas - sewer and water	2,429	1,763	-	900
Sewer maintenance	16,455	12,787	1	201
Total business-type activities	33,247	19,755	3,298	3,855
Total primary government	$ 500,768	$ 100,071	$ 228,183	$ 37,875
Component unit:				
Children and Families Commission	$ 3,939	$ -	$ 2,802	$ -

General revenues:
- Property taxes
- Sales and use taxes - shared revenues
- Transient occupancy taxes
- Real property transfer taxes
- Other taxes
- Grants and contributions not restricted to specific programs
- Tobacco settlement
- Unrestricted investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

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

County of Placer, California

Statement of Activities
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Children and Families Commission	Functions/Programs
				Primary government:
				Governmental activities:
$ (4,537)	$ -	$ (4,537)	$ -	General government
(91,888)	-	(91,888)	-	Public protection
(6,368)	-	(6,368)	-	Public assistance
(224)	-	(224)	-	Community development
(17,900)	-	(17,900)	-	Health and sanitation
6,894	-	6,894	-	Public ways and facilities
(2,304)	-	(2,304)	-	Recreation and cultural services
(6,321)	-	(6,321)	-	Education
(5,652)	-	(5,652)	-	Interest on long-term debt
(128,300)	-	(128,300)	-	Total governmental activities
				Business-type activities:
-	(2,075)	(2,075)	-	Public transit
-	(745)	(745)	-	Property management and solid waste
-	(287)	(287)	-	Energy efficiency
-	234	234	-	County service areas - sewer and water
-	(3,466)	(3,466)	-	Sewer maintenance
-	(6,339)	(6,339)	-	Total business-type activities
(128,300)	(6,339)	(134,639)	-	Total primary government
				Component unit:
-	-	-	(1,137)	Children and Families Commission
				General revenues:
129,762	116	129,878	-	Property taxes
16,821	3,263	20,084	-	Sales and use taxes - shared revenues
11,626	-	11,626	-	Transient occupancy taxes
3,439	-	3,439	-	Real property transfer taxes
28	-	28	-	Other taxes
741	-	741	-	Grants and contributions not restricted to specific programs
4,687	-	4,687	-	Tobacco settlement
957	171	1,128	35	Unrestricted investment earnings
1,333	-	1,333	50	Miscellaneous
7,536	(7,536)	-	-	Transfers
176,930	(3,986)	172,944	85	Total general revenues and transfers
48,630	(10,325)	38,305	(1,052)	Change in net position
925,163	152,296	1,077,459	10,884	Net position, beginning of year, as restated
$ 973,793	$ 141,971	$ 1,115,764	$ 9,832	Net position, end of year

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

County of Placer, California

Balance Sheet
Governmental Funds
June 30, 2013
(Dollars in Thousands)

	General Fund	Low and Moderate Income Housing Asset	Road
Assets:			
Assets:			
Cash and investments	$ 124,029	$ 394	$ 59,174
Restricted cash and investments	7	1,396	780
Deposits with others	5	-	-
Receivables (net):			
Accounts	2,492	-	737
Interest	193	2	59
Notes	-	12,106	-
Due from other funds	122	-	-
Due from other governments	78,164	-	6,995
Inventories	48	-	303
Prepaid items	1,343	-	-
Advances to other funds	22	-	-
Total assets	$ 206,425	$ 13,898	$ 68,048
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 18,493	$ 5	$ 6,821
Due to other funds	-	-	-
Due to other governments	556	37	-
Deposits from others	91	-	-
Unearned revenue	10,772	12,106	-
Advances from other funds	-	-	-
Total liabilities	29,912	12,148	6,821
Deferred inflows of resources:			
Unavailable resources:			
State mandates	19,897	-	-
CalTrans indirect cost reimbursements	-	-	189
Contract retentions	-	-	713
Total deferred inflows of resources	19,897	-	902
Fund balances:			
Nonspendable	1,413	-	303
Restricted	38,029	1,750	52,305
Committed	63,368	-	283
Assigned	39,246	-	7,434
Unassigned	14,560	-	-
Total fund balances	156,616	1,750	60,325
Total liabilities, deferred inflows of resources and fund balances	$ 206,425	$ 13,898	$ 68,048

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

County of Placer, California

Balance Sheet
Governmental Funds
June 30, 2013
(Dollars in Thousands)

Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds	
			Assets:
			Assets:
$ 86,488	$ 36,479	$ 306,564	Cash and investments
296	6,306	8,785	Restricted cash and investments
-	-	5	Deposits with others
			Receivables (net):
-	2,027	5,256	Accounts
45	36	335	Interest
-	7,454	19,560	Notes
-	-	122	Due from other funds
2,771	689	88,619	Due from other governments
-	-	351	Inventories
2	556	1,901	Prepaid items
-	533	555	Advances to other funds
$ 89,602	$ 54,080	$ 432,053	Total assets
			Liabilities, Deferred Inflows of Resources and Fund Balances
			Liabilities:
$ 2,595	$ 595	$ 28,509	Accounts payable and accrued liabilities
-	122	122	Due to other funds
-	-	593	Due to other governments
-	26	117	Deposits from others
-	7,471	30,349	Unearned revenue
-	678	678	Advances from other funds
2,595	8,892	60,368	Total liabilities
			Deferred inflows of resources:
			Unavailable resources:
-	-	19,897	State mandates
-	-	189	CalTrans indirect cost reimbursements
-	-	713	Contract retentions
-	-	20,799	Total deferred inflows of resources
			Fund balances:
-	1,104	2,820	Nonspendable
23,290	39,687	155,061	Restricted
32,861	4,037	100,549	Committed
30,856	360	77,896	Assigned
-	-	14,560	Unassigned
87,007	45,188	350,886	Total fund balances
$ 89,602	$ 54,080	$ 432,053	Total liabilities, deferred inflows of resources and fund balances

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

County of Placer, California

Reconciliation of the Balance Sheet
for Governmental Funds
to the Statement of Net Position
June 30, 2013
(Dollars in Thousands)

Fund balances - total governmental funds	$	350,886
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 funds.		657,129
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds until such revenue becomes available.		20,799
The OPEB asset of governmental activities is not a financial resource and, therefore, is not reported in the funds.		56,984
Deferred charges on refunding of long-term debt used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,593
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		30,574
Some liabilities are not due and payable in the current period, and therefore, are not reported in the funds:		
Bonds payable		(5,296)
Certificates of participation		(36,576)
Loans payable		(58,952)
Capital leases		(8,691)
Interest payable		(620)
Compensated absences		(33,397)
Pollution remediation		(640)
Net position of governmental activities	$	973,793

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

COUNTY OF PLACER

STATE OF CALIFORNIA

County of Placer, California

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

	General Fund	Low and Moderate Income Housing Asset	Road
Revenues			
Taxes	$ 152,300	$ -	$ 1,718
Licenses and permits	8,449	-	44
Fines, forfeitures and penalties	15,118	-	-
Investment earnings	580	13	84
Intergovernmental	192,730	504	57,139
Charges for services	32,824	549	6,130
Contributions and donations	254	-	-
Tobacco settlement	-	-	-
Miscellaneous	1,352	-	273
Total revenues	403,607	1,066	65,388
Expenditures			
Current:			
General government	46,169	-	-
Public protection	168,550	-	-
Public assistance	65,747	-	-
Community development	-	1,022	-
Health and sanitation	85,803	-	-
Public ways and facilities	-	-	35,574
Recreation and cultural services	4,320	-	-
Education	326	-	-
Debt service:			
Principal	497	1,059	-
Interest and fiscal charges	75	563	-
Capital outlay	1,349	-	29,315
Total expenditures	372,836	2,644	64,889
Excess (deficiency) of revenues over (under) expenditures	30,771	(1,578)	499
Other Financing Sources (Uses)			
Capital lease financing	555	-	-
Proceeds from sale of capital assets	125	-	20
Transfers in	978	318	6,919
Transfers out	(26,858)	-	(225)
Total other financing sources (uses)	(25,200)	318	6,714
Net change in fund balances	5,571	(1,260)	7,213
Fund balances, beginning of year, as restated	151,045	3,010	53,112
Fund balances, end of year	$ 156,616	$ 1,750	$ 60,325

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

County of Placer, California

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

Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds	
			Revenues
$ -	$ 7,658	$ 161,676	Taxes
-	-	8,493	Licenses and permits
668	154	15,940	Fines, forfeitures and penalties
38	131	846	Investment earnings
2,134	5,590	258,097	Intergovernmental
4,354	8,538	52,395	Charges for services
-	82	336	Contributions and donations
-	4,687	4,687	Tobacco settlement
103	18	1,746	Miscellaneous
7,297	26,858	504,216	Total revenues
			Expenditures
			Current:
-	3	46,172	General government
-	9,576	178,126	Public protection
-	-	65,747	Public assistance
-	3,642	4,664	Community development
-	1,017	86,820	Health and sanitation
1,359	3,691	40,624	Public ways and facilities
-	-	4,320	Recreation and cultural services
-	5,967	6,293	Education
			Debt service:
-	4,740	6,296	Principal
20	4,275	4,933	Interest and fiscal charges
23,862	638	55,164	Capital outlay
25,241	33,549	499,159	Total expenditures
(17,944)	(6,691)	5,057	Excess (deficiency) of revenues over (under) expenditures
			Other Financing Sources (Uses)
-	-	555	Capital lease financing
-	12	157	Proceeds from sale of capital assets
21,812	7,539	37,566	Transfers in
(1,504)	(979)	(29,566)	Transfers out
20,308	6,572	8,712	Total other financing sources (uses)
2,364	(119)	13,769	Net change in fund balances
84,643	45,307	337,117	Fund balances, beginning of year, as restated
$ 87,007	$ 45,188	$ 350,886	Fund balances, end of year

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

County of Placer, California

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

Net change in fund balances - total governmental funds	$	13,769
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays 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.		
Capital outlay		55,164
Depreciation expense		(21,290)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals, transfers between governmental and business-type activities) is to increase or decrease net position.		
Donated capital assets		65
Loss on disposal		(6,110)
Transfers out to proprietary funds which are treated as capital contributions in the fund statements		(440)
Deferred revenue is not available to liquidate liabilities of the governmental funds during the current year, however, such amounts were recognized as revenue in the statement of activities as earned.		591
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Capital lease financing		(555)
Principal repayments on long-term debt		6,296
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.		
Change in compensated absences		(738)
Amortization of premiums, discounts, deferred amounts on refunding and accreted premium		(1,089)
Change in accrued interest payable		258
Pollution remediation		(640)
Increase in net OPEB asset		10,217
Internal service funds are used by management to charge the costs of telecommunications, countywide technology projects, fleet, reprographics, mail, records management, self insurance and dental and vision insurance. The net expense of certain activities of the internal service funds are reported with governmental activities.		(6,868)
Change in net position of governmental activities	$	48,630

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

County of Placer, California

Statement of Net Position
Proprietary Funds
June 30, 2013
(Dollars in Thousands)

	Business-type Activities-Enterprise Funds						Governmental Activities - Internal Service Funds
	Transit	Facilities	Placer mPower	County Service Areas	Sewer Maintenance Districts	Total	
Assets							
Current assets:							
Cash and investments	$ 3,369	$ 30,558	$ 808	$ 4,411	$ 18,028	$ 57,174	$ 35,740
Receivables							
Accounts	104	522	-	23	199	848	29
Interest	5	30	-	4	18	57	33
Contractual assessments	-	-	1,016	-	-	1,016	-
Due from other governments	1,333	-	-	-	-	1,333	1
Inventories	-	-	-	-	-	-	803
Prepaid items	-	-	-	-	-	-	41
Total current assets	4,811	31,110	1,824	4,438	18,245	60,428	36,647
Noncurrent assets:							
Restricted cash and investments	2,859	-	-	-	-	2,859	100
Advances to other funds	-	6,580	-	-	63	6,643	230
Capital assets:							
Nondepreciable	2	1,169	-	38	191	1,400	1,006
Depreciable, net	9,211	5,851	65	14,697	57,958	87,782	13,544
Total capital assets, net	9,213	7,020	65	14,735	58,149	89,182	14,550
Total noncurrent assets	12,072	13,600	65	14,735	58,212	98,684	14,880
Total assets	16,883	44,710	1,889	19,173	76,457	159,112	51,527
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	357	243	4	192	1,122	1,918	2,457
Deposits from others	-	168	-	325	41	534	5
Compensated absences	45	9	-	-	-	54	660
Interest payable	-	-	-	-	2	2	-
Unearned revenue	47	-	43	96	-	186	-
Self insurance liability	-	-	-	-	-	-	3,863
Landfill postclosure	-	120	-	-	-	120	-
Capital lease obligations	-	-	-	-	-	-	37
Bonds payable	-	-	38	-	-	38	-
Total current liabilities	449	540	85	613	1,165	2,852	7,022
Noncurrent liabilities:							
Compensated absences	408	73	-	-	-	481	4,303
Advances from other funds	-	-	-	6,638	90	6,728	22
Self insurance liability	-	-	-	-	-	-	9,476
Capital lease obligations	-	-	-	-	-	-	130
Landfill postclosure	-	4,066	-	-	-	4,066	-
Bonds payable	-	-	914	-	-	914	-
Note payable	-	-	2,100	-	-	2,100	-
Total noncurrent liabilities	408	4,139	3,014	6,638	90	14,289	13,931
Total liabilities	857	4,679	3,099	7,251	1,255	17,141	20,953
Net Position							
Net investment in capital assets	9,213	7,020	65	14,735	58,149	89,182	14,383
Restricted for capital projects	2,859	-	-	-	-	2,859	-
Unrestricted	3,954	33,011	(1,275)	(2,813)	17,053	49,930	16,191
Total net position (deficit)	$ 16,026	$ 40,031	$ (1,210)	$ 11,922	$ 75,202	$ 141,971	$ 30,574

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

County of Placer, California

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Business-type Activities-Enterprise Funds						
	Transit	Facilities	Placer mPower	County Service Areas	Sewer Maintenance Districts	Total	Governmental Activities - Internal Service Funds
Operating Revenues							
Charges for sales and services:							
Tenant rentals	$ -	$ 979	$ -	$ -	$ -	$ 979	$ -
Passenger fares	1,166	-	-	-	-	1,166	-
Landfill fees	-	2,112	-	-	-	2,112	-
Direct charges	-	58	100	1,758	12,770	14,686	-
Other charges for current services	-	557	-	5	15	577	-
Insurance charges	-	-	-	-	-	-	6,940
Automotive mileage	-	-	-	-	-	-	7,810
Telecommunication fees	-	-	-	-	-	-	3,637
Food services	-	-	-	-	-	-	3,092
Special district fees	-	-	-	-	-	-	10,713
Materials and supplies	-	-	-	-	-	-	211
Data processing maintenance service	-	-	-	-	-	-	1,948
Printing services	-	-	-	-	-	-	1,709
Mailing services	-	-	-	-	-	-	293
Miscellaneous	209	24	-	-	2	235	74
Total operating revenues	1,375	3,730	100	1,763	12,787	19,755	36,427
Operating Expenses							
Salaries and employee benefits	3,922	688	-	-	-	4,610	17,936
Service and supplies	4,496	3,334	369	2,079	14,681	24,959	19,030
Depreciation	1,016	456	14	350	1,774	3,610	2,416
Judgments and damages	-	-	-	-	-	-	3,567
Total operating expenses	9,434	4,478	383	2,429	16,455	33,179	42,949
Operating loss	(8,059)	(748)	(283)	(666)	(3,668)	(13,424)	(6,522)
Nonoperating Revenues (Expenses)							
Taxes	3,263	-	-	-	116	3,379	-
Investment earnings	(10)	101	(13)	5	88	171	111
Interest expense	-	(27)	(41)	-	-	(68)	(3)
Loss on disposal of capital assets	-	-	-	-	-	-	(500)
Intergovernmental	3,230	30	37	-	1	3,298	48
Total nonoperating revenues	6,483	104	(17)	5	205	6,780	(344)
Loss before capital contributions and transfers	(1,576)	(644)	(300)	(661)	(3,463)	(6,644)	(6,866)
Capital contributions	2,754	440	-	900	201	4,295	22
Transfers in	710	1,233	-	-	-	1,943	1,470
Transfers out	-	(744)	-	(925)	(8,250)	(9,919)	(1,494)
Change in net position	1,888	285	(300)	(686)	(11,512)	(10,325)	(6,868)
Total net position (deficit), beginning of year	14,138	39,746	(910)	12,608	86,714	152,296	37,442
Total net position (deficit), end of year	$ 16,026	$ 40,031	$ (1,210)	$ 11,922	$ 75,202	$ 141,971	$ 30,574

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

County of Placer, California

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Transit	Facilities	Placer mPower	County Service Areas	Sewer Maintenance Districts	Total	
Cash Flows from Operating Activities							
Receipts from customers and users	$ 1,365	$ 3,764	$ 100	$ 2,063	$ 12,768	$ 20,060	$ 36,452
Payments to suppliers	(4,422)	(3,442)	(387)	(1,953)	(13,737)	(23,941)	(18,394)
Payments made on loans to program participants	-	-	56	-	-	56	-
Payments to employees	(3,900)	(664)	-	-	-	(4,564)	(17,621)
Payments of judgments and claims	-	-	-	-	-	-	(6,624)
Net cash provided by (used in) operating activities	(6,957)	(342)	(231)	110	(969)	(8,389)	(6,187)
Cash Flows from Noncapital Financing Activities							
Loan advances (made) received	-	(1,125)	-	1,125	-	-	(23)
Advances repaid	-	-	-	-	-	-	23
Proceeds on note issuance	-	-	2,100	-	-	2,100	-
Taxes and aid from other governments	6,444	30	37	-	117	6,628	49
Transfers in	710	1,233	-	-	-	1,943	1,470
Transfers out	-	(744)	-	(925)	(8,250)	(9,919)	(1,494)
Net cash provided by (used in) noncapital financing activities	7,154	(606)	2,137	200	(8,133)	752	25
Cash Flows from Capital and Related Financing Activities							
Purchase of capital assets	(39)	-	-	(34)	(13)	(86)	(1,959)
Proceeds on sale of capital assets	-	-	-	-	-	-	54
Principal paid on long-term debt	-	-	(95)	-	-	(95)	(19)
Principal paid on short-term debt	-	-	(1,300)	-	-	(1,300)	-
Interest paid on long-term debt	-	(27)	(41)	-	-	(68)	(3)
Capital contributions	2,754	-	-	-	201	2,955	-
Net cash provided by (used in) capital and related financing activities	2,715	(27)	(1,436)	(34)	188	1,406	(1,927)
Cash Flows from Investing Activities							
Interest received	(11)	108	(13)	6	102	192	124
Net increase (decrease) in cash and cash equivalents	2,901	(867)	457	282	(8,812)	(6,039)	(7,965)
Cash and cash equivalents, beginning of year	3,327	31,425	351	4,129	26,840	66,072	43,805
Cash and cash equivalents, end of year	$ 6,228	$ 30,558	$ 808	$ 4,411	$ 18,028	$ 60,033	$ 35,840
Reconciliation of cash and cash equivalents to the statement of net assets:							
Cash and investments	$ 3,369	$ 30,558	$ 808	$ 4,411	$ 18,028	$ 57,174	$ 35,740
Restricted cash and investments	2,859	-	-	-	-	2,859	100
Total cash and cash equivalents	$ 6,228	$ 30,558	$ 808	$ 4,411	$ 18,028	$ 60,033	$ 35,840

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

County of Placer, California

Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds						
	Transit	Facilities	Placer mPower	County Service Areas	Sewer Maintenance Districts	Total	Governmental Activities - Internal Service Funds
Reconciliation of operating loss to net cash provided by (used in) operating activities:							
Operating loss	$ (8,059)	$ (748)	$ (283)	$ (666)	$ (3,668)	$ (13,424)	$ (6,522)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:							
Depreciation expense	1,016	456	14	350	1,774	3,610	2,416
(Increase) decrease in accounts receivable	2	36	-	(15)	(19)	4	25
Decrease in contractual assessments receivable	-	-	56	-	-	56	-
(Increase) in inventories	-	-	-	-	-	-	(33)
(Increase) in prepaid items	-	-	-	-	-	-	(32)
Increase (decrease) in accounts payable and accrued liabilties	80	10	(18)	126	944	1,142	711
Increase (decrease) in deposits from others	-	(2)	-	315	-	313	(5)
(Decrease) in unearned revenue	(12)	-	-	-	-	(12)	-
(Decrease) in landfill postclosure	-	(114)	-	-	-	(114)	-
Increase in compensated absences	16	20	-	-	-	36	310
(Decrease) in self-insurance liability	-	-	-	-	-	-	(3,057)
Total adjustments	1,102	406	52	776	2,699	5,035	335
Net cash provided by (used in) operating activities	$ (6,957)	$ (342)	$ (231)	$ 110	$ (969)	$ (8,389)	$ (6,187)
Noncash financing and investing activities:							
Donations of capital assets	$ -	$ -	$ -	$ 900	$ -	$ 900	$ -
Transfers of capital assets from governmental activities	-	440	-	-	-	440	22
Transfers out of capital assets to governmental activities	-	-	-	-	-	-	(550)
Acquisition of capital assets through capital leases	-	-		-	-	-	186

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

County of Placer, California

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013
(Dollars in Thousands)

	Investment Trust	Private Purpose Trust	Agency Funds
Assets			
Cash and investments	$ 591,967	$ 2,326	$ 18,994
Receivables:			
Accounts	-	-	58
Interest	-	2	12
Notes	-	4,938	-
Taxes, net	-	-	35,884
Special assessments	-	-	16,533
Due from other governments	-	-	2,251
Nondepreciable capital assets	-	8,435	-
Depreciable capital assets, net	-	7,180	-
Total assets	591,967	22,881	$ 73,732
Liabilities			
Accounts payable and accrued liabilities	-	6	-
Interest payable	-	345	-
Due to other governments	-	40	16,649
Unearned revenue	-	4,939	-
Long-term debt:			
Due within one year	-	998	-
Due in more than one year	-	18,876	-
Agency obligations	-	-	57,083
Total liabilities	-	25,204	$ 73,732
Net Position (Deficit)			
Held in trust for pool participants	591,967	-	
Held in trust for other purposes	-	(2,323)	
Total net position (deficit)	$ 591,967	$ (2,323)	

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

County of Placer, California

Statement of Changes in Fiduciary Net Position
Investment and Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Investment Trust	Private Purpose Trust
Additions:		
Contributions to pooled investments	$ 2,663,638	$ -
Property taxes	-	2,983
Interest and investment income	1,181	74
Other	-	27
Total additions	2,664,819	3,084
Deductions:		
Distributions from pooled investments	2,577,257	478
Distributions of residual property taxes	-	2,002
Contributions to other governments	-	10,948
Administrative expenses	-	1,917
Interest	-	833
Total deductions	2,577,257	16,178
Change in net position	87,562	(13,094)
Net position, beginning of year, as restated	504,405	10,771
Net position (deficit), end of year	$ 591,967	$ (2,323)

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

COUNTY OF PLACER

STATE OF CALIFORNIA

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Placer (the County) conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant policies:

A. Reporting Entity

The County is a political subdivision of the State of California. The County's powers are exercised through an elected, five-member Board of Supervisors (the Board) that, as the governing body of the County, is responsible for the legislative and executive control of the County.

The accompanying financial statements present the activities of the County (the primary government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and i) either the County's ability to impose its will on the organization or ii) the potential for the organization to provide a financial benefit to or impose a financial burden on the County.

Blended Component Units

The County Service Areas were established for the purpose of providing specific services, such as water, sewer, lighting, and road maintenance, to distinct geographical areas within the County. The County Service Areas are governed by the County Board of Supervisors.

The Sewer Maintenance Districts were formed to provide sewer maintenance services within the County. The Sewer Maintenance Districts are governed by the County Board of Supervisors.

The Newcastle and Penryn Lighting Districts were formed to provide utilities services in these districts within the County. The Newcastle and Penryn Lighting Districts are governed by the County Board of Supervisors.

The Successor Agency of Placer County (the former Redevelopment Agency) was established in 1991 pursuant to Section 33200 of the State of California Health and Safety Code. On February 1, 2012, the former Redevelopment Agency was dissolved pursuant to Assembly Bill X1 26. See Note 15 to the basic financial statements for additional detailed disclosures.

The North Lake Tahoe Public Financing Authority was formed to provide for the financing and refinancing of land improvements, facilities and equipment for public purposes. The North Lake Tahoe Public Financing Authority is governed by the County Board of Supervisors.

The Placer County Public Financing Authority (the Financing Authority) was formed through a joint exercise of powers agreement between the former Redevelopment Agency (Successor Agency) and the County to facilitate the financing and refinancing of public capital facilities. The Financing Authority is governed by the County Board of Supervisors.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The Gold Country Settlement Funding Corporation (the Corporation) was formed to provide tobacco securitization financing to the County to fund major capital improvement projects. The Corporation provides services exclusively to the County.

The In-Home Support Services (IHSS) Public Authority (the Authority) is a separate legal entity created pursuant to the Welfare and Institutions Code Section 12302.25. The purpose of the Authority is to provide for the delivery of in-home supportive services within the County. The Authority is governed by the County Board of Supervisors.

The Placer County Housing Authority is a separate legal entity formed to administer the Section 8 Housing Choice Voucher Program funded by the U.S. Department of Housing and Urban Development (HUD) providing housing vouchers to assist the very low and low-income families in need of affordable housing in the County. The Placer County Housing Authority is governed by the County Board of Supervisors.

All of the aforementioned blended component units, although legally separate entities, are considered to be part of the primary government for financial reporting purposes. These component units are included in the County's reporting entity because their boards are substantively the same as the County's and the County has a financial benefit or burden relationship with the component unit; or they provide services exclusively for the County; or the component units total debt outstanding is expected to be repaid entirely with resources of the County. Additional detailed financial information for each of these entities can be obtained from the Auditor-Controller's Office at 2970 Richardson Drive, Auburn, CA 95603.

Discretely Presented Component Unit

The First 5 Placer Children and Families Commission (the Commission) was established under the provisions of the California Children and Families Act (the Act). The Commission 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 consistent with the goals and objectives of the Act. The Commission's programs are funded by taxes levied by the State of California on tobacco products.

The Commission 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 Commission member at any time. Since the Commission board is not substantively the same as the County Board of Supervisors and the Commission does not provide services almost entirely to the County, but the Board of Supervisors can impose their will on the Commission, the Commission is considered a discretely presented component unit of the County.

Separate financial statements for the North Lake Tahoe and Placer County Public Financing Authorities, the Commission and the Corporation may be obtained by contacting the County. Separate financial statements for the other legally separate entities are not issued.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund 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 expenses 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 specific segment or function. The County includes certain indirect costs as part of the program expenses reported for various functional activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given segment or function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular segment or function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 180 days of the end of the current fiscal period, except for property taxes, which the County considers available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The governmental funds used to liquidate compensated absences are the General Fund, Road Fund, Capital Improvements Fund, Placer County Housing Authority Fund, County Library Fund, and the Fire Control Fund.

Property taxes, franchise taxes, licenses, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and, as such, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives cash.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the County, except those required to be accounted for in another fund.

The **Low and Moderate Income Housing Asset Fund** is used to account for loan repayments or receipts of funds from disposition of the former Redevelopment housing assets for the purpose of increasing and improving the County's supply of housing for low and moderate income families.

The **Road Special Revenue Fund** is used to account for the planning, design, construction, maintenance and administration of County roads. Revenues that support these operations are primarily funded through intergovernmental revenue and charges for services.

The **Capital Improvements Capital Projects Fund** was established to account for resources used for countywide facility acquisition and improvement needs and is used to account for deposits from developers and fees collected by the County and incorporated cities related to new growth and development within the County. The fees provide the necessary funding for the construction, expansion or improvement of public facilities, including parks.

The County reports the following major enterprise funds:

The **Transit Fund** accounts for the costs of providing transit services throughout the County.

The **Facilities Fund** accounts for activities related to property management and building maintenance for County-owned and leased buildings and solid waste and landfill operations.

The **Placer mPOWER Fund** accounts for the activities that allow property owners to obtain financing for energy, water efficiency and power generation improvements.

The **County Service Areas Fund** is used to account for financial resources collected in specific areas of the County which provide water and sewer services.

The **Sewer Maintenance Districts Fund** accounts for water treatment and sewer maintenance activities in specific areas of the County.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the County reports the following fund types:

The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or other governmental units on a cost reimbursement basis. Activities include the County's self-insurance programs, providing services to County-governed districts, service areas and advisory councils and equipment financing of the County.

The **Investment Trust Fund** accounts for the assets of legally separate entities that deposit cash with the County Treasurer in an investment pool, which commingles resources in an investment portfolio for the benefit of all participants. These participants include school and community college districts, other special districts governed by local boards, regional boards and authorities, and pass-through funds for tax collection for cities.

Private Purpose Trust Fund is used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the County as an agent for individuals and other government units.

Proprietary funds distinguish operating from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

Cash and Investments

The County pools cash and investments with the County Treasurer except for cash and investments managed by fiscal agents under bonded debt agreements. Interest from bank accounts and investments are allocated to the various funds on a monthly basis based on the average daily cash balances of the funds entitled to receive interest to the total cash and investment pool. It is the County's policy to charge interest to funds that have a negative cash balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Pools,* the County has stated required investments at fair value in the accompanying financial statements. Changes in the fair value of investments are reflected as investment earnings. The fair value of investments is determined on a monthly basis and is obtained from published market prices and quotations from major investment brokers for all investments having greater than 90 days to maturity. For purposes of the statement of cash flows, proprietary funds consider all short-term (three months or less) highly liquid investments, including restricted cash and investments, to be cash equivalents. Investments held in the County Treasurer's Pool are available on demand to individual entities, thus they are considered highly liquid and cash equivalents.

The County Treasurer's Pool values participants' shares on an amortized cost basis. Specifically, the Pool distributes income to participants based on their relative participation during the period. Amortized cost was used for all investments having 90 days or less to maturity, and cost was used for collateralized Certificates of Deposit purchased from state and nationally chartered banks. However, actual daily activity is done on a dollar-to-dollar basis and only a withdrawal from the pool of a size that jeopardizes pool participants would cause the withdrawal to be at fair value. During the fiscal year ended June 30, 2013, the County has not provided or obtained any legally binding guarantees to support the value of pool shares.

Restricted Cash and Investments

Restricted cash and investments reported in the governmental funds represent proceeds from various bond issuances that have been set aside for the repayment of principal and interest on the related outstanding debt and for capital projects, and therefore, their use is limited by the applicable debt covenants. In addition, restricted cash and investments in the governmental and proprietary funds represent contractor retentions held in the County Treasury, which will be released and paid to the contractor upon the successful completion and approval of the related projects.

Interfund Receivables and Payables

Interfund transactions are reflected as either 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) in the balance sheet of governmental funds and statement of net position for proprietary funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances to other funds, as reported in the governmental funds balance sheet, are offset by a nonspendable fund balance account to indicate such amounts are not in spendable form.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

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 of the government-wide presentation.

Inventories and Prepaid Items

The carrying value of inventories is determined by averaging the cost of prior purchases and new purchases, and consists primarily of expendable supplies held for consumption. The cost is recorded as an expenditure when the items are used. Inventory, as reported in the governmental funds balance sheet, is offset by a nonspendable fund balance account to indicate such amounts are not in spendable form.

Payments made for services that will benefit future accounting periods are recorded as prepaid items. Prepaid items, as reported in the governmental funds balance sheet, are offset by a nonspendable fund balance account to indicate such amounts are not in spendable form.

Notes and Contractual Assessments Receivable

The notes receivable balances in the Community Revitalization and Low and Moderate Income Housing Asset Special Revenue Funds balance sheet consist of loans made with funds provided to the County under the U.S. Department of Housing and Urban Development programs, primarily the Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME). The loans are made to carry out activities for affordable housing and economic development.

Generally notes are either deferred or collected on a residual receipts basis with all remaining principal and interest due on the earlier of the due date of the note or sale or transfer of the property. Any repayment of principal or interest applicable to the CDBG and HOME programs is treated as program revenue, the use of which is restricted by federal regulations. As such, notes receivable are recorded with an offset to unearned revenue in the fund financial statements because the amounts are unearned. A loan committee approves the loans and deferral of payments.

Contractual assessments receivable are reported in the Placer mPOWER Enterprise Fund and resulted from assessments levied against developed properties, with the consent of property owners, to finance projects to enhance the energy efficiency of real property.

Allowance for Doubtful Accounts

Receivables are reported net of uncollectible amounts. Total uncollectible amounts are related to the operations of Environmental Health in the amount of $505 and is recorded in the general fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

Capital Assets

Capital assets, which include property (e.g. land), plant (e.g. buildings and improvements), land improvements (e.g. fences and parking lots), equipment (e.g. vehicles, computers, office equipment and software), infrastructure (e.g. roads, bridges, sewers, and similar items) and intangible assets (e.g. software, easements), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Capitalization thresholds are $5 for equipment, $50 for buildings, improvements and infrastructure and $100 for intangible assets.

Depreciation on capital assets and improvements is provided using the straight-line method. The estimated useful lives are as follows: buildings and improvements – 10 to 50 years; land improvements – 10 to 40 years; equipment – 2 to 25 years; infrastructure – 10 to 65 years; and intangible assets – 5 to 14 years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then. The County has one item, deferred charge on refunding, that qualifies for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the balance sheet of governmental funds reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue until that time. The County has three items that qualifies for reporting in this category: 1) State mandates; 2) CalTrans indirect cost reimbursements; 3) Contract retentions. Accordingly, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The County reports a liability for compensated absences attributable to services already rendered as of June 30, 2013, and which are not contingent on a specific event that is outside the control of the County, such as employee illness. This liability is based on the probability that the County will eventually compensate the employees for the benefits through paid time off or some other means, such as annual leave cash-outs, payment of future health insurance premiums, or cash payments at termination or retirement. The liability is calculated based on pay rates in effect at June 30, 2013, in addition to those salary-related payments that are directly and incrementally associated with payments made for compensated absences on termination, such as Social Security and Medicare taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

All regular employees of the County earn paid vacation hours. The amount of vacation hours earned is based on the years of continuous service and the various conditions negotiated by the bargaining unit to which the employee belongs. Except for management employees, no more than 400 hours, or 520 hours after 10 continuous years of service, may be accumulated as of the last day of the first full pay period of each calendar year. Management employees can accumulate up to 520 hours. Upon termination, employees are entitled to a lump sum payment for accrued vacation and compensatory time off.

All regular employees are given credit for eight hours of sick leave during each month of employment with accumulation limits based on contract term with each bargaining unit. Unless otherwise stated below, upon termination of employment, for employees working 40 hours per week, no pay shall be given for the first 24 days of sick leave in the employee's account. The remaining sick leave shall be paid at the rate of 50% of the hourly pay rate of the employee at the time of termination.

Each bargaining unit will be entitled to use sick leave balances upon retirement as summarized below:

- *Placer Public Employees Organization General Unit (PPEO)* – As of September 22, 2012, PPEO represented employees can accrue no more than 750 sick leave hours. Employees with balances in excess of 750 hours will no longer accrue sick leave hours until their balance falls below 750 hours. On May 24, 2011, the Board of Supervisors approved the following change effective July 2, 2011: upon retirement, the first 1,500 unused sick leave hours will be set aside for payment of retiree's share of health insurance premiums not to exceed 8 hours per month; any hours in excess of 1,500 are converted to CalPERS Service Credit.

- *Management and Confidential Employees* – Guidelines for use of sick leave at termination are the same as described above for PPEO represented employees. However, on May 24, 2011, the Board of Supervisors approved the following change: upon retirement, Management and Confidential employees will have 100% of unused sick leave hours set aside for payment of retiree's share of health insurance premiums. There is no sick leave cap for this group.

- *Elected Officials* – Any elected official, excluding elected safety, may accumulate one month of paid group health insurance for every two months of elected service. Any employee elected or appointed to an elective office, who has a current sick leave balance in excess of 192 hours at the date he or she assumes elective office, shall not lose their accrued sick leave hours.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

- *Deputy Sheriff's Association (DSA), Safety Management Employees and Elected Safety Management (Safety Management), PPEO Probation Officers I/II Senior/Supervising and PPEO Correctional Officers and Correctional Sergeants* – Any employee represented in these safety groups and retiring from county service and eligible to receive benefits at that time may select one or more of the following options:
  a. DSA represented employees, Safety Management employees, and PPEO Probation Officers are entitled to use their accrued sick leave balance as of July 23, 2004 towards earlier retirement on a day-for-day basis. PPEO Correctional Officers and Correctional Sergeants have a different cut-off date of November 23, 2006. No sick leave earned beyond that time may be used for the early retirement benefit unless certain provisions are met. Employees can also opt for a lump sum payout of accrued sick leave earned prior to July 23, 2004 and November 23, 2006, respectively. Payout of accumulated sick leave accrued thereafter based on the conditions below:
     1. Ten (10) years of full time and continuous employment with the County (20,800 paid hours exclusive of overtime) equals 50% cash out.
     2. Each additional year of full time and continuous employment (2,080 paid hours exclusive of overtime) with the County equals an additional 5% cash out up to a maximum of 100% of the accrued balance at 41,600 paid hours exclusive of overtime (20 years); or
  b. The cash value of all eligible sick leave may be deposited into a deferred compensation account(s) (401k and 457) subject to the annual IRS limitations and subject to a similar accrual schedule as defined above. Any excess over the limitations will be cashed out to the employee.
  c. PPEO Correctional Officers and Correctional Sergeants, and PPEO Probation Officers I/II Senior/Supervising have a maximum sick leave accrual of 600 hours.
  d. DSA employees covered by the CalPERS miscellaneous retirement plan (welfare fraud investigators) may convert accumulated unused sick leave to CalPERS service credit pursuant to Government Code Section 20965.

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. In the governmental fund financial statements, bond and capital lease proceeds are reported as other financing sources. Principal and interest is reported as an expenditure in the period in which the related payment is made.

Net Position/Fund Balance

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

- *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 net position balance.

- *Restricted* – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The amount of net position restricted by enabling legislation is $55,601 at June 30, 2013.

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

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

- *Committed fund balance* – 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. A County ordinance constitutes the most binding constraint of formal action.

- *Assigned fund balance* – 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. The County Board of Supervisors makes the final decision on assigned fund balance. This is also the classification for residual funds in the County's special revenue and capital projects funds.

- *Unassigned fund balance* – the residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

Fund Balance Policy

The Board of Supervisors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the fiscal year.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, followed by the assigned, committed, and unassigned resources as they are needed.

The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County needs to maintain unrestricted fund balance in its county funds sufficient to fund cash flows of the County and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the County's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. The County has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund, including the General Reserve discussed below, of a minimum of 5% of the annual operating budget at the close of each fiscal year, consistent with the recommended level promulgated by the Government Finance Officers Association (GFOA).

Accordingly, the County has established a separate committed fund balance account known as the General Reserve. Funding for the General Reserve is appropriated annually by the Board of Supervisors as part of the budget approval process. As of June 30, 2013, the County's General Reserve committed fund balance was $12,044.

The purpose of the County's General Reserve is to:

1. Mitigate economic downturns that reduce County general revenue;
2. Mitigate state or federal budget actions that may reduce County revenue;
3. Maintain core service levels essential to public health, safety, and welfare;
4. Completely fund, if necessary, disaster costs or costs associated with emergencies. Only those events that have been legally declared to be a disaster at the local, state or federal level are eligible for funding from the General Reserve.

The monies in the General Reserve are separate monies used only for the purposes stated above. Any transfer of funds is approved by the Board of Supervisors and does not exceed the amount sufficient to balance the General Fund. Transfers require approval by 3/5 vote during budget hearings and 4/5 vote at all other times during the fiscal year in accordance with the County Budget Act.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

General Fund Non-departmental Reserve Requirements

The following General Fund non-departmental reserve is reported within unassigned fund balance because it does not meet the criteria to be reported within the committed and assigned classifications:

1. Reserve for Economic Uncertainties – Per County Board-adopted policy, this should be accumulated over time until a minimum of 5% of the annual operating budget reserve level is achieved (calculation is appropriations less capital outlay, contributions to reserves and operating contingencies times 5% equals combined Committed Fund Balance for General Reserve and Reserve for Economic Uncertainties).

Property Taxes

The County's property taxes are levied July 1 (Unsecured Roll) and October 1 (Secured Roll) on assessed values established on the lien date of the previous January 1 for all taxable property located within the County. Local assessed values are determined, subject to appeal before the Assessment Appeals Board, by the County Assessor's Office. Locally assessed real property is appraised at the 1975-76 base year value and is adjusted each year after 1975 by the change in the California Consumer Price Index (CCPI) not to exceed an increase of 2% per year.

Property is reappraised from the 1975-76 base year value to current full value upon either (1) a change in ownership or (2) new construction, as of the date of such transaction or completion of construction (only the newly constructed portion of the property is reappraised). Thereafter, it continues to be increased annually by the change in the CCPI not to exceed 2%. The net assessed value for the 2012-2013 fiscal year is $51,307,476.

The County is permitted by Division 1, Part 0.5, Chapter 5.5, of the California Revenue and Taxation Code, to levy taxes up to $1.00 per $100 of assessed valuation for general governmental services other than payment of principal and interest on general obligation bonds or other indebtedness approved by voters. Taxes are allocated to local agencies and school districts as outlined in Chapter 6 of the California Revenue and Taxation Code. Counties, cities, and school districts may levy such additional tax rate as is necessary to provide for voter-approved debt service.

Taxes are due in one installment (Unsecured Roll) on billing and are subject to late payment penalties if paid after August 31, or two installments (Secured Roll) due November 1 and March 1, and again subject to late payment penalties if paid 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

In fiscal year 1993-94, the County adopted the Alternate Method of Property Tax Allocation (commonly referred to as the Teeter Plan). Under the Teeter Plan, the County Auditor-Controller, an elected official, is authorized to pay 100% of the property taxes billed (secured, supplemental, and debt service) to the taxing agencies within the County. The County recognizes property tax receivables and revenues in the period for which the taxes are levied. The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. Taxes on real estate, land and buildings are secured by liens on property being taxed.

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Implementation of New Governmental Accounting Standards

During the fiscal year ended June 30, 2013, the County implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement improves financial reporting by contributing to GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

During the fiscal year ended June 30, 2013, the County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This statement incorporates deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net positions, rather than net assets.

During the fiscal year ended June 30, 2013, the County early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* The objective of this statement is to properly classify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and to recognize certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources. See Note 17 for additional disclosure detail on the impact to beginning fund balance.

(Dollars in Thousands)

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

	Government-wide Statement of Net Position		Statement of Fiduciary Net Position			
	Primary Government	Component Unit	Investment Trust Fund	Private Purpose Trust	Agency Fund	Total
Cash and investments	$ 399,478	$ 10,034	$ 591,967	$ 2,326	$ 18,994	$ 1,022,799
Restricted cash and investments	11,744	-	-	-	-	11,744
Total cash and investments	$ 411,222	$ 10,034	$ 591,967	$ 2,326	$ 18,994	$ 1,034,543

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	$ 1,016
Deposits with financial institutions	74,393
Investments	974,583
Less warrants payable	(15,449)
Total cash and investments	$ 1,034,543

Authorized Investments

The Placer County Treasurer's Pool (Pool) is not SEC–registered, but is invested in accordance with California State Government Code section 53600 et. seq. The Treasury Review Panel is charged with overseeing activity in the Pool for compliance to policy and code requirements. To this end, the Treasury Review Panel reviews the monthly investment report and causes a compliance audit of investments to occur annually. Certain special districts and all public school districts are required by legal provisions to deposit their funds with the County Treasurer. The Pool consists almost entirely of such districts and includes 89 percent involuntary participants at June 30, 2013.

(Dollars in Thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Pursuant to California Government Code Section 53646, the County Treasurer prepares investment policy guidelines which are approved by the Treasury Review Panel and the Board of Supervisors annually. The objectives of the policy are, in order or priority, safety of principal, liquidity, and yield. All investments are made in accordance with the California Government Code Section 53601 and, in general, the Treasurer's policy is more restrictive than State law.

The following table identifies the investment types that are authorized by the California Government Code Section 53601 and the County's investment policy. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the County, rather than the general provisions of the County's investment policy.

Authorized Investment Type	Maximum Maturity (per Code/per policy)	Percentage of Portfolio (per Code/per policy)	Maximum Investment in One Issuer (per Code/per policy)	Minimum Rating
U.S. Treasury securities	5 years	100%	--	--
U.S. Agency securities	5 years	100%/75%	--	--
Local agency obligations	5 years	100%	10%	--
Bankers' acceptances	180 days	40%/30%	10%	--
Commercial paper	270 days	40%	10%	A / P1
Negotiable certificates of deposit	5 years	30%	10%	--
Repurchase agreements	1 year/7 days	25%/20%	10%	--
Corporate notes	5 years	30%	10%	A
Collateralized certificates of deposit	not specified/5 years	20%	10%	--
Local Agency Investment Fund	not specified/1 year	N/A	--	--
CDARS certificates of deposit	not specified/5 years	30%	--	--

Investments Authorized by Debt Agreements

The investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the County's investment policy.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Treasurer mitigates this risk by ensuring sufficient liquidity to meet cash flow needs and only then investing in longer-term securities. The Treasurer uses the weighted average maturity method to identify and manage interest rate risk.

(Dollars in Thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

The custodial credit risk for deposits is the risk that in the event of the failure of a depository institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (i.e. broker-dealer) to a transaction, the County will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2013, the carrying amount of the County's cash deposits (including amounts in checking and nonnegotiable certificates of deposit) was $74,393 and the bank balance was $62,635. As of June 30, 2013, all of the County's investments were held by the County itself or by a broker-dealer (counterparty) other than the broker-dealer used by the County to purchase the securities.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the amount of investment in a single issuer. U.S. treasury and agency securities are considered to be of the best quality grade, as such there is no limitation on amounts invested in U.S. treasury or agency securities per California Government Code. 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 National Mortgage Association	$343,826
Federal Home Loan Bank	$ 49,023
Federal Farm Credit Bank	$ 58,588

Credit Risk

Credit risk is the risk of loss due to an issuer of an investment not fulfilling its obligation to the holder of the investment. The County Treasurer mitigates these risks by holding a diversified portfolio of high quality investments. The County Treasurer's policy permits investment in the debt of issuers with a short- term rating of *superior capacity* and a minimum long-term rating of *upper medium grade* by two of the three largest nationally recognized rating agencies. For short-term ratings, the issuers' rating must be at least A-1 and P-1, and long-term ratings must be at least A- and A3 by two of the three largest nationally recognized rating agencies. In addition, the County Treasurer is permitted to invest in the debt of the State of California Local Agency Investment Fund, collateralized certificates of deposits and bonds and notes issued by other California local agencies and the County that are not rated.

(Dollars in Thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

As of June 30, 2013, the County's investments and credit ratings are as follows:

Credit Risk (Continued)

Investment Type	Credit Rating: Moody's	Credit Rating: Standard & Poor's	Weighted Average Maturity	Fair Value
Investment in County Pool:				
U.S. government securities	Aaa	AA+	1,117 days	$ 50,152
U.S. government agencies	Aaa	AA+	1,633 days	461,444
Corporate notes	Aaa - A2	AAA - A	909 days	203,968
Negotiable certificates of deposit	P-1	A-1	31 days	80,006
Commercial paper	P-1	A-1	51 days	49,985
Repurchase agreement	Aaa	AAA	1 day	46,544
Municipal bonds	Not rated	Not rated	364 days	1,007
Local agency bonds (mPOWER Placer)	Not rated	Not rated	6,379 days**	952
Local agency bonds (MFPFA)	Not rated	Not rated	8,101 days*	79,786
Local agency GO bonds	Not rated	Not rated	1 days	65
Lease purchase certificates	Not rated	Not rated	1,015 days*	674
Total investments				$ 974,583

*In accordance with California Government Code Section 53601, any investment with a maturity in excess of five years requires the express authorization of the County's Board of Supervisors. Pursuant to resolution by the Board of Supervisors on March 21, 2006, the County Treasurer purchased local agency bonds issued by the Middle Fork Project Finance Authority (MFPFA) which mature in April 2036. Also, pursuant to resolution by the Board of Supervisors on April 9, 2009, the County Treasurer purchased lease purchase certificates issued by the Placer County Public Financing Authority which mature in April 2016.

**On October 6, 2009, the Board of Supervisors authorized the AB 811 Program in Placer County under Property Assessed Clean Energy (PACE) Program, enabling Placer county residents and businesses to finance energy and water conservation improvements through voluntary contractual assessments - mPOWER Placer (money for Property Owner Water & Energy Efficiency Retrofitting). To finance the program, on December 8, 2009, the Board of Supervisors authorized that the County could issue bonds or notes, receive a line of credit, and enter into other financial instruments. The commercial component of the program was fully implemented. The residential component was suspended after fourteen weeks of operation, per Board of Supervisors resolution 2010-201 adopted on July 27, 2010, however on June 18, 2013, the Board of Supervisors adopted resolution 2013-134, authorizing the residential program to resume.

(Dollars in Thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Treasury Investment Pool

Investments held in the County Pool are summarized as follows:

Investment	Par Value	Fair Value	Maturity Ranges	Interest Rate Ranges
U.S. government securities	$ 50,000	$ 50,152	5/15/14 - 4/30/18	0.63 - 4.75%
U.S. government agencies	470,000	461,444	10/15/13 - 5/22/18	0.38 - 1.50%
Corporate notes	202,985	203,968	9/16/13 - 6/4/18	0.48 - 3.15%
Negotiable certificates of deposit	80,000	80,006	7/2/13 - 9/3/13	0.18 - 0.30%
Commercial paper	50,000	49,985	7/12/13 - 9/24/13	0.17 - 0.22%
Repurchase agreement	46,544	46,544	7/1/13	0.18%
Municipal bonds	1,007	1,007	6/30/14	0.40%
Local agency bonds (mPOWER Placer)	952	952	9/2/25 - 9/2/31	3.50%
Local agency bonds (MFPFA)	79,786	79,786	7/18/14 - 4/1/36	0.75 - 3.87%
Local agency GO bonds	65	65	7/1/13	1.83%
Lease purchase certificates	674	674	4/11/16	2.48%
Total investments	$ 982,013	$ 974,583		

Condensed Financial Information

The Pool does not issue separate financial statements. Condensed financial information for the Pool as of and for the fiscal year ended June 30, 2013 is as follows:

Statement of net position:	
Equity of internal Pool participants	$ 448,875
Equity of external Pool participants	591,967
Total equity	$ 1,040,842
Statement of changes in net position:	
Net position at July 1, 2012	$ 976,711
Net change in net position for Pool participants	64,131
Net postion at June 30, 2013	$ 1,040,842

(Dollars in Thousands)

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 for the governmental activities and business-type activities are as follows:

	Balance July 1, 2012	Increases	Decreases	Transfers	Balance June 30, 2013
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 30,182	$ 731	$ -	$ -	$ 30,913
Intangible assets	35,068	1,482	-	-	36,550
Construction in progress	184,217	49,514	(5,171)	(20,757)	207,803
Total capital assets not being depreciated	249,467	51,727	(5,171)	(20,757)	275,266
Capital assets, being depreciated and amortized:					
Buildings and improvements	276,280	-	(1,158)	9,131	284,253
Land improvements	9,001	-	-	2,718	11,719
Equipment	73,235	5,120	(2,695)	179	75,839
Infrastructure	316,313	-	-	8,295	324,608
Intangible assets	6,402	-	-	-	6,402
Total capital assets, being depreciated and amortized	681,231	5,120	(3,853)	20,323	702,821
Less accumulated depreciation and amortization for:					
Buildings and improvements	(50,704)	(7,098)	407	-	(57,395)
Land improvements	(1,169)	(626)	-	-	(1,795)
Equipment	(43,999)	(4,953)	2,502	(6)	(46,456)
Infrastructure	(185,838)	(10,484)	-	-	(196,322)
Intangible assets	(3,895)	(545)	-	-	(4,440)
Total accumulated depreciation and amortization	(285,605)	(23,706)	2,909	(6)	(306,408)
Total capital assets being depreciated and amortized, net	395,626	(18,586)	(944)	20,317	396,413
Governmental activities, net	$ 645,093	$ 33,141	$ (6,115)	$ (440)	$ 671,679

(Dollars in Thousands)

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance July 1, 2012	Increases	Decreases	Transfers	Balance June 30, 2013
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 1,398	$ -	$ -	$ -	$ 1,398
Construction in progress	-	2	-	-	2
Total capital assets not being depreciated	1,398	2	-	-	1,400
Capital assets, being depreciated and amortized:					
Buildings and improvements	50,084	-	-	440	50,524
Land improvements	100	-	-	-	100
Equipment	11,620	86	-	-	11,706
Infrastructure	97,203	900	-	-	98,103
Intangible assets	841	-	-	-	841
Total capital assets being depreciated and amortized	159,848	986	-	440	161,274
Less accumulated depreciation and amortization for:					
Buildings and improvements	(28,310)	(989)	-	-	(29,299)
Land improvements	(6)	(7)	-	-	(13)
Equipment	(6,845)	(825)	-	-	(7,670)
Infrastructure	(34,548)	(1,701)	-	-	(36,249)
Intangible assets	(173)	(88)	-	-	(261)
Total accumulated depreciation and amortization	(69,882)	(3,610)	-	-	(73,492)
Total capital assets being depreciated and amortized, net	89,966	(2,624)	-	440	87,782
Business-type activities, net	$ 91,364	$ (2,622)	$ -	$ 440	$ 89,182

(Dollars in Thousands)

NOTE 3 – CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	8,485
Public protection		2,808
Public assistance		46
Health and sanitation		411
Public ways and facilities		8,236
Recreation and cultural		640
Education		664
Capital assets held by the County Internal Service Funds are charged to various functions based on usage of the assets		2,416
Total depreciation expense - governmental activities	$	23,706

Business-type activities:		
Public transit	$	1,016
Property management and solid waste		456
Energy efficiency		14
County service areas - sewer and water		350
Sewer maintenance		1,774
Total depreciation expense - business-type activities	$	3,610

(Dollars in Thousands)

NOTE 4 – INTERFUND TRANSACTIONS

Interfund receivables and payables typically result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system or (3) payments between funds are made. As of June 30, 2013, the interfund receivables and payables are indicative of short-term cash flow borrowings. The following schedule briefly summarizes the amounts due to/from other funds at June 30, 2013:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 122

Advances to and advances from other funds represent long-term loans made to support the County's housing and redevelopment, county service areas and special district activities. The following schedule briefly summarizes the amounts advanced to/from other funds at June 30, 2013:

Receivable Fund	Payable Fund	Amount
General Fund	Internal Service Funds	$ 22
Nonmajor Governmental Funds	Nonmajor Governmental Funds	533
Facilities Fund	County Service Areas	6,490
	Sewer Maintenance Districts	90
		6,580
Sewer Maintenance Districts	County Service Areas	63
Internal Service Funds	County Service Areas	85
	Nonmajor Governmental Funds	145
		230
Total		$ 7,428

(Dollars in Thousands)

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

Interfund Transfers

Transfers are indicative of funding for capital projects, re-allocations of special revenues and subsidies of various County operations. The following schedule briefly summarizes the County's transfer activity for the fiscal year ended June 30, 2013:

Transfer between governmental and business-type activities

Transfer From	Transfer To	Amount
Governmental activities	*Business-type activities*	
General Fund	Facilities	$ 1,233
General Fund	Transit	699
Internal Service Funds	Transit	11
Business-type activities	*Governmental activities*	
Facilities	Capital Improvements	(400)
Facilities	Nonmajor Governmental Funds	(344)
Sewer Maintenance Districts	Capital Improvements	(8,250)
County Service Areas	Capital Improvements	(925)
Transfer of capital assets between governmental activities and business-type activities		440
Net transfers between governmental and business-type activities		$ (7,536)

Transfers between funds/within the governmental or business-type activities:

Transfer From	Transfer To	Amount
Governmental activities	*Governmental activities*	
General Fund	Capital Improvements	$ 10,575
General Fund	Road	6,805
General Fund	Internal Service Funds	1,433
General Fund	Nonmajor Governmental Funds	6,113
Road	Capital Improvements	199
Road	General Fund	19
Road	Internal Service Funds	7
Capital Improvements	General Fund	341
Capital Improvements	Nonmajor Governmental Funds	1,081
Capital Improvements	Road	82
Nonmajor Governmental Funds	General Fund	162
Nonmajor Governmental Funds	Capital Improvements	499
Nonmajor Governmental Funds	Low and Moderate Income Housing Asset Fund	318
Internal Service Funds	Internal Service Funds	30
Internal Service Funds	Nonmajor Governmental Funds	1
Internal Service Funds	Road	32
Internal Service Funds	General Fund	456
Internal Service Funds	Capital Improvements	964
		$ 29,117

(Dollars in Thousands)

NOTE 5 – LONG-TERM LIABILITIES

Governmental Activities

A summary of changes in long-term liabilities for governmental activities is as follows:

	Balance July 1, 2012 (as restated)	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Compensated absences	$ 37,312	$ 17,357	$ (16,309)	$ 38,360	$ 4,000
Self insurance liability	16,396	3,567	(6,624)	13,339	3,863
Capital lease obligations	9,159	742	(1,043)	8,858	1,149
Certificates of participation	38,540	-	(1,950)	36,590	2,020
Original issuance discount	(15)	-	1	(14)	-
Securitization loan	56,011	-	(2,265)	53,746	-
Accreted interest	5,438	972	-	6,410	-
Original issuance discount	(1,240)	-	36	(1,204)	-
Pollution remediation	-	640	-	640	-
Housing Successor Agency:					
Tax allocation bonds payable	5,440	-	(100)	5,340	105
Original issuance discount	(46)	-	2	(44)	-
Loans payable	959	-	(959)	-	-
Accrued interest due at maturity	239	-	(239)	-	-
Total	$ 168,193	$ 23,278	$ (29,450)	$ 162,021	$ 11,137

Due to the implementation of GASB Statement 65, the beginning balance has been restated by $1,668 to reflect the reclassification of deferred amounts on refunding from long-term liabilities.

Capital Leases

The County has entered into lease agreements as the lessee for financing the acquisition or construction of administrative buildings, helicopters, equipment and vehicles. The related assets and obligations have been recorded using the County's incremental borrowing rate at the inception of the leases.

On April 9, 2009, a lease purchase certificate in the amount of $1,500 was issued by the Placer County Public Financing Authority and was purchased by the County Treasurer to finance a portion of the costs for a helicopter acquisition. The lease purchase certificate is facilitated by a lease purchase agreement with the Financing Authority.

(Dollars in Thousands)

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Capital Leases (Continued)

On December 1, 2010, the County entered into a lease/purchase agreement with Bank of America in the amount of $8,165 with an average interest rate of 3.41% to refinance the cost of constructing the juvenile detention facility and jail kitchen refunding and to refund $8,945 of the outstanding 1998 and 1994 Certificates of Participation with an average interest rate of 4.7%.

The carrying amount of assets acquired under capital leases totaled $7,771 at June 30, 2013. The future obligations and net present value of these minimum lease payments as of June 30, 2013 were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	$ 1,149	$ 309	$ 1,458
2015	1,104	262	1,366
2016	1,022	220	1,242
2017	719	184	903
2018	629	160	789
2019-2023	3,065	470	3,535
2024-2027	1,170	67	1,237
Total	$ 8,858	$ 1,672	$ 10,530

Certificates of Participation

A summary of certificates of participation outstanding for governmental activities as of June 30, 2013 is as follows:

Purpose/Installments	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of June 30, 2013
Refinancing of the Administration and Emergency Services Building, installments ranging from $465 to $910	4.00-4.50	06/01/06	06/01/24	$ 11,770	$ 8,135
Purchase of the South Placer Justice Center Courthouse, installments ranging from $1,200 to $2,505	3.70-4.70	12/01/07	12/01/27	34,850	28,455
Total				$ 46,620	$ 36,590

(Dollars in Thousands)

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Certificates of Participation (Continued)

The following is a schedule of total debt service requirements to maturity as of June 30, 2013 for the certificates of participation:

Fiscal Year Ending June 30,	Principal	Interest
2014	$ 2,020	$ 1,526
2015	2,100	1,448
2016	2,170	1,367
2017	2,255	1,281
2018	2,350	1,189
2019-2023	13,290	4,369
2024-2028	12,405	1,400
Total	$ 36,590	$ 12,580

Securitization Loan Payable

In accordance with GASB Technical Bulletin 2004-1, *Tobacco Settlement Recognition and Financial Reporting Entity Issues,* the Gold Country Settlement Funding Corporation (the Corporation) has been included in the basic financial statements as a blended component unit of the County. The Corporation initially borrowed from the California County Tobacco Securitization Agency (the Securitization Agency) the proceeds of the Series 2002 Tobacco Settlement Asset-Backed Bonds (Series 2002 Bonds) issued by the Securitization Agency for $41,590. During the fiscal year ended June 30, 2006, the Securitization Agency issued $59,372 in Series 2006 Tobacco Settlement Asset-Backed Bonds (Series 2006 Bonds), with interest rates ranging from 5.25% to 5.83%, the proceeds of which were used to advance refund the Series 2002 Bonds. The Series 2006 Bonds are serviced by future tobacco settlement revenues made by participating cigarette manufacturers. The pledge of future tobacco settlement revenues ends upon repayment of principal and interest in the amount of $170,799 in 2046. For the fiscal year ended June 30, 2013, principal and interest paid and tobacco settlement revenues were $4,628 and $4,688, respectively.

In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Securitization debt, neither the Securitization Agency, nor the County, nor the Corporation has any liability to make up any such shortfall.

Debt service requirements are based on various assumptions, including the timing of tobacco settlement revenues. Future principal payments are unknown due to the fluctuation of revenues derived from tobacco consumption. Higher consumption would lead to additional revenues which would be used for additional debt payments once original debt service requirements are met. Consequently, lower consumption would lead to less revenue available for additional debt payments. The loan is subject to mandatory redemption prior to the stated maturity dates based on amounts available in the Turbo Redemption Account on June 1 and December 1. Interest payments are due each June 1 and December 1. Interest rates and principal maturities are as follows:

(Dollars in Thousands)

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Securitization Loan Payable (Continued)

Asset-Backed Bonds – Series 2006A Current Interest Turbo Bonds $45,000

- Maturity date June 1, 2046. Expected final turbo redemption date June 1, 2032, including interest at 5.250%.

Asset-Backed Bonds – Series 2006B Turbo Capital Appreciation Bonds that as of June 30, 2013, turbo redemptions amounted to $5,626.

	Initial Principal Amount	Accreted Value at June 30, 2013	Accreted Value at Maturity	Maturity Date	Projected Final Turbo Redemption	Interest Rate
Series 2006B	$ 14,372	$ 15,156	$ 47,835	June 1, 2033	June 1, 2022	5.830%

The following is a schedule of total debt service requirements to maturity as of June 30, 2013 for the securitization loan payable.

Fiscal Year Ending June 30,	Principal	Fixed Interest
2014	$ -	$ 2,363
2015	-	2,363
2016	-	2,363
2017	-	2,363
2018	-	2,363
2019-2023	-	11,812
2024-2028	-	11,812
2029-2033	8,746	50,902
2034-2038	-	11,812
2039-2043	-	11,812
2044-2046	45,000	7,088
	53,746	117,053
Plus accreted interest	6,410	(6,410)
Total	$ 60,156	$ 110,643

(Dollars in Thousands)

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Pollution Remediation

The County may be obligated to perform remediation activities related to two projects. The nature and source of pollutants on the former Lincoln Missile Site located off Highway 193 in Lincoln are contaminated groundwater due to concentrations of TCE (trychlorine-ethanol). As of June 30, 2013, the County's consultant completed a work plan and submitted it to the California Regional Water Quality Control Board (Regional Board) for their review and comments. The work plan outlined two proposed remediation methods; Plan A called for the encapsulation of contaminated soil on-site at an estimated cost of $640. Plan B called for the removal and disposal of contaminated soil off-site for an estimated cost of $2,500. The Regional Board has yet to make a determination on how to proceed.

Housing Successor Agency Tax Allocation Bonds Payable

On July 20, 2006, the former Redevelopment Agency issued tax allocation bonds for Housing Projects, Series C, in the principal amount of $5,865. Interest rates range from 5.6% to 6.2%. Semi-annual interest payments are due on February 1 and August 1. Principal payments are due August 1. Proceeds from the sale of the bonds are being used to finance low and moderate income housing activities for the County.

The following is a schedule of total debt service requirements to maturity as of June 30, 2013 for the tax allocation bond:

Fiscal Year Ending	Tax Allocation Bonds	
June 30,	Principal	Interest
2014	$ 105	$ 323
2015	110	317
2016	120	310
2017	125	303
2018	130	295
2019-2023	785	1,346
2024-2028	1,055	1,071
2029-2033	1,420	693
2034-2036	1,490	192
Total	$ 5,340	$ 4,850

(Dollars in Thousands)

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Business-Type Activities

A summary of changes in long-term debt for business-type activities is as follows:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
mPower revenue bonds payable	$ 1,047	$ -	$ (95)	$ 952	$ 38
mPower note payable	-	2,100	-	2,100	-
Landfill postclosure liability	4,300	-	(114)	4,186	120
Compensated absences	499	280	(244)	535	54
Total	$ 5,846	$ 2,380	$ (453)	$ 7,773	$ 212

Revenue Bonds Payable

During the fiscal year ended June 30, 2011, the County issued three separate revenue bonds with an interest rate of 3.5% as follows: Series 2009-10, No. 1 in the amount of $33 with a maturity date of September 2, 2025, Series 2010-11, No. 2 in the amount of $658 with a maturity date of September 2, 2030, and Series 2010-11, No. 3 in the amount of $110 with a maturity date of September 2, 2031. During the fiscal year ended June 30, 2012, the County issued revenue bond Series 2012-13 No. 1A in the amount of $331 with an interest rate of 3.5% and a maturity date of September 2, 2031. During the fiscal year ended June 30, 2013, the County changed the principal amount of bond No. 2 to $536 to reflect early program payoffs. The adjusted revenue bond has been designated as No. 2A. The bonds were purchased by the County Treasury, the proceeds of which are being used to finance the installation of distributed generation renewable energy, energy efficiency and water efficiency improvements on parcels of property in the County. The County's obligation to repay the bonds is secured by a pledge of contractual assessments payable pursuant to agreements between the owners of the participating parcels and the County.

The following is a schedule of total debt service requirements to maturity as of June 30, 2013 for the outstanding revenue bonds payable:

Fiscal Year Ending June 30,	Principal	Interest
2014	$ 38	$ 33
2015	40	31
2016	41	30
2017	42	28
2018	44	27
2019-2023	244	110
2024-2028	284	64
2029-2032	219	14
Total	$ 952	$ 337

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Note Payable

On June 18, 2013, a note was issued for $2,100 with an interest rate of 0.75% and will be repaid in July 2014. Proceeds from the note will be used to meet cash flow requirements of the mPOWER fund for the fiscal year ending June 30, 2014.

Prior Year Defeasances

Certificates of Participation

On June 1, 2006, the Financing Authority, a blended component unit of the County, issued $11,770 of Certificates of Participation – 2006 Administrative and Emergency Services Building Refinancing Project with interest rates ranging from 4.00% - 4.50%. The net proceeds after payment of issuance costs were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 Certificates of Participation. As a result, the 1997 Certificates of Participation are considered to be defeased and the related liability has been removed from the government-wide statement of net position. As of June 30, 2013, $8,730 of the 1997 Certificates of Participation was outstanding.

Securitization Loan

On May 19, 2006 the Securitization Agency issued $59,372 of Series 2006 Bonds for the purpose of loaning bond proceeds to the Corporation to securitize eight additional years of tobacco settlement receipts by advance refunding the Series 2002 Bonds issued by the Securitization Agency for the benefit of the Corporation. The net proceeds less interest and issuance costs were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2002 Bonds; and the remaining proceeds were loaned to the Corporation by the Securitization Agency under an amended and restated loan agreement to fund various capital projects occurring within the County. As a result, the Series 2002 Bonds are considered to be defeased and the related liability has been removed from the government-wide statement of net position. As of June 30, 2013, $30,140 of the Series 2002 Bonds was outstanding.

Special Assessment Debt

The total matured and unmatured bonds outstanding related to special assessment debt is $15,600 as of June 30, 2013. The County acts as an agent for the property owners in collecting special assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, when appropriate. The County is not liable for repayment of the special assessment debt, and accordingly, the amount is not reflected in the accompanying basic financial statements. Cash held on deposit and corresponding amounts payable are reported in an Agency Fund.

(Dollars in Thousands)

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current fiscal year, the County performed calculations of excess investment earnings on various bonds and financings and, at June 30, 2013, does not expect to incur a liability.

NOTE 6 – SHORT-TERM OBLIGATIONS

Business-Type Activities

On November 1, 2011, a tax and revenue anticipation note (TRAN) was issued for $1,300 with an interest rate of 0.45% and was repaid in November 2012. Proceeds from the TRAN was used to meet cash flow requirements of the mPOWER fund for the fiscal year ended June 30, 2013.

The following is a summary of changes in TRAN payable for the fiscal year ended June 30, 2013:

Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
$ 1,300	$ -	$ (1,300)	$ -

(Dollars in Thousands)

NOTE 7 – OPERATING LEASES

The County leases real estate and equipment under cancelable and noncancelable operating leases. Future minimum rental payments under operating leases with initial or remaining noncancelable lease terms in excess of one year as of June 30, 2013 are summarized as follows:

Fiscal Year Ending June 30,	County
2014	$ 3,588
2015	3,477
2016	2,646
2017	2,336
2018	2,252
2019-2023	11,720
2024-2028	11,051
2029-2033	1,876
2034-2038	201
Total	$ 39,147

Rents for all such leases for the County have been recorded in the General Fund. Total rental expenditures under operating leases for the fiscal year ended June 30, 2013 was $3,633.

NOTE 8 – EMPLOYEES' RETIREMENT PLAN

Plan Description

The County contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The County's Safety and Miscellaneous Plans are part of the Public Agency portion of CalPERS. The benefits for the public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. CalPERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information. Copies of CalPERS' annual financial report may be obtained from their Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

All full and part-time permanent County employees and certain extra help employees who have worked over 1,000 hours in a fiscal year are eligible to participate in CalPERS. Elected officials may also participate at their option. Per diem employees and extra help employees working less than 1,000 hours in a fiscal year are not eligible. Benefits vest after five years of service. To be eligible for retirement an employee must be at least 50 years of age and have five years of CalPERS credited service. Effective January 1, 2013, new CalPERS members are subject to the Public Employees' Pension Reform Act (PEPRA) and to be eligible for retirement, an employee must be at least 52 years of age and have five years of CalPERS credited service.

NOTE 8 – EMPLOYEES' RETIREMENT PLAN (Continued)

Safety employees hired on or before March 12, 2011, who retire at age 50 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3% of their average monthly pay rate for the last consecutive highest paid 12 months of employment, for each year of credited service up to a maximum of 30 years or 90%. Safety employees hired on or after March 13, 2011 who retire at 55 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3% of their monthly pay rate for the last consecutive highest paid 3 years of employment, for each year of credited service up to a maximum of 30 years or 90%. Effective January 1, 2013, new safety members are subject to the Public Employees' Pension Reform Act (PEPRA) and those who retire at 57 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.7% of their monthly pay rate for the last consecutive highest paid 3 years of employment.

Miscellaneous employees hired on or before March 12, 2011, who retire at age 55 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their average monthly pay rate for the last consecutive highest paid 12 months of employment. Miscellaneous employees hired on or after March 13, 2011 who retire at age 55 with five years of credited service are entitled to an annual retirement benefit, payable for life, in an amount equal to 2% of their average monthly pay rate for the last consecutive highest paid 3 years of employment. Effective January 1, 2013, new miscellaneous members are subject to the Public Employees' Pension Reform Act (PEPRA) and those who retire at 62 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% of their monthly pay rate for the last consecutive highest paid 3 years of employment.

CalPERS also provides death and disability benefits to plan members and beneficiaries. These benefit provisions and all other requirements are prescribed by a contract between the County and CalPERS.

Funding Policy

Employees under the Miscellaneous Plan or Safety Plan are required to contribute 7%, 8% or 9% of their annual covered salary depending on their tier within the respective pension plan. The County is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. During the fiscal year ended June 30, 2013, the employer contribution rate through February was 19.025% for the Miscellaneous Plan and 28.080% for the Safety Plan; however, between March 1 and June 30, a change in the actuarial and billing process in accounting for the contribution and credits/payments from the Public Employees Retirement Fund (PERF) to the Replacement Benefit Fund (RBF) created a onetime temporary rate reduction to 18.810% for the Miscellaneous Plan and 28.031% for the Safety Plan.

(Dollars in Thousands)

NOTE 8 – EMPLOYEES' RETIREMENT PLAN (Continued)

The Placer Public Employee Organization's represented employees, the majority of the County's workforce, pay 100% of their employee pension contribution of 7% or 8% for Miscellaneous Plan members or 9% for Safety Plan members. For Deputy Sheriff Association (DSA) represented employees hired prior to January 1, 2011, the County pays 7% of the 9% for Safety and 6% of the 8% for Miscellaneous Plan members. DSA employees hired after January 1, 2011 pay 100% of their employee pension contribution of 7%, 8% (Miscellaneous) or 9% (Safety). In addition, the County pays 7% of the 8% employee contribution for management and confidential employees and the full 9% employee pension contribution for safety management employees, however, members hired in these employee groups on or after January 1, 2011 pay their full employee pension contribution.

Annual Pension Cost

For the fiscal year ended June 30, 2013, the County's annual pension cost of $39,764 for CalPERS was equal to the County's required and actual contributions. The required contribution for the fiscal year ended June 30, 2013 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with contributions determined as a percentage of covered payroll. The actuarial assumptions included the following for both the Miscellaneous and Safety Plan, (a) a rate of return on investments (net of administrative expenses) of 7.75%, (b) inflation of 3.00%, (c) payroll growth of 3.25%, and projected salary increases under the Miscellaneous Plan were 3.55% to 14.45% while the Safety Plan was 3.55% to 13.15%, depending on age, service and type of employment. The actuarial value of the Plan's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen (15) year period. The difference between the Actuarial Value of Assets and the Actuarial Accrued Liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period for the Miscellaneous Plan and the Safety Plan at June 30, 2012 is 30 years.

The actuarial assumptions included in the June 30, 2012 actuarial valuation, the County's most recent valuation, were adjusted as compared to the actuarial assumptions in the June 30, 2010 valuation, which was used in establishing the County's annual required contribution for the fiscal year ended June 30, 2013. The actuarial assumptions for both the Miscellaneous and Safety Plan for June 30, 2012 include (a) a rate of return on investments (net of administrative expenses) of 7.50%, (b) inflation of 2.75%, (c) payroll growth of 3.00% and projected salary increases of 3.30% to 14.20%, depending on age, service and type of employment.

Three-Year Trend Information

	Miscellaneous Plan		Safety Plan	
Fiscal Year-End June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed
2011	$ 27,867	100%	$ 10,386	100%
2012	31,212	100%	12,205	100%
2013	27,840	100%	11,924	100%

(Dollars in Thousands)

NOTE 8 – EMPLOYEES' RETIREMENT PLAN (Continued)

As of June 30, 2012, the most recent actuarial valuation date, the Miscellaneous Plan was 74.9% funded. The actuarial accrued liability for benefits was $923,168, and the actuarial value of plan assets was $691,246, resulting in an unfunded actuarial accrued liability (UAAL) of $231,922. The covered payroll (annual payroll of active employees covered by the plan) was $133,076, and the ratio of the UAAL to the covered payroll was 174.3%.

As of June 30, 2012, the most recent actuarial valuation date, the Safety Plan was 71.4% funded. The actuarial accrued liability for benefits was $297,290, and the actuarial value of plan assets was $212,361, resulting in an unfunded actuarial accrued liability (UAAL) of $84,929. The covered payroll (annual payroll of active employees covered by the plan) was $34,511, and the ratio of the UAAL to the covered payroll was 246.1%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the basic 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 9 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Note 8, the County provides postretirement healthcare benefits to its retirees under its Retiree Healthcare Plan in accordance with various labor agreements. The County contributes to the California Employers' Retiree Benefit Trust (CERBT), an agent multiple employer plan administered by CalPERS. CalPERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information. Copies of CalPERS' annual financial report may be obtained from their Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

Eligibility

In accordance with California Government Code, all employees electing a CalPERS retirement date within 120 days of retiring from the County are eligible to receive healthcare benefits for life. The County provides postretirement medical and dental benefits to employees who retire directly from the County after the age 50 and with five years of County service and ten years of CalPERS service if hired after January 1, 2005. Eligible retirees can continue participation in the medical and dental plans, with the County contributing up to a cap, which varies by bargaining unit. Membership of the plan consisted of the following at June 30, 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,507
Terminated plan members entitled to but not yet receiving benefits	194
Active plan members	2,214
Total	3,915

(Dollars in Thousands)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy

During the fiscal year ended June 30, 2013, the County contributed $37,629 to the OPEB plan. Of this amount, the County paid $11,779 to retirees during the year and $25,850 to the CERBT. The purpose of these contributions was to cover the annual required contribution rate of $7 per employee (excluding extra help) and to prefund as determined annually. In addition, County departments are required to prefund $37 for each new employee hired from outside the County.

Annual OPEB Cost and Net OPEB Asset

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB asset:

Annual required contribution	$	27,891
Interest on net OPEB asset		(3,559)
Adjustment to annual required contribution		3,080
Annual OPEB cost (expense)		27,412
Contributions made		(37,629)
Increase in net OPEB asset		(10,217)
Net OPEB asset - beginning of year		(46,767)
Net OPEB asset - end of year	$	(56,984)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset as of and for the fiscal year ended June 30, 2013 and the two preceding years were as follows:

Fiscal Year-End June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
2011	$ 24,832	116%	$ (41,603)
2012	26,532	119%	(46,767)
2013	27,412	137%	(56,984)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funded Status and Progress

As of June 30, 2013, the most recent valuation date, the plan was 57% funded. The actuarial accrued liability for benefits was $316,085, and the actuarial value of plan assets was $180,202 resulting in an unfunded actuarial accrued liability (UAAL) of $135,883. The covered payroll (annual payroll of active employees covered by the plan) was $171,129, and the ratio of the UAAL to the covered payroll was 79.4%.

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 basic financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the 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 benefit costs between 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 assets, consistent with the long-term perspective of the calculations.

In the County's June 30, 2013 actuarial valuation, the actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions include a 7.61% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of approximately 10% percent initially, reduced by decrements of approximately 1% per year to an ultimate rate of 5.0% in the tenth year. Both rates included a 3% inflation assumption and assumed the County's payroll will increase 3.25% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 26 year fresh-start amortization. The assumptions used to determine the funded progress and status as of June 30, 2013 are the same assumptions used to determine the annual required contribution for the fiscal year ended June 30, 2013.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Litigation

The County is a defendant in a number of lawsuits and has other claims pending, some of which seek substantial monetary damages. Some claims may not be covered under the County's excess liability insurance policy; however, management is of the opinion that the potential liability would not have a significant adverse effect on the County's financial position.

(Dollars in Thousands)

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

Grant Programs

The County participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by grantors or their representatives. Some audits of these programs for or including the fiscal year ended June 30, 2013 have not been concluded. Accordingly, the County's compliance with applicable grant requirements is yet to be established. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the County's management does not expect such amounts, if any, to be material.

Pollution Remediation

During construction of the Dewitt B Extension Project in fiscal year 2007-08, it was determined certain remediation efforts needed to be undertaken to complete this project. After consultation with experts, it was determined this project would be completed at a later date. There are no pending regulatory orders on this project at this time. The County Facility Master Plan is in the process of identifying potential uses for the site in question, but no specific use has been confirmed at this time. In fiscal year 2007-08, a consultant estimated the potential cost of cleanup in excess of $1.0 million.

Encumbrances

The County has entered into contracts to purchase goods and services from various vendors. These encumbrances are payable upon future performance and are summarized below as of June 30, 2013:

General Fund	$ 6,892
Road Fund	59
Capital Improvements Fund	4,509
Transit Fund	49
Facilities Fund	314
Placer mPOWER Fund	352
County Service Areas Fund	13
Sewer Maintenance Fund	191
Internal Service Funds	916
Nonmajor Governmental Funds	140
	$ 13,435

NOTE 11 – 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 and illnesses of employees; and natural disasters. The Self Insurance Internal Service Fund accounts for and finances the County's risks of loss. Under these programs, the County is self-insured for the following risks up to the deductible amount per claim as follows: Workers' Compensation, $300 and General Liability, $1,000. The County purchases commercial insurance for claims in excess of the preceding coverage amounts and for all other risks of loss.

The County is a participant in the California State Association of Counties - Excess Insurance Authority (CSAC-EIA) excess liability insurance program. The County covers the first $1,000 per claim for General Liability and $300 per claim for Workers' Compensation. The purpose of the pool is to spread the adverse effects of losses among the member agencies. The County pays an annual basic premium for excess coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program participant's ultimate liabilities. Should actual losses among participants be greater than anticipated, the County will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. Self-insurance retention (SIR) covers claims up to $1,000. Excess coverage increases coverage to $25,000 to cover claims in excess of the SIR coverage. Settled claims have not exceeded SIR coverage in any of the past three fiscal years.

The County's Transit Enterprise Fund is self-insured for public liability and property damage up to $250 per occurrence. Claims in excess of $250 are insured through the California Transit Systems Joint Powers Insurance Authority (CalTIP), a joint powers agency risk sharing pool, established in 1987 to provide an independently managed self-insurance program for member transit operators. The purpose of CalTIP is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense. Claims in excess of the pool limit are covered by excess insurance purchased by CalTIP up to $20,000 per occurrence. The Transit Enterprise Fund has not settled any claims exceeding the risk-pool limit of $250 per occurrence for any of the past three fiscal years. The Transit Enterprise Fund has the following forms of coverage through CalTIP: bodily injury liability, property damage liability; public officials' error and omissions liability; personal injury liability and collision and comprehensive coverage.

All County funds participate in the self-insurance programs and make payments to the Self Insurance Internal Service Fund based on historical cost and/or actuarial estimates of the amounts needed to pay prior and current year claims (including future claim adjustment expenses), and to allow accrual of estimated incurred but not reported claims. The total historical cost and/or actuarially determined claims liability at June 30, 2013 is $13,339 consisting of $8,666 for Workers Compensation, and $4,673 for General Liability.

(Dollars in Thousands)

NOTE 11 – RISK MANAGEMENT (Continued)

Changes in the Self Insurance Fund claims liabilities during the fiscal years ended June 30, 2013 and 2012 were as follows:

	Claims Liability July 1	Claims and Changes in Estimates	Current Year Claims Payments	Balance June 30
2011-2012	$ 18,306	$ 3,771	$ (5,681)	$ 16,396
2012-2013	16,396	3,567	(6,624)	13,339

The claims liabilities above, reported in the Self Insurance Internal Service Fund at June 30, 2013, are based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and GASB Statement No. 30, *Risk Financing Omnibus*, which 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 loss can be reasonably estimated. These accruals represent estimates of amounts to be paid for reported claims, and incurred but unreported claims based upon past experience, modified for current trends and information based upon an 80% confidence level. The County contracts with independent actuaries to compute the estimated liabilities for the County's self-insurance programs. The liability for unpaid claims for workers' compensation and general liability is discounted to reflect estimated net present value assuming a 2.5% interest rate. While the ultimate losses incurred through June 30, 2013 are dependent on future developments, based upon information provided by the County's Risk Management Department and others involved with the administration of these programs, the County's management believes that the aggregate accrual is adequate to cover such losses.

NOTE 12 - COUNTY SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COST

The County accounts for solid waste landfill postclosure costs based on the provisions of GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. State and federal laws and regulations require the County to place a final cover on its Eastern Regional landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The County closed the landfill during the 1995-1996 fiscal year. The landfill postclosure care liability of $4,186 at June 30, 2013, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity at the landfill. Actual costs may be higher due to change in estimated inflation, deflation, changes in technology, or changes in applicable laws and regulations. The County is required by state and federal regulations to make deposits to its postclosure maintenance fund to finance postclosure care costs.

NOTE 13 - JOINT VENTURE

The County, in conjunction with the City of Roseville and the South Placer Municipal Utility District formed the South Placer Wastewater Authority (the Authority) on October 1, 2000 to provide for the planning, financing, acquisition, ownership, construction and operation of the Regional Wastewater Facilities (Facilities). The County's ongoing financial responsibility is for the payment of their proportionate share of the operational and maintenance costs of the Facilities. The County does not have any equity interest in the Authority and, as of June 30, 2013, the County does not expect any additional financial benefit or burden from the Authority. The Authority had a deficit fund equity as of June 30, 2012 of $55,637 (information at June 30, 2013 was not yet available at the time of the County's publication). Complete audited financial statements for the South Placer Wastewater Authority can be obtained from the Authority's offices at 2005 Hilltop Circle, Roseville, CA 95747.

On January 10, 2006, the County and the Placer County Water Agency (Water Agency) pursuant to a joint exercise of powers agreement formed the Middle Fork Project Finance Authority (Middle Fork Authority). The Middle Fork Authority was established to serve the mutual interests of the County and the Water Agency, to provide for the financing of studies, programs, procedures, projects, services, improvements, modifications, and other costs that may be required in order for the Water Agency to obtain a new Federal Energy Regulatory Commission license, which expired in February 2013, to continue operating the Middle Fork Hydroelectric Project (MFP). Until that time, the Water Agency operated the MFP pursuant to the provisions of an existing power purchase contract with PG&E. The Middle Fork Authority is governed by a 4 member board of directors. The board of directors is comprised of 2 members who are appointed by the County Board of Supervisors and 2 members who are appointed by the Board of Directors of the Water Agency.

The County has an ongoing financial interest in the Middle Fork Authority. In March 2013, the Middle Fork Authority assumed the role of fulfilling the obligations of the County and the Water Agency to approve any future electrical energy sales or contract and to approve the expenditure of funds received from the sale of electrical energy from the MFP. The County will be entitled to an equal distribution of the revenue from the energy sales after the Middle Fork Authority's funding of the basic operations and maintenance of the MFP and any capital additions or betterments to the MFP. Complete audited financial statements for the Middle Fork Authority can be obtained from the Water Agency's offices at 144 Ferguson Road, Auburn, CA 95604.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

The County, in conjunction with Alpine, El Dorado, and Sierra counties, has created the Golden Sierra Job Training Agency, the purpose of which is to develop and implement a public and private employer's job training program under which local employment needs and goals will be determined and training and employment programs will be planned, developed, and administered. The Golden Sierra Job Training Agency is funded through grants by the federal and state governments. The County has no equity interest in Golden Sierra Job Training Agency and no ongoing financial responsibility.

The County, in conjunction with the Cities of Roseville, Rocklin, and Lincoln, has formed Western Placer Waste Management Authority, the purpose of which is to acquire, own, operate and maintain a sanitary landfill site and all related improvements. The County has no equity interest in Western Placer Waste Management Authority and no ongoing financial responsibility.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

The County is a participant with the counties of Nevada, Sutter, Yolo, Yuba, Butte and Colusa to develop and operate Sierra-Sacramento Valley Emergency Medical Services Agency (the Agency). The Agency was developed to coordinate the provision of emergency medical services and to conduct various other specifically designated functions. The County has no equity interest in the Agency and no ongoing financial responsibility.

NOTE 15 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER COUNTY REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill XI 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the County that previously had reported a redevelopment agency within the reporting entity of the County as a blended component unit.

Due to the dissolution of the County's Redevelopment Agency, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The following components of this footnote documents the successor agency's noncurrent assets and long-term liabilities as of June 30, 2013.

Loans Payable

During the fiscal year ended June 30, 2006, the former Redevelopment Agency entered into a loan agreement with the California Infrastructure and Economic Development Bank (CIEDB) in the amount of $312. The loan has an interest rate of 3.05% per annum and matures on August 1, 2034. The proceeds were used for the construction of the Brook Avenue parking lot. The balance outstanding at June 30, 2013 is $259. The former Redevelopment Agency entered into a 2nd loan agreement with the CIEDB in the amount of $1,500, to be used as partial financing of the Auburn Plaza Project, in the North Auburn Project Area. This loan has an interest rate of 2.94% and matures on August 1, 2035. The balance outstanding at June 30, 2013 is $1,313. On September 1, 2007, the former Redevelopment Agency entered into a 3rd loan agreement with the CIEDB in the amount of $480. The loan has an interest rate of 2.91% and matures on September 1, 2037. Loan proceeds were used for the Minnow Avenue Parking Lot Project in Kings Beach, which was completed on October 17, 2007. The balance outstanding at June 30, 2013 is $435.

The CIEDB loans are secured by total taxes eligible for allocation to the former Redevelopment Agency with respect to the Project Areas pursuant to the most recent completed fiscal year including gross tax increment revenues and all deductions for enforceable obligations and pass-through payments. The pledge of tax increment revenues totals $2,774 which equals the total principal and interest payments outstanding on the loans, and ends upon the repayment of the outstanding loans in August 2037. For the fiscal year ended June 30, 2013, principal and interest paid and total property tax increment revenues were $120 and $2,983 respectively.

(Dollars in Thousands)

NOTE 15 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER COUNTY REDEVELOPMENT AGENCY (Continued)

Tax Allocation Bonds Payable

On July 20, 2006, the former Redevelopment Agency issued three separate issues of tax allocation bonds, which include the North Lake Tahoe Redevelopment Project, 2006 Series A in the principal amount of $15,765 and the North Auburn Redevelopment Project, Series B in the principal amount of $3,520. Interest rates range from 3.6% to 6.2%. Semi-annual interest payments are due on February 1 and August 1. Principal payments are due August 1. Proceeds from the sale of the bonds are being used to finance the redevelopment activities within and for the benefit of the North Lake Tahoe and North Auburn redevelopment project areas. Principal and interest payments are payable solely from and secured by a pledge of property tax increment revenue.

The former Redevelopment Agency pledged all future tax increment revenues for the repayment of the 2006 Series A and 2006 Series B Tax Allocation Bonds. Series A and B Tax Allocation Bonds are considered senior parity obligations. The pledge of future tax increment revenues ends upon repayment of principal and interest in the amount of $28,177 in 2037. For the fiscal year ended June 30, 2013, principal and interest paid and total property tax increment revenues were $1,184 and $2,983 respectively.

The following is a schedule of total debt service requirements to maturity as of June 30, 2013 for the loans and tax allocation bonds:

Fiscal Year Ending	Loans Payable		Tax Allocation Bonds	
June 30,	Principal	Interest	Principal	Interest
2014	$ 61	$ 58	$ 425	$ 762
2015	63	56	435	745
2016	65	54	455	727
2017	67	53	470	709
2018	69	51	490	689
2019-2023	376	221	2,780	3,108
2024-2028	434	161	3,450	2,418
2029-2033	502	92	4,320	1,531
2034-2038	370	20	4,250	413
	$ 2,007	$ 766	$ 17,075	$ 11,102

NOTE 15 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER COUNTY REDEVELOPMENT AGENCY (Continued)

Pollution Remediation Obligation

The former Redevelopment Agency was obligated to perform the environmental assessment and remediation activities on two projects. The nature and source of pollutants on the former Swiss Mart Gas Station located at 8797 North Lake Boulevard in Kings Beach project are concentrations of TPHg, benzene and MTBE. Remediation cleanup activities are estimated at $7 and post remediation groundwater monitoring is estimated at $99 to destroy all wells assuming site closure can be obtained from the Lahontan Regional Water Quality Board. The nature and source of pollutants of the former Ronning Service Station property located at 8784 North Lake Boulevard project are concentrations of TPHg and benzene. Remediation cleanup activities consisting of the removal and disposal of contaminates are estimated at $606 and post remediation groundwater monitoring is estimated at $112. Total remediation costs of these projects total $824, which were derived by staff and environmental remediation consultants and may change due to factors such as price increases or decreases, changes in technology, or change in applicable laws or regulations. The estimated costs are recorded as long-term liabilities in the statement of fiduciary net position.

(Dollars in Thousands)

NOTE 15 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER COUNTY REDEVELOPMENT AGENCY (Continued)

Capital Assets

	Balance July 1, 2012	Increases	Decreases	Transfers	Balance June 30, 2013
Successor agency trust activities:					
Capital assets, not being depreciated:					
Land	$ 6,489	$ -	$ -	$ -	$ 6,489
Intangible assets	855	-	-	-	855
Construction in progress	1,091	-	-	-	1,091
Total capital assets not being depreciated	8,435	-	-	-	8,435
Capital assets, being depreciated and amortized:					
Land improvements	1,115	-	-	-	1,115
Equipment	29	-	-	-	29
Infrastructure	8,461	-	-	-	8,461
Total capital assets, being depreciated and amortized	9,605	-	-	-	9,605
Less accumulated depreciation and amortization for:					
Land improvements	(137)	(64)	-	-	(201)
Equipment	(14)	(2)	-	-	(16)
Infrastructure	(1,681)	(527)	-	-	(2,208)
Total accumulated depreciation and amortization	(1,832)	(593)	-	-	(2,425)
Total capital assets being depreciated and amortized, net	7,773	(593)	-	-	7,180
Successor agency trust activities, net	$ 16,208	$ (593)	$ -	$ -	$ 15,615

Long-Term Liabilities

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Redevelopment Successor Agency					
Loans payable	$ 2,068	$ -	$ (61)	$ 2,007	$ 61
Tax allocation bonds payable	17,480	-	(405)	17,075	425
Original issuance discount	(33)	-	1	(32)	1
Redevelopment Successor Agency					
Pollution remediation obligation	824	-	-	824	511
Total	$ 20,339	$ -	$ (465)	$ 19,874	$ 998

(Dollars in Thousands)

NOTE 16 – NET POSITION/FUND BALANCE

Fund balances as of June 30, 2013 are as follows:

	General	Low & Moderate Income Housing Asset	Road	Capital Improvements	Nonmajor Governmental	Total Governmental Funds
Nonspendable:						
Not in spendable form	$ 1,413	$ -	$ 303	$ -	$ 1,089	$ 2,805
To be maintained intact	-	-	-	-	15	15
Total nonspendable fund balance	1,413	-	303	-	1,104	2,820
Restricted:						
Grantors	633	-	2,139	-	1,043	3,815
Mental health	21,841	-	-	-	-	21,841
State mandates	13,192	1,750	-	-	1,126	16,068
Debt service	-	-	-	-	8,328	8,328
Community development	-	-	-	-	1,282	1,282
Capital projects	125	-	-	23,290	-	23,415
Public ways and facilities	792	-	50,166	-	27,561	78,519
Donors	1,082	-	-	-	347	1,429
Other purposes	364	-	-	-	-	364
Total restricted fund balance	38,029	1,750	52,305	23,290	39,687	155,061
Committed:						
Capital projects	43,762	-	-	32,861	2,111	78,734
Public protection	15	-	-	-	1,472	1,487
Public ways and facilities	-	-	283	-	-	283
Tourism and promotions	1,821	-	-	-	-	1,821
Education	-	-	-	-	454	454
Open space acquisition	3,164	-	-	-	-	3,164
General reserve	12,044	-	-	-	-	12,044
Other purposes	2,562	-	-	-	-	2,562
Total committed fund balance	63,368	-	283	32,861	4,037	100,549
Assigned:						
Capital projects	269	-	-	30,856	-	31,125
Automation	558	-	-	-	-	558
Public protection	9,724	-	-	-	2	9,726
Debt service	-	-	-	-	358	358
Public ways and facilities	-	-	7,434	-	-	7,434
Tourism and promotions	417	-	-	-	-	417
Other purposes	28,278	-	-	-	-	28,278
Total assigned fund balance	39,246	-	7,434	30,856	360	77,896
Unassigned	14,560	-	-	-	-	14,560
Total fund balances	$ 156,616	$ 1,750	$ 60,325	$ 87,007	$ 45,188	$ 350,886

(Dollars in Thousands)

NOTE 16 – NET POSITION/FUND BALANCE (Continued)

Restricted net position balances as of June 30, 2013 are as follows:

	Governmental Activities	Business-type Activities	Total
Restricted:			
Grantors	$ 3,815	$ -	$ 3,815
Mental health	21,841	-	21,841
State mandates	15,330	-	15,330
Debt service	8,328	-	8,328
Community development	1,282	-	1,282
Capital projects	23,415	2,859	26,274
Public ways and facilities	78,519	-	78,519
Donors	1,429	-	1,429
Other purposes	386	-	386
Perpetual care, nonexpendable	15	-	15
Total restricted net position	$ 154,360	$ 2,859	$ 157,219

NOTE 17 – RESTATEMENT OF FUND BALANCE/NET POSITION

During the fiscal year ending June 30, 2013, the County early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result of this implementation, the County restated the beginning net position to reflect the reclassification of bond issuance costs as an expense in the current period in the amount of $2,508 reported in the Statement of Activities and $648 in the Private Purpose Trust Fund.

During the fiscal year ending June 30, 3013, the County restated the beginning fund balance of the Capital Improvements Fund to reflect the inclusion of the Park Dedication Fees Fund balance in the amount of $4,747. The beginning balance for nonmajor governmental funds was also restated (reduced) by $4,747.

COUNTY OF PLACER

STATE OF CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF PLACER, CALIFORNIA
SCHEDULES OF FUNDING PROGRESS – HISTORICAL PENSION DATA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Dollars In Thousands)
(Unaudited)

Miscellaneous Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/10	$ 612,423	$ 814,891	$ 202,468	75.2%	$ 143,817	140.8%
6/30/11	652,418	876,895	224,477	74.4%	138,892	161.6%
6/30/12	691,246	923,168	231,922	74.9%	133,076	174.3%

Safety Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/10	$ 185,851	$ 257,354	$ 71,503	72.2%	$ 33,064	216.3%
6/30/11	199,047	279,994	80,948	71.1%	33,120	244.4%
6/30/12	212,361	297,290	84,929	71.4%	34,511	246.1%

COUNTY OF PLACER, CALIFORNIA
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Dollars In Thousands)
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/09	$ 36,383	$ 248,439	$ 212,056	14.6%	$ 159,786	132.7%
6/30/11	117,502	313,323	195,821	37.5%	164,979	118.7%
6/30/13	180,202	316,085	135,883	57.0%	171,129	79.4%

County of Placer, California

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts					
	Original	Final	Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budget to GAAP Reconciliation (Note 2)	Actual Amounts - GAAP Basis
Revenues						
Taxes	$ 137,918	$ 138,207	$ 145,363	$ 7,156	$ 6,937	$ 152,300
Licenses and permits	6,908	6,908	8,417	1,509	32	8,449
Fines, forfeitures and penalties	12,663	12,668	14,132	1,464	986	15,118
Investment earnings	2,502	2,502	477	(2,025)	103	580
Intergovernmental	125,466	138,677	139,917	1,240	52,813	192,730
Charges for services	41,085	42,005	27,258	(14,747)	5,566	32,824
Contributions and donations	8	8	27	19	227	254
Miscellaneous	722	192	793	601	439	1,232
Total revenues	327,272	341,167	336,384	(4,783)	67,103	403,487
Expenditures						
Current:						
General government:						
Board of Supervisors	1,713	1,713	1,546	167	-	1,546
Clerk of the Board	815	907	712	195	-	712
County Executive Office	4,951	4,951	2,643	2,308	-	2,643
Community and Agency Support	4,596	4,693	1,799	2,894	-	1,799
Administrative Services	5,315	5,321	2,686	2,635	-	2,686
Auditor-Controller	5,621	5,678	2,731	2,947	-	2,731
Treasurer-Tax Collector	3,671	3,642	2,009	1,633	-	2,009
County Counsel	3,406	3,406	1,657	1,749	-	1,657
Personnel	2,680	2,680	1,428	1,252	-	1,428
Employee Benefits	6,313	6,390	3,271	3,119	-	3,271
Organization Development Division	453	466	246	220	-	246
Building Maintenance	5,696	5,733	2,964	2,769	-	2,964
Economic Development	965	1,000	886	114	-	886
Assessor	10,172	10,172	9,658	514	-	9,658
Tourism and promotions	-	-	-	-	5,772	5,772
Open space	-	-	-	-	176	176
Other	11,703	11,704	5,985	5,719	-	5,985
Total general government	68,070	68,456	40,221	28,235	5,948	46,169
Public protection:						
Criminal Justice	9,770	9,770	9,183	587	-	9,183
Child Support Services	6,322	6,200	5,863	337	-	5,863
Agricultural Commission-Sealer	1,894	1,892	1,754	138	-	1,754
County Clerk-Recorder	9,008	9,008	7,093	1,915	-	7,093
Emergency Services	1,662	2,043	1,478	565	-	1,478
Planning Department	6,713	6,517	4,909	1,608	-	4,909
Building Inspection	4,248	4,248	4,071	177	-	4,071
Community Development Resource Agency	1,597	1,854	1,708	146	-	1,708
National Pollutant Discharge Elimination System	568	580	571	9	-	571
Domestic Animal Control	2,983	2,983	2,692	291	-	2,692
Sheriff-Coroner-Marshall	-	-	-	-	90,489	90,489
Probation Officer	-	-	-	-	21,349	21,349
District Attorney	-	-	-	-	17,336	17,336
Other	360	361	54	307	-	54
Total public protection	45,125	45,456	39,376	6,080	129,174	168,550

The notes to the required supplementary information is an integral part of this schedule.

County of Placer, California

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts					
	Original	Final	Actual Amounts	Variance with Final Budget	Budget to GAAP Reconciliation (Note 2)	Actual Amounts - GAAP Basis
Public assistance:						
Human Services	25,982	27,654	26,977	677	-	26,977
Client and Program Aid	36,517	40,000	38,330	1,670	-	38,330
Veteran's Services	528	528	440	88	-	440
Total public assistance	63,027	68,182	65,747	2,435	-	65,747
Health and sanitation:						
Health Services	86,330	91,062	85,803	5,259	-	85,803
Recreation and cultural services:						
Other	4,608	4,719	4,320	399	-	4,320
Education:						
Other	343	343	326	17	-	326
Debt service:						
Principal	30	30	-	30	497	497
Interest and fiscal charges	-	-	-	-	75	75
Capital outlay	395	622	364	258	985	1,349
Total expenditures	267,928	278,870	236,157	42,713	136,679	372,836
Excess of revenues over expenditures	59,344	62,297	100,227	37,930	(69,576)	30,651
Other Financing Sources (Uses)						
Capital lease financing	-	-	-	-	555	555
Proceeds from sale of capital assets	32	32	7	(25)	118	125
Transfers in	955	2,265	939	(1,326)	39	978
Transfers out	(91,016)	(94,130)	(95,430)	(1,300)	68,572	(26,858)
Total other financing sources (uses)	(90,029)	(91,833)	(94,484)	(2,651)	69,284	(25,200)
Net change in fund balance	$ (30,685)	$ (29,536)	5,743	$ 35,279	(292)	5,451
Fund balance, beginning of year			124,939		26,106	151,045
Fund balance, end of year			$ 130,682		$ 25,814	$ 156,496

The notes to the required supplementary information is an integral part of this schedule.

County of Placer, California

Low and Moderate Income Housing Asset Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Investment earnings	$ -	$ -	$ 13	$ 13
Intergovernmental	-	1,452	504	(948)
Charges for services	-	89	549	460
Total revenues	-	1,541	1,066	(475)
Expenditures				
Current:				
Community development	4	1,914	1,022	892
Debt service:				
Prinicpal	-	1,059	1,059	-
Interest and fiscal charges	-	563	563	-
Capital outlay	-	-	-	-
Total expenditures	4	3,536	2,644	892
Deficiency of revenues under expenditures	(4)	(1,995)	(1,578)	417
Other Financing Sources (Uses)				
Transfers in	-	817	318	(499)
Transfers out	-	(26)	-	26
Total other financing sources	-	791	318	(473)
Net change in fund balance	$ (4)	$ (1,204)	(1,260)	$ (56)
Fund balance, beginning of year			3,010	
Fund balance, end of year			$ 1,750	

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

County of Placer, California

Road Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	$ 1,225	$ 1,225	$ 1,718	$ 493
Licenses and permits	77	77	44	(33)
Investment earnings	137	137	84	(53)
Intergovernmental	82,023	94,839	57,139	(37,700)
Charges for services	2,508	4,458	6,130	1,672
Miscellaneous	50	50	273	223
Total revenues	86,020	100,786	65,388	(35,398)
Expenditures				
Current:				
Public ways and facilities:				
Road maintenance	14,631	14,778	13,356	1,422
Engineering	55,114	75,717	22,218	53,499
Total public ways and facilities	69,745	90,495	35,574	54,921
Capital outlay	28,693	30,493	29,315	1,178
Total expenditures	98,438	120,988	64,889	56,099
Exess (deficiency) of revenues over (under) expenditures	(12,418)	(20,202)	499	20,701
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	20	20
Transfers in	12,425	16,720	6,919	(9,801)
Transfers out	(250)	(250)	(225)	25
Total other financing sources	12,175	16,470	6,714	(9,756)
Net change in fund balance	$ (243)	$ (3,732)	7,213	$ 10,945
Fund balance, beginning of year			53,112	
Fund balance, end of year			$ 60,325	

The notes to the required supplementary information is an integral part of this schedule.

NOTE 1 – BUDGETARY AND LEGAL COMPLIANCE

In accordance with provisions of Sections 29000 through 29144 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, the appropriations are governed by the adopted proposed budget approved by the Board of Supervisors (Board).

A balanced operating budget is adopted each fiscal year for the General, Special Revenue, Capital Projects, Debt Service, Enterprise and Internal Service Funds, except for the Gold Country Settlement Funding Corporation Debt Service Fund. The budget is adopted on a modified accrual basis for the General, Special Revenue, Capital Projects and Debt Service Funds including encumbrances to reflect estimated revenues and expenditures. The budget is adopted on an accrual basis for Enterprise and Internal Service Funds. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. The prior year fund balance is used as part of the balancing formula. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Supplemental appropriations may be made during the year by the Board if revenues are received from unanticipated sources, or from anticipated sources, but in excess of estimates thereof. Management cannot amend the budget without the Board's approval. Budget amounts reported in the accompanying financial statements reflect the original budget and the final budget, as amended. All unencumbered budget appropriations lapse at the end of the fiscal year.

The legal level of budgetary control is exercised at the budget unit (departmental) level. Amendments and transfers of appropriations between budget units or that involves the addition or deletion of a project or piece of equipment must be approved by the Board. Management can make adjustments of appropriations, at their discretion, within or between objects within the same budget unit. For the fiscal year ended June 30, 2013, there were no expenditures in excess of the adopted appropriations.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Amounts remaining encumbered at year-end are reappropriated and honored during the subsequent year until expended or canceled. The results of operations presented for budgetary purposes for the General Fund and major Special Revenue Funds include the effects of both expenditures and encumbrances.

NOTE 2 – BUDGET TO GAAP RECONCILIATION

As a result of implementing GASB Statement No. 54 during the fiscal year ended June 30, 2011, funds previously reported as County special revenue funds (Public Safety Fund, Gold Country Tourism and Promotions Fund, Lake Tahoe Tourism and Promotions Fund, and Open Space Fund) no longer meet the revised definition of a special revenue fund and thus the activity of these funds is now reported in the General Fund. The table below describes the budget to GAAP reconciliation reporting for these funds:

COUNTY OF PLACER, CALIFORNIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 – BUDGET TO GAAP RECONCILIATION (Continued)

	General Fund Appropriations				
	Public Safety	**Gold Country Tourism and Promotions**	**Lake Tahoe Tourism and Promotions**	**Open Space**	**Budget to GAAP Recon.**
Revenue					
Taxes	$ -	$ 194	$ 6,743	$ -	$ 6,937
Licenses and permits	32	-	-	-	32
Fines, forfeitures and penalties	986	-	-	-	986
Investment earnings	70	-	25	8	103
Intergovernmental	52,813	-	-	-	52,813
Charges for services	5,566	-	-	-	5,566
Contributions and donations	22	-	-	205	227
Miscellaneous	439	-	-	-	439
Total revenues	59,928	194	6,768	213	67,103
Expenditures					
Current:					
General Government:					
Tourism and Promotions	-	4	5,768	-	5,772
Open Space	-	-	-	176	176
Total general government	-	4	5,768	176	5,948
Public protection:					
Sheriff-Coroner-Marshall	90,489	-	-	-	90,489
Probation Officer	21,349	-	-	-	21,349
District Attorney	17,336	-	-	-	17,336
Total public protection	129,174	-	-	-	129,174
Debt service:					
Principal	497	-	-	-	497
Interest and fiscal charges	75	-	-	-	75
Capital outlay	985	-	-	-	985
Total expenditures	130,731	4	5,768	176	136,679
Deficiency of revenues under expenditures	(70,803)	190	1,000	37	(69,576)
Other Financing Sources (Uses)					
Capital lease financing	555	-	-	-	555
Proceeds from sale of capital assets	118	-	-	-	118
Transfers in	73,377	-	-	158	73,535
Transfers out	(869)	(185)	(3,870)	-	(4,924)
Total other financing sources (uses)	73,181	(185)	(3,870)	158	69,284
Net change	$ 2,378	$ 5	$ (2,870)	$ 195	$ (292)

COUNTY OF PLACER

STATE OF CALIFORNIA

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Placer County Housing Authority Fund	This fund is used to account for the Section 8 housing program.
Community Revitalization Fund	This fund is used to account for the administration of the County's community development grants, including but not limited to, CDBG, HOME and other General Allocation and Native American grants.
Special Aviation Fund	This fund is used to account for federal airport and other revenues and expenditures for the provision of capital improvements and equipment maintenance at the Blue Canyon Airport.
DMV Special Collections	This fund is used to account for additional motor vehicle registration fees to be used for the purpose of deterring, investigating and prosecuting vehicle theft.
Fish and Game Fund	This fund is used to account for fines and forfeitures received under Section 13003 of the Fish and Game Code and their expenditure for the propagation and conservation of fish and wildlife.
County Library Fund	This fund is used to account for taxes and other revenues collected throughout the County, excluding the cities of Roseville and Lincoln, which are restricted to fund the operation of libraries within those areas.
Fire Control Fund	This fund is used to account for revenues and expenditures of funds earmarked for fire protection services in the unincorporated areas of the County.
Lighting Districts Fund	This fund is used to account for taxes, assessments and other revenues collected in specific areas of the County, which are restricted to fund street lighting in the unincorporated areas of the County.
County Service Areas Fund	This fund is used to account for taxes, assessments and other revenues collected in specific areas of the County which are restricted to fund a County Service Area which provides services such as landscaping, flood control, parks and recreation, and drainage or to pay down debt incurred for public improvements in specific service areas of County-governed Special Districts

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (Continued)

IHSS Public Authority	This fund was established to account for the activities provided by the In-Home Support Services (IHSS) Public Authority.

Debt Service Fund

Certificates of Participation Fund	This fund is used to account for accumulation of resources for, and payment of, principal and interest on the County's outstanding Certificates of Participation, including activities of the North Lake Tahoe Public Financing Authority and the Placer County Public Financing Authority.
Gold Country Settlement Funding Corporation	This fund is used to account for the activity associated with the Series 2006 Tobacco Settlement Asset-Backed Bonds issued by the Corporation to securitize future tobacco settlement receipts.

COUNTY OF PLACER

STATE OF CALIFORNIA

County of Placer, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Assets:			
Cash and investments	$ 36,121	$ 358	$ 36,479
Restricted cash and investments	-	6,306	6,306
Receivables (net):			
Accounts	5	2,022	2,027
Interest	36	-	36
Notes	7,454	-	7,454
Due from other governments	689	-	689
Prepaid items	164	392	556
Advances to other funds	533	-	533
Total assets	$ 45,002	$ 9,078	$ 54,080
Liabilities			
Liabilities:			
Accounts payable and accrued liabilities	$ 595	$ -	$ 595
Due to other funds	122	-	122
Deposits from others	26	-	26
Unearned revenue	7,471	-	7,471
Advances from other funds	678	-	678
Total liabilities	8,892	-	8,892
Fund balances:			
Nonspendable	712	392	1,104
Restricted	31,359	8,328	39,687
Committed	4,037	-	4,037
Assigned	2	358	360
Total fund balances	36,110	9,078	45,188
Total liabilities and fund balances	$ 45,002	$ 9,078	$ 54,080

County of Placer, California

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

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ 7,658	$ -	$ 7,658
Fines, forfeitures and penalties	154	-	154
Investment earnings	126	5	131
Intergovernmental	5,590	-	5,590
Charges for services	8,538	-	8,538
Contributions and donations	82	-	82
Tobacco settlement	-	4,687	4,687
Miscellaneous	18	-	18
Total revenues	22,166	4,692	26,858
Expenditures			
Current:			
General government	3	-	3
Public protection	9,576	-	9,576
Community development	3,642	-	3,642
Health and sanitation	1,017	-	1,017
Public ways and facilities	3,691	-	3,691
Education	5,967	-	5,967
Debt service:			
Principal	-	4,740	4,740
Interest and fiscal charges	-	4,275	4,275
Capital outlay	638	-	638
Total expenditures	24,534	9,015	33,549
Deficiency of revenues under expenditures	(2,368)	(4,323)	(6,691)
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	12	-	12
Transfers in	2,848	4,691	7,539
Transfers out	(979)	-	(979)
Total other financing sources (uses)	1,881	4,691	6,572
Net change in fund balances	(487)	368	(119)
Fund balances, beginning of year	36,597	8,710	45,307
Fund balances, end of year	$ 36,110	$ 9,078	$ 45,188

County of Placer, California

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013
(Dollars in Thousands)

	Placer County Housing Authority	Community Revitalization	Special Aviation	DMV Special Collections
Assets				
Assets				
Cash and investments	$ 563	$ 1,727	$ 57	$ 1,154
Receivables (net):				
Accounts	-	-	-	-
Interest	1	2	-	1
Notes	-	7,454	-	-
Due from other governments	-	-	-	180
Prepaid items	161	-	-	-
Advances to other funds	-	-	-	-
Total assets	$ 725	$ 9,183	$ 57	$ 1,335
Liabilities:				
Liabilities:				
Accounts payable and accrued liabilities	$ 8	$ -	$ -	$ 226
Due to other funds	-	-	-	-
Deposits from others	-	17	-	-
Unearned revenue	-	7,454	-	-
Advances from other funds	-	-	-	-
Total liabilities	8	7,471	-	226
Fund balances:				
Nonspendable	161	-	-	-
Restricted	556	1,712	57	1,107
Committed	-	-	-	-
Assigned				2
Total fund balances	717	1,712	57	1,109
Total liabilities and fund balances	$ 725	$ 9,183	$ 57	$ 1,335

Fish and Game	County Library	Fire Control	Lighting Districts	County Service Areas	IHSS Public Authority	Total Nonmajor Special Revenue Funds
$ 19	$ 1,393	$ 3,144	$ 4,447	$ 23,617	$ -	$ 36,121
-	-	-	-	5	-	5
-	1	3	4	24	-	36
-	-	-	-	-	-	7,454
-	-	90	-	277	142	689
-	3	-	-	-	-	164
-	-	533	-	-	-	533
$ 19	$ 1,397	$ 3,770	$ 4,451	$ 23,923	$ 142	$ 45,002
$ -	$ 196	$ 36	$ 17	$ 92	$ 20	$ 595
-	-	-	-	-	122	122
-	-	-	-	9	-	26
-	-	-	-	17	-	7,471
-	-	-	-	678	-	678
-	196	36	17	796	142	8,892
-	18	533	-	-	-	712
19	347	-	4,434	23,127	-	31,359
-	836	3,201	-	-	-	4,037
-	-	-	-	-	-	2
19	1,201	3,734	4,434	23,127	-	36,110
$ 19	$ 1,397	$ 3,770	$ 4,451	$ 23,923	$ 142	$ 45,002

County of Placer, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Placer County Housing Authority	Community Revitalization	Special Aviation	DMV Special Collections
Revenues				
Taxes	$ -	$ -	$ -	$ -
Fines, forfeitures and penalties	-	-	-	-
Investment earnings	4	6	1	2
Intergovernmental	2,226	982	10	739
Charges for services	-	82	-	-
Contributions and donations	-	-	-	-
Miscellaneous	-	11	-	-
Total revenues	2,230	1,081	11	741
Expenditures				
Current:				
General government	-	-	-	-
Public protection	-	-	-	479
Community development	2,311	1,331	-	-
Health and sanitation	-	-	-	-
Public ways and facilities	-	-	3	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	2,311	1,331	3	479
Excess (deficiency) of revenues over (under) expenditures	(81)	(250)	8	262
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(347)	-	(132)
Total other financing sources (uses)	-	(347)	-	(132)
Net change in fund balances	(81)	(597)	8	130
Fund balances, beginning of year	798	2,309	49	979
Fund balances, end of year	$ 717	$ 1,712	$ 57	$ 1,109

Fish and Game	County Library	Fire Control	Lighting Districts	County Service Areas	IHSS Public Authority	Total Nonmajor Special Revenue Funds
$ -	$ 3,782	$ 1,437	$ 15	$ 2,424	$ -	$ 7,658
10	144	-	-	-	-	154
-	8	17	10	78	-	126
-	111	346	-	700	476	5,590
-	225	48	1,491	6,692	-	8,538
-	82	-	-	-	-	82
-	6	-	-	1	-	18
10	4,358	1,848	1,516	9,895	476	22,166
-	-	-	-	3	-	3
7	-	2,472	-	6,618	-	9,576
-	-	-	-	-	-	3,642
-	-	-	-	520	497	1,017
-	-	-	930	2,758	-	3,691
-	5,967	-	-	-	-	5,967
-	-	-	-	638	-	638
7	5,967	2,472	930	10,537	497	24,534
3	(1,609)	(624)	586	(642)	(21)	(2,368)
-	-	-	-	12	-	12
5	1,487	1,116	87	132	21	2,848
-	-	-	-	(500)	-	(979)
5	1,487	1,116	87	(356)	21	1,881
8	(122)	492	673	(998)	-	(487)
11	1,323	3,242	3,761	24,125	-	36,597
$ 19	$ 1,201	$ 3,734	$ 4,434	$ 23,127	$ -	$ 36,110

COUNTY OF PLACER

STATE OF CALIFORNIA

County of Placer, California

Placer County Housing Authority Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Investment earnings	$ 15	$ 15	$ 4	$ (11)
Intergovernmental	2,463	2,463	2,226	(237)
Total revenues	2,478	2,478	2,230	(248)
Expenditures				
Current:				
Community development	2,592	2,592	2,311	281
Excess (deficiency of revenues over (under) expenditures	(114)	(114)	(81)	33
Net change in fund balance	$ (114)	$ (114)	(81)	$ 33
Fund balance, beginning of year			798	
Fund balance, end of year			$ 717	

County of Placer, California

Community Revitalization Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Investment earnings	$ -	$ -	$ 6	$ 6
Intergovernmental	1,264	1,264	982	(282)
Charges for services	46	46	82	36
Miscellaneous	-	-	11	11
Total revenues	1,310	1,310	1,081	(229)
Expenditures				
Current:				
Community development	969	969	1,331	(362)
Excess (deficiency) of revenues over (under) expenditures	341	341	(250)	(591)
Other Financing Sources (Uses)				
Transfers in	26	26	-	(26)
Transfers out	(367)	(367)	(347)	20
Total other financing uses	(341)	(341)	(347)	(6)
Net change in fund balance	$ -	$ -	(597)	$ (597)
Fund balance, beginning of year			2,309	
Fund balance, end of year			$ 1,712	

County of Placer, California

Special Aviation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Investment earnings	$ -	$ -	$ 1	$ 1
Intergovernmental	10	37	10	(27)
Total revenues	10	37	11	(26)
Expenditures				
Current:				
Public ways and facilities:				
Public transit	13	43	3	40
Net change in fund balance	$ (3)	$ (6)	8	$ 14
Fund balance, beginning of year			49	
Fund balance, end of year			$ 57	

County of Placer, California

DMV Special Collections Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Investment earnings	$ 25	$ 25	$ 2	$ (23)
Intergovernmental	691	709	739	30
Total revenues	716	734	741	7
Expenditures				
Current:				
Public protection:				
DMV special collections	914	1,710	479	1,231
Excess (deficiency) of revenues over (under) expenditures	(198)	(976)	262	1,238
Other Financing Sources (Uses)				
Transfers out	-	-	(132)	(132)
Net change in fund balance	$ (198)	$ (976)	130	$ 1,106
Fund balance, beginning of year			979	
Fund balance, end of year			$ 1,109	

County of Placer, California

Fish and Game Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, forfeitures and penalties	$ 1	$ 1	$ 10	$ 9
Expenditures				
Current:				
Public protection	8	8	7	1
Excess of revenues over expenditures	(7)	(7)	3	10
Other Financing Sources (Uses)				
Transfers in	5	5	5	-
Net change in fund balance	$ (2)	$ (2)	8	$ 10
Fund balance, beginning of year			11	
Fund balance, end of year			$ 19	

County of Placer, California

County Library Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	$ 3,634	$ 3,661	$ 3,782	$ 121
Fines, forfeitures and penalties	147	147	144	(3)
Investment earnings	21	21	8	(13)
Intergovernmental	59	61	111	50
Charges for services	211	211	225	14
Contributions and donations	93	128	82	(46)
Miscellaneous	16	95	6	(89)
Total revenues	4,181	4,324	4,358	34
Expenditures				
Current:				
Education	6,133	6,170	5,967	203
Deficiency of revenues under expenditures	(1,952)	(1,846)	(1,609)	237
Other Financing Sources				
Transfers in	1,546	1,510	1,487	(23)
Net change in fund balance	$ (406)	$ (336)	(122)	$ 214
Fund balance, beginning of year			1,323	
Fund balance, end of year			$ 1,201	

County of Placer, California

Fire Control Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget - Positive (Negative)**
Revenues				
Taxes	$ 1,322	$ 1,322	$ 1,437	$ 115
Investment earnings	45	45	17	(28)
Intergovernmental	311	327	346	19
Charges for services	75	75	48	(27)
Total revenues	1,753	1,769	1,848	79
Expenditures				
Current:				
Public protection:				
Fire protection	2,975	2,948	2,472	476
Capital outlay	449	547	-	547
Total expenditures	3,424	3,495	2,472	1,023
Deficiency of revenues under expenditures	(1,671)	(1,726)	(624)	1,102
Other Financing Sources (Uses)				
Transfers in	1,420	1,471	1,116	(355)
Net change in fund balance	$ (251)	$ (255)	492	$ 747
Fund balance, beginning of year			3,242	
Fund balance, end of year			$ 3,734	

County of Placer, California

Lighting Districts Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	$ 11	$ 11	$ 15	$ 4
Investment earnings	37	37	10	(27)
Charges for services	1,771	1,529	1,491	(38)
Total revenues	1,819	1,577	1,516	(61)
Expenditures				
Current:				
Public ways and facilities	1,475	1,582	930	652
Excess (deficiency) of revenues over (under) expenditures	344	(5)	586	591
Other Financing Sources (Uses)				
Transfers in	87	87	87	-
Net change in fund balance	$ 431	$ 82	673	$ 591
Fund balance, beginning of year			3,761	
Fund balance, end of year			$ 4,434	

County of Placer, California

County Service Areas Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes	$ 2,282	$ 2,302	$ 2,424	$ 122
Investment earnings	393	363	78	(285)
Intergovernmental	112	179	700	521
Charges for services	6,758	6,861	6,692	(169)
Miscellaneous	-	-	1	1
Total revenues	9,545	9,705	9,895	190
Expenditures				
Current:				
General government	4	34	3	31
Public protection	7,047	7,365	6,618	747
Health and sanitation	1,778	1,786	520	1,266
Public ways and facilities	1,342	4,767	2,758	2,009
Debt service:				
Principal	128	284	-	284
Interest and fiscal charges	32	21	-	21
Capital outlay	500	636	638	(2)
Total expenditures	10,831	14,893	10,537	4,356
Deficiency of revenues under expenditures	(1,286)	(5,188)	(642)	4,546
Other Financing Sources (Uses)				
Issuance of long-term debt	-	145	-	(145)
Proceeds from sale of capital assets	-	-	12	12
Transfers in	59	169	132	(37)
Transfers out	(6)	(506)	(500)	6
Total other financing sources (uses)	53	(192)	(356)	(164)
Net change in fund balance	$ (1,233)	$ (5,380)	(998)	$ 4,382
Fund balance, beginning of year			24,125	
Fund balance, end of year			$ 23,127	

County of Placer, California

IHSS Public Authority Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Use of money and property	$ (2)	$ (2)	$ -	$ 2
Intergovernmental	435	435	476	41
Charges for services	152	152	-	(152)
Total revenues	585	585	476	(109)
Expenditures				
Current:				
Health and sanitation	785	785	497	288
Deficiency of revenues under expenditures	(200)	(200)	(21)	179
Other Financing Sources				
Transfers in	198	198	21	(177)
Net change in fund balance	$ (2)	$ (2)	-	$ 2
Fund balance, beginning of year			-	
Fund balance, end of year			$ -	

County of Placer, California

Public Safety Appropriation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Licenses and permits	$ 32	$ 32	$ 32	$ -
Fines, forfeitures and penalties	133	133	986	853
Investment earnings	-	-	70	70
Intergovernmental	50,212	52,175	52,813	638
Charges for services	5,455	5,421	5,566	145
Contributions and donations	20	20	22	2
Miscellaneous	1,550	436	439	3
Total revenues	57,402	58,217	59,928	1,711
Expenditures				
Current:				
Public protection:				
Sheriff-Coroner-Marshall	93,188	93,349	90,489	2,860
Probation Officer	22,465	22,615	21,349	1,266
District Attorney	18,876	19,214	17,336	1,878
Total public protection	134,529	135,178	129,174	6,004
Debt service:				
Principal	619	624	497	127
Interest and fiscal charges	112	114	75	39
Capital outlay	4,830	3,957	985	2,972
Total expenditures	140,090	139,873	130,731	9,142
Deficiency of revenues under expenditures	(82,688)	(81,656)	(70,803)	10,853
Other Financing Sources (Uses)				
Capital lease financing	362	757	555	(202)
Proceeds from sale of capital assets	21	122	118	(4)
Transfers in	74,943	74,049	73,377	(672)
Transfers out	(158)	(3,222)	(869)	2,353
Total other financing sources (uses)	75,168	71,706	73,181	1,475
Net change in fund balance	$ (7,520)	$ (9,950)	$ 2,378	$ 12,328

County of Placer, California

Gold Country Tourism and Promotions Appropriation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	$ 185	$ 185	$ 194	$ 9
Investment earnings	1	1	-	(1)
Total revenues	186	186	194	8
Expenditures				
Current:				
General government:				
Tourism and promotions	1	8	4	4
Excess of revenues over expenditures	185	178	190	12
Other Financing Sources (Uses)				
Transfers out	(185)	(185)	(185)	-
Net change in fund balance	$ -	$ (7)	$ 5	$ 12

County of Placer, California

Lake Tahoe Tourism and Promotions Appropriation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	$ 6,000	$ 5,800	$ 6,743	$ 943
Investment earnings	-	-	25	25
Total revenues	6,000	5,800	6,768	968
Expenditures				
Current:				
General government:				
Tourism and promotions	11,508	11,845	5,768	6,077
Excess (deficiency) of revenues over (under) expenditures	(5,508)	(6,045)	1,000	7,045
Other Financing Sources (Uses)				
Transfers out	(98)	(98)	(3,870)	(3,772)
Net change in fund balance	$ (5,606)	$ (6,143)	$ (2,870)	$ 3,273

County of Placer, California

Open Space Appropriation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Investment earnings	$ 20	$ 20	$ 8	$ (12)
Contributions and donations	200	200	205	5
Total revenues	220	220	213	(7)
Expenditures				
Current:				
General government:				
Open space	370	457	176	281
Capital outlay	-	288	-	288
Total expenditures	370	745	176	569
Excess (deficiency) of revenues over (under) expenditures	(150)	(525)	37	562
Other Financing Sources (Uses)				
Transfers in	200	236	158	(78)
Transfers out	(50)	-	-	-
Total other financing sources	150	236	158	(78)
Net change in fund balance	$ -	$ (289)	$ 195	$ 484

County of Placer, California

Capital Improvements Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Fines, forfeitures and penalties	$ -	$ -	$ 668	$ 668
Investment earnings	300	150	38	(112)
Intergovernmental	8,322	7,434	2,134	(5,300)
Charges for services	-	-	4,354	4,354
Contributions and donations	20	20	-	(20)
Miscellaneous	-	-	103	103
Total revenues	8,642	7,604	7,297	(307)
Expenditures				
Public ways and facilities	2,752	2,752	1,359	1,393
Interest and fiscal charges	-	-	20	(20)
Capital outlay	72,188	78,329	23,862	54,467
Total expenditures	74,940	81,081	25,241	55,840
Deficiency of revenues under expenditures	(66,298)	(73,477)	(17,944)	55,533
Other Financing Sources (Uses)				
Transfers in	48,726	50,611	21,812	(28,799)
Transfers out	-	-	(1,504)	(1,504)
Total other financing sources	48,726	50,611	20,308	(30,303)
Net change in fund balance	$ (17,572)	$ (22,866)	2,364	$ 25,230
Fund balance, beginning of year			84,643	
Fund balance, end of year			$ 87,007	

County of Placer, California

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2013
(Dollars in Thousands)

	Certificates of Participation	Gold Country Settlement	Total Nonmajor Debt Service Funds
Assets			
Assets:			
Cash and investments	$ 358	$ -	$ 358
Restricted cash and investments	-	6,306	6,306
Receivables (net):			
Accounts	-	2,022	2,022
Prepaid items	392	-	392
Total assets	$ 750	$ 8,328	$ 9,078
Fund Balances			
Nonspendable	$ 392	$ -	$ 392
Restricted	-	8,328	8,328
Assigned	358	-	358
Total liabilities and fund balances	$ 750	$ 8,328	$ 9,078

County of Placer, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Certificates of Participation	Gold Country Settlement	Total Nonmajor Debt Service Funds
Revenues			
Investment earnings	$ 4	$ 1	$ 5
Tobacco settlement	-	4,687	4,687
Total revenues	4	4,688	4,692
Expenditures			
Debt service:			
Principal	2,475	2,265	4,740
Interest and fiscal charges	1,878	2,397	4,275
Total expenditures	4,353	4,662	9,015
Excess (deficiency) of revenues over (under) expenditures	(4,349)	26	(4,323)
Other Financing Sources			
Transfers in	4,691	-	4,691
Net change in fund balances	342	26	368
Fund balances, beginning of year	408	8,302	8,710
Fund balances, end of year	$ 750	$ 8,328	$ 9,078

County of Placer, California

Certificates of Participation Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Investment earnings	$ 4	$ 4	$ 4	$ -
Expenditures				
Current:				
General government	24	24	-	24
Debt service:				
Principal	2,475	2,475	2,475	-
Interest and fiscal charges	1,858	1,858	1,878	(20)
Total expenditures	4,357	4,357	4,353	4
Deficiency of revenues under expenditures	(4,353)	(4,353)	(4,349)	4
Other Financing Sources				
Transfers in	4,353	4,353	4,691	338
Net change in fund balance	$ -	$ -	342	$ 342
Fund balance, beginning of year			408	
Fund balance, end of year			$ 750	

Internal Service Funds

Internal Service Funds

County Services Fund	This fund is used to account for the costs of providing services to County departments, including: telecommunications, countywide systems and technology projects, automotive fleet, reprographics, mail and records management services. Revenues are generated based on fees charged for services provided.
District Services Fund	This fund is used to account for the costs of providing services to County-governed utility districts, a county service area, and municipal advisory councils. Revenues are generated mainly through user charges and connection fees.
Self Insurance Fund	This fund is used to account for the costs of administering the County's risk management program, which includes: unemployment, general liability, workers' compensation, dental and vision insurance. This fund also accounts for health insurance premiums for retirees who have sick leave vested on the books. The primary source of revenues for the fund is premiums paid by other funds.

County of Placer, California

Combining Statement of Net Position
Internal Service Funds
June 30, 2013
(Dollars in Thousands)

	County Services	District Services	Self Insurance	Total
Assets				
Current assets:				
Cash and investments	$ 8,793	$ 2,957	$ 23,990	$ 35,740
Receivables, (net):				
Accounts	23	6	-	29
Interest	7	2	24	33
Due from other governments	1	-	-	1
Inventories	803	-	-	803
Prepaid items	5	-	36	41
Total current assets	9,632	2,965	24,050	36,647
Noncurrent assets:				
Restricted cash and investments	-	-	100	100
Advances to other funds	-	230	-	230
Capital assets:				
Nondepreciable	1,006	-	-	1,006
Depreciable, net	12,504	1,039	1	13,544
Total capital assets, net	13,510	1,039	1	14,550
Total noncurrent assets	13,510	1,269	101	14,880
Total assets	23,142	4,234	24,151	51,527
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	1,089	310	1,058	2,457
Deposits from others	-	5	-	5
Compensated absences	87	87	486	660
Self insurance liability	-	-	3,863	3,863
Capital lease obligations	37	-	-	37
Total current liabilities	1,213	402	5,407	7,022
Noncurrent liabilities:				
Compensated absences	780	786	2,737	4,303
Advances from other funds	-	22	-	22
Self insurance liability	-	-	9,476	9,476
Capital lease obligations	130	-	-	130
Total noncurrent liabilities	910	808	12,213	13,931
Total liabilities	2,123	1,210	17,620	20,953
Net Position				
Net investment in capital assets	13,343	1,039	1	14,383
Unrestricted	7,676	1,985	6,530	16,191
Total net position	$ 21,019	$ 3,024	$ 6,531	$ 30,574

County of Placer, California

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	County Services	District Services	Self Insurance	Total
Operating Revenues				
Insurance charges	$ -	$ -	$ 6,940	$ 6,940
Automotive mileage	7,810	-	-	7,810
Telecommunication fees	3,637	-	-	3,637
Food services	3,092	-	-	3,092
Special district fees	795	9,918	-	10,713
Materials and supplies	211	-	-	211
Data processing maintenance service	1,948	-	-	1,948
Printing services	1,709	-	-	1,709
Mailing services	293	-	-	293
Miscellaneous	74	-	-	74
Total operating revenues	19,569	9,918	6,940	36,427
Operating Expenses				
Salaries and employee benefits	6,997	7,703	3,236	17,936
Service and supplies	12,415	1,785	4,830	19,030
Depreciation	2,221	193	2	2,416
Judgments and damages	-	-	3,567	3,567
Total operating expenses	21,633	9,681	11,635	42,949
Operating income (loss)	(2,064)	237	(4,695)	(6,522)
Nonoperating Revenues				
Investment earnings	19	17	75	111
Interest expense	(3)	-	-	(3)
Gain (loss) on disposal of capital assets	(508)	8	-	(500)
Intergovernmental	48	-	-	48
Total nonoperating revenues	(444)	25	75	(344)
Income (loss) before capital contributions and transfers	(2,508)	262	(4,620)	(6,866)
Capital contributions	22	-	-	22
Transfers in	1,346	12	112	1,470
Transfers out	(284)	(761)	(449)	(1,494)
Change in net position	(1,424)	(487)	(4,957)	(6,868)
Total net position, beginning of year	22,443	3,511	11,488	37,442
Total net position, end of year	$ 21,019	$ 3,024	$ 6,531	$ 30,574

County of Placer, California

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	County Services	District Services	Self Insurance	Total
Cash Flows from Operating Activities				
Receipts from customers and users	$ 19,594	$ 9,918	$ 6,940	$ 36,452
Payments to suppliers	(12,220)	(1,802)	(4,372)	(18,394)
Payments to employees	(6,939)	(7,680)	(3,002)	(17,621)
Payments of judgements and claims	-	-	(6,624)	(6,624)
Net cash provided by (used in) operating activities	435	436	(7,058)	(6,187)
Cash Flows from Noncapital Financing Activities				
Payments made on advances from other funds	-	(23)	-	(23)
Advances repaid	-	23	-	23
Taxes and aid from other governments	48	-	1	49
Transfers in	1,346	12	112	1,470
Transfers out	(284)	(761)	(449)	(1,494)
Net cash provided by (used in) noncapital financing activities	1,110	(749)	(336)	25
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(1,959)	-	-	(1,959)
Proceeds from sale of capital assets	46	8	-	54
Principal paid on long term debt	(19)	-	-	(19)
Interest paid	(3)	-	-	(3)
Net cash provided by (used in) capital and related financing activities	(1,935)	8	-	(1,927)
Cash Flows from Investing Activities				
Interest received	22	16	86	124
Net decrease in cash and cash equivalents	(368)	(289)	(7,308)	(7,965)
Cash and cash equivalents, beginning of year	9,161	3,246	31,398	43,805
Cash and cash equivalents, end of year	$ 8,793	$ 2,957	$ 24,090	$ 35,840
Reconciliation of cash and cash equivalents to the statement of net position:				
Cash and investments	$ 8,793	$ 2,957	$ 23,990	$ 35,740
Restricted cash and investments	-	-	100	100
Total cash and cash equivalents	$ 8,793	$ 2,957	$ 24,090	$ 35,840
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (2,064)	$ 237	$ (4,695)	$ (6,522)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	2,221	193	2	2,416
Decrease in accounts receivable	25	-	-	25
(Increase) in inventories	(33)	-	-	(33)
(Increase) decrease in prepaid items	4	-	(36)	(32)
Increase (decrease) in accounts payable and accrued liabilities	230	(19)	500	711
(Decrease) in deposits from others	-	-	(5)	(5)
Increase in compensated absences	52	25	233	310
(Decrease) in self-insurance liability	-	-	(3,057)	(3,057)
Total adjustments	2,499	199	(2,363)	335
Net cash provided by (used in) operating activities	$ 435	$ 436	$ (7,058)	$ (6,187)
Noncash financing and investing activities:				
Transfer of capital assets from governmental activities	$ 22	$ -	$ -	$ 22
Transfer out of capital assets to governmental activities	(550)	-	-	(550)
Acquisition of capital assets through capital leases	186	-	-	186

Agency Funds

Agency Funds

Agency Funds

Unapportioned Collections	This fund accounts for property taxes receivable (secured and unsecured), court fines, amounts which are impounded because of disputes or litigation, as well as amounts held pending authority for apportionment.
1915 Act Bonds Fund	This fund accounts for the collection of property owners' debt service obligation which is used to pay principal and interest on 1915 Act Bonds.
Redevelopment Property Tax Trust Fund	This fund accounts for the distributions of property tax revenues related to each former redevelopment agency.
Withholding Fund	This fund accounts for assets held by the County in a fiduciary capacity for payroll deductions and sales taxes to be remitted to the State.
1911 Act Bonds Fund	This fund accounts for the collection of property owners' debt service obligation which is used to pay principal and interest on 1911 Act Bonds.
Other Agency Funds	This fund accounts for assets which are held for other governmental agencies or individuals by the County in a fiduciary capacity.

County of Placer, California

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Unapportioned Collections				
Assets				
Cash and investments	$ 6,351	$ 1,787,650	$ (1,787,607)	$ 6,394
Receivables (net):				
Accounts	41	58	(41)	58
Interest	13	9	(15)	7
Taxes, net	40,761	740,585	(745,462)	35,884
Due from other governments	1,079	2,251	(1,079)	2,251
Advances to other funds	1,721	-	(1,721)	-
Total assets	$ 49,966	$ 2,530,553	$ (2,534,204)	$ 44,594
Liabilities				
Due to other governments	$ 22,218	$ 17,147	$ (22,716)	$ 16,649
Agency obligations	27,748	1,045,751	(1,045,554)	27,945
Total liabilities	$ 49,966	$ 1,062,898	$ (1,068,270)	$ 44,594
1915 Act Bonds Fund				
Assets				
Cash and investments	$ 3,541	$ 12,131	$ (12,497)	$ 3,175
Receivables (net):				
Interest	4	3	(4)	3
Special assessments receivable (net)	17,433	3,017	(3,917)	16,533
Total assets	$ 20,978	$ 15,151	$ (16,418)	$ 19,711
Liabilities				
Agency obligations	$ 20,978	$ 8,184	$ (9,451)	$ 19,711
Redevelopment Property Tax Trust Fund				
Assets				
Cash and investments	$ 945	$ 26,656	$ (26,786)	$ 815
Liabilities				
Agency obligations	$ 945	$ 26,666	$ (26,796)	$ 815

County of Placer, California

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Withholding Funds				
Assets				
Cash and investments	$ 78	$ 197,678	$ (195,412)	$ 2,344
Accounts receivable	(3)	2,384	(2,381)	-
Total assets	$ 75	$ 200,062	$ (197,793)	$ 2,344
Liabilities				
Agency obligations	$ 75	$ 201,886	$ (199,617)	$ 2,344
Other Agency Funds				
Assets				
Cash and investments	$ 5,565	$ 13,002	$ (12,301)	$ 6,266
Interest receivable	2	2	(2)	2
Total assets	$ 5,567	$ 13,004	$ (12,303)	$ 6,268
Liabilities				
Agency obligations	$ 5,567	$ 10,986	$ (10,285)	$ 6,268
All Agency Funds				
Assets				
Cash and investments	$ 16,480	$ 2,037,117	$ (2,034,603)	$ 18,994
Receivables (net):				
Accounts	38	2,442	(2,422)	58
Interest	19	14	(21)	12
Taxes, net	40,761	740,585	(745,462)	35,884
Special assessments	17,433	3,017	(3,917)	16,533
Due from other governments	1,079	2,251	(1,079)	2,251
Advances to other funds	1,721	-	(1,721)	-
Total assets	$ 77,531	$ 2,785,426	$ (2,787,504)	$ 73,732
Liabilities				
Due to other governments	$ 22,218	$ 17,147	$ (22,716)	$ 16,649
Agency obligations	55,313	1,293,473	(1,291,703)	57,083
Total liabilities	$ 77,531	$ 1,310,620	$ (1,314,419)	$ 73,732

COUNTY OF PLACER
STATE OF CALIFORNIA

Statistical Section

COUNTY OF PLACER
STATE OF CALIFORNIA

Statistical Section

STATISTICAL SECTION

This part of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the County's overall financial health.

CONTENTS

Sources:
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

COUNTY OF PLACER

STATE OF CALIFORNIA

COUNTY OF PLACER, CALIFORNIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Dollars in Thousands)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Governmental Activities:										
Net investment in capital assets	$ 171,083	$ 211,897	$ 261,048	$ 308,361	$ 265,528	$ 376,110	$ 469,403	$ 555,030	$ 592,098	$ 621,752
Restricted for:										
Debt service	6,455	9,194	9,458	9,593	11,848	13,204	13,615	20,356	8,302	8,328
Capital projects	-	-	-	-	14,426	13,678	10,784	12,700	20,489	23,415
Community development	-	-	-	-	2,279	1,185	1,061	279	1,670	1,282
Public ways and facilities	62,041	74,701	90,331	105,401	100,450	106,856	84,621	60,739	68,416	78,519
Grantors	6,135	992	7,128	10,018	11,670	6,024	7,218	6,849	4,866	3,815
Mental health	-	-	-	1,726	1,100	1,212	1,432	9,398	19,185	21,841
Donors	656	-	913	1,167	1,204	1,149	1,419	1,479	1,436	1,429
State mandate	57,898	44,099	47,932	73,470	74,004	72,598	68,972	8,573	15,015	15,330
Perpetual care, nonexpendable	15	19	20	21	22	22	23	15	15	15
Other purposes	-	-	-	-	-	-	-	362	389	386
Unrestricted	133,673	161,720	177,838	191,962	287,719	219,569	213,232	198,292	195,790	197,681
Total net position, governmental activities	437,956	502,622	594,668	701,719	770,250	811,607	871,780	874,072	927,671	973,793
Business-type Activities:										
Net investment in capital assets	86,172	88,425	86,052	87,073	86,573	91,639	92,829	94,492	91,364	89,182
Restricted for:										
Capital projects	-	-	-	413	403	394	394	346	660	2,859
Unrestricted	29,932	33,658	38,879	45,010	50,718	56,025	57,811	59,467	60,272	49,930
Total net position, business-type activities	116,104	122,083	124,931	132,496	137,694	148,058	151,034	154,305	152,296	141,971
Primary Government:										
Net investment in capital assets	257,255	300,322	347,100	395,434	352,101	467,749	562,232	649,522	683,462	710,934
Restricted for:										
Debt service	6,455	9,194	9,458	10,006	12,251	13,598	14,009	20,356	8,302	8,328
Capital projects	-	-	-	-	14,426	13,678	10,784	13,046	21,149	26,274
Community development	-	-	-	-	2,279	1,185	1,061	279	1,670	1,282
Public ways and facilities	62,041	74,701	90,331	105,401	100,450	106,856	84,621	60,739	68,416	78,519
Grantors	6,135	992	7,128	10,018	11,670	6,024	7,218	6,849	4,866	3,815
Mental health	-	-	-	1,726	1,100	1,212	1,432	9,398	19,185	21,841
Donors	656	-	913	1,167	1,204	1,149	1,419	1,479	1,436	1,429
State mandates	57,898	44,099	47,932	73,470	74,004	72,598	68,972	8,573	15,015	15,330
Perpetual care, nonexpendable	15	19	20	21	22	22	23	15	15	15
Other purposes	-	-	-	-	-	-	-	362	389	386
Unrestricted	163,605	195,378	216,717	236,972	338,437	275,594	271,043	257,759	256,062	247,611
Total net position	$ 554,060	$ 624,705	$ 719,599	$ 834,215	$ 907,944	$ 959,665	$ 1,022,814	$ 1,028,377	$ 1,079,967	$ 1,115,764

Notes:

Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when (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.

COUNTY OF PLACER, CALIFORNIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Dollars in Thousands)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Expenses:										
Governmental activities:										
General government	$ 52,503	$ 60,941	$ 54,708	$ 59,411	$ 72,807	$ 67,331	$ 61,273	$ 61,505	$ 57,238	$ 55,654
Public protection	111,150	121,450	141,770	158,834	174,263	182,723	170,657	184,043	175,926	180,662
Public assistance	50,005	49,378	55,695	59,693	71,460	58,009	60,553	65,178	61,212	65,254
Community development	-	-	-	-	-	6,237	9,393	17,764	10,553	4,567
Health and sanitation	48,893	60,182	74,429	82,021	87,669	91,429	83,336	88,594	85,727	87,271
Public ways and facilities	40,083	35,566	33,021	38,414	35,299	41,296	35,806	49,138	45,841	56,677
Recreation and cultural services	595	409	3,661	4,274	4,917	5,555	4,786	4,925	4,693	4,896
Education	4,067	4,632	4,921	5,344	5,983	6,365	5,868	6,437	6,421	6,888
Interest on long-term debt	3,818	3,720	3,549	5,109	6,630	5,579	6,808	5,289	10,179	5,652
Total expenses - governmental activities	311,114	336,278	371,754	413,100	459,028	464,524	438,480	482,873	457,790	467,521
Business-type activities:										
Public transit	5,298	6,154	6,646	7,134	8,035	9,014	8,994	9,918	9,379	9,434
Property management and solid waste	4,692	5,385	6,219	4,252	4,624	4,899	4,479	5,019	4,755	4,505
Community health clinics	9,323	9,530	-	-		-	-	-	-	-
Energy efficiency	-	-	-	-	-	-	469	385	500	424
County service areas - sewer and water	908	1,006	1,297	1,309	2,010	2,026	1,617	2,000	1,778	2,429
Sewer maintenance	8,312	9,018	9,410	10,911	11,485	9,842	10,796	12,241	11,197	16,455
Total expenses - business-type activities	28,533	31,093	23,572	23,606	26,154	25,781	26,355	29,563	27,609	33,247
Total expenses - primary government	339,647	367,371	395,326	436,706	485,182	490,305	464,835	512,436	485,399	500,768
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	18,587	28,593	46,652	39,718	47,738	51,936	51,501	41,572	38,608	39,034
Public protection	19,108	24,457	22,405	30,475	24,063	24,982	25,352	25,658	20,284	21,734
Public assistance	564	304	116	235	761	117	48	16	9	72
Community development	-	-	-	-	-	785	356	1,043	925	631
Health and sanitation	4,715	3,805	5,307	7,685	5,718	6,242	6,372	6,251	6,527	7,230
Public ways and facilities	15,888	20,571	10,161	13,530	18,382	12,867	23,402	11,036	7,413	8,690
Recreation and cultural services	1,246	1,305	3,458	3,430	2,592	1,918	2,160	2,913	4,296	2,556
Education	226	268	298	313	329	902	355	350	378	369
Operating grants and contributions	158,683	174,839	181,186	182,544	198,675	189,612	187,955	194,613	225,528	224,885
Capital grants and contributions	5,411	19,414	6,915	29,779	12,132	19,759	12,641	32,446	45,544	34,020
Total program revenues - governmental activities	224,428	273,556	276,498	307,709	310,390	309,120	310,142	315,898	349,512	339,221
Business-type activities:										
Charges for services:										
Public transit	655	733	770	931	1,179	1,300	1,225	1,272	1,302	1,375
Property management and solid waste	6,596	6,194	7,978	7,316	5,056	4,590	4,076	4,029	3,797	3,730
Community health clinics	876	698	-	-	-	-	-	-	-	-
Energy efficiency	-	-	-	-	-	-	-	15	80	100
County service areas - sewer and water	910	1,101	917	1,077	1,559	1,550	1,607	1,645	1,681	1,763
Sewer maintenance	9,109	9,741	9,924	10,726	12,068	11,376	12,864	12,899	12,844	12,787
Operating grants and contributions	7,257	9,078	2,479	2,932	4,463	3,900	3,350	3,574	3,601	3,298
Capital grants and contributions	4,695	3,922	171	281	785	4,517	3,196	2,022	1,491	3,855
Total program revenues - business-type activities	30,098	31,467	22,239	23,263	25,110	27,233	26,318	25,456	24,796	26,908
Total program revenues - primary government	254,526	305,023	298,737	330,972	335,500	336,353	336,460	341,354	374,308	366,129
Net (Expenses)/Program Revenues										
Governmental activities	(86,686)	(62,722)	(95,256)	(105,391)	(148,638)	(155,404)	(128,338)	(166,975)	(108,278)	(128,300)
Business-type activities	1,565	374	(1,333)	(343)	(1,044)	1,452	(37)	(4,107)	(2,813)	(6,339)
Total net expenses - primary government	(85,121)	(62,348)	(96,589)	(105,734)	(149,682)	(153,952)	(128,375)	(171,082)	(111,091)	(134,639)

COUNTY OF PLACER, CALIFORNIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Dollars in Thousands)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	86,312	89,912	131,931	147,841	156,025	152,358	140,797	134,442	130,114	129,762
Sales and use taxes	12,608	15,816	16,788	19,727	19,296	15,783	13,021	15,246	15,605	16,821
Transient occupancy tax	7,306	8,069	7,770	8,539	9,368	8,877	9,070	10,429	10,129	11,626
Real property transfer taxes	4,963	6,693	5,824	4,359	3,193	2,190	2,393	2,467	2,684	3,439
Other taxes	51	89	112	115	76	31	3	27	42	28
Grants and contributions not restricted to specific programs	1,283	458	2,660	-	777	684	693	829	852	741
Tobacco settlement	2,465	2,882	3,044	2,597	3,029	3,036	2,533	3,054	3,449	4,687
Unrestricted investment earnings	6,829	8,077	11,555	26,532	23,528	18,169	14,702	4,796	5,852	957
Miscellaneous	2,629	1,838	857	597	2,358	3,100	1,764	1,049	1,937	1,333
Transfers	(2,421)	(3,869)	284	(1,197)	(481)	(4,034)	(1,058)	(3,072)	3,370	7,536
Extraordinary item	-	-	-	-	-	-	-	-	(12,157)	-
Total governmental activities	122,025	129,965	180,825	209,110	217,169	200,194	183,918	169,267	161,877	176,930
Business-type activities:										
Property taxes	97	36	52	134	137	133	120	116	116	116
Sales and use taxes	2,811	2,506	3,410	3,924	3,066	2,725	3,322	3,176	3,230	3,263
Unrestricted investment earnings	674	799	1,095	2,653	2,558	2,020	2,018	1,014	828	171
Transfers	2,421	3,869	(284)	1,197	481	4,034	1,058	3,072	(3,370)	(7,536)
Total business-type activities	6,003	7,210	4,273	7,908	6,242	8,912	6,518	7,378	804	(3,986)
Total primary government	128,028	137,175	185,098	217,018	223,411	209,106	190,436	176,645	162,681	172,944
Changes in Net Position										
Governmental activities	35,339	67,243	85,569	103,719	68,531	44,790	55,580	2,292	53,599	48,630
Business-type activities	7,568	7,584	2,940	7,565	5,198	10,364	6,481	3,271	(2,009)	(10,325)
Total primary government	$ 42,907	$ 74,827	$ 88,509	$ 111,284	$ 73,729	$ 55,154	$ 62,061	$ 5,563	$ 51,590	$ 38,305

COUNTY OF PLACER, CALIFORNIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Dollars in Thousands)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
General Fund							
Reserved for:							
Encumbrances	$ 3,316	$ 5,118	$ 6,042	$ 6,923	$ 7,209	$ 4,557	$ 4,616
Deposits with others	-	-	-	-	-	-	-
Inventories	58	60	78	98	55	49	43
Prepaid items	601	782	1,001	791	879	949	1,092
Advances to other funds	1,780	1,235	1,157	2,612	4,020	149	106
Imprest cash	8	7	12	12	12	12	10
Unreserved, designated	4,397	4,511	78,747	88,307	74,917	73,192	55,230
Unreserved, undesignated	82,001	94,955	47,064	56,696	57,155	60,455	45,071
Total general fund	92,161	106,668	134,101	155,439	144,247	139,363	106,168
All Other Governmental Funds							
Reserved for:							
Encumbrances	11,640	22,235	19,774	19,000	17,430	15,126	35,047
Deposits with others	3	98	-	-	53	72	29
Notes receivable	4,179	-	268	-	-	-	-
Inventories	374	351	447	338	336	312	293
Prepaid items	159	179	205	244	237	178	245
Advances to other funds	807	-	-	-	680	680	556
Imprest cash	4	4	4	4	6	6	6
Debt service	5,760	5,760	9,458	9,593	10,178	11,559	12,513
Endowment	15	15	15	15	15	15	15
Unreserved, designated							-
Special revenue funds	2,392	3,254	25,846	29,302	36,031	36,048	73,079
Capital projects funds	-	-	6,977	9,489	18,597	9,514	129,665
Debt service fund	-	-	-	-	34,850	-	-
Unreserved, reported in:							
Special revenue funds	64,533	73,739	49,431	61,000	63,514	63,279	27,630
Capital projects funds	104,981	102,411	119,121	162,388	173,799	161,311	12,696
Debt service fund	3,443	3,434	8	-	-	-	7
Permanent fund	4	4	5	6	7	7	8
Total all other governmental funds	198,294	211,484	231,559	291,379	355,733	298,107	291,789
Total governmental funds	$ 290,455	$ 318,152	$ 365,660	$ 446,818	$ 499,980	$ 437,470	$ 397,957

	2010-11	2011-12	2012-13
General Fund (1)			
Nonspendable	$ 1,360	$ 1,053	$ 1,413
Restricted	16,185	34,721	38,029
Committed	60,536	61,517	63,368
Assigned	39,846	38,148	39,246
Unassigned	12,329	15,606	14,560
Subtotal general fund	130,256	151,045	156,616
All Other Governmental Funds			
Nonspendable	1,767	2,012	1,407
Restricted	115,049	105,791	117,032
Committed	58,806	48,190	37,181
Assigned	(7,278)	30,084	38,650
Unassigned	33,089	(5)	-
Subtotal all other governmental funds	201,433	186,072	194,270
Total governmental fund balance	$ 331,689	$ 337,117	$ 350,886

Notes:

(1) During the fiscal year ended June 30, 2011, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, under which governmental fund balances are reported as nonspendable, restricted, committed, assigned and unassigned.

COUNTY OF PLACER, CALIFORNIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Dollars in Thousands)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues										
Taxes	$ 105,647	$ 118,407	$ 162,425	$ 180,581	$ 187,958	$ 179,239	$ 165,284	$ 162,611	$ 158,575	$ 161,676
Licenses and permits	6,922	8,469	8,112	7,454	7,351	7,077	6,788	6,861	7,496	8,493
Fines, forfeitures and penalties	12,634	11,857	11,042	12,163	13,960	16,866	19,112	17,627	15,331	15,940
Investment earnings	6,134	7,475	10,428	23,725	21,044	16,402	13,051	4,095	5,376	846
Intergovernmental	154,468	188,685	183,632	200,242	201,232	203,295	197,680	224,114	266,828	258,097
Charges for services	46,253	59,157	64,963	72,379	73,674	71,274	79,295	60,287	51,415	52,395
Contributions and donations	662	364	1,022	1,122	871	306	635	454	416	336
Tobacco settlement	2,465	2,700	2,481	2,597	3,029	3,036	2,533	3,054	3,449	4,687
Miscellaneous	3,255	1,854	1,672	1,537	2,563	1,597	1,896	1,519	2,455	1,746
Total revenues	338,440	398,968	445,777	501,800	511,682	499,092	486,274	480,622	511,341	504,216
Expenditures										
Current:										
General government	54,578	55,713	54,552	57,685	78,261	60,101	54,520	45,088	48,806	46,172
Public protection	109,794	119,945	141,926	154,778	169,095	174,274	165,174	172,210	172,216	178,126
Public assistance	50,005	49,378	55,842	59,496	71,076	57,713	60,081	63,594	61,421	65,747
Community development	-	-	-	-	-	7,206	9,491	17,149	10,224	4,664
Health and sanitation	48,805	60,094	74,929	81,156	85,129	86,169	79,979	82,863	84,182	86,820
Public ways and facilities	19,390	27,268	29,121	48,254	44,186	49,762	53,289	32,576	35,072	40,624
Recreation and cultural services	576	338	3,638	4,124	4,708	4,466	4,339	4,016	4,128	4,320
Education	3,932	4,520	4,879	5,210	5,816	6,023	5,604	5,875	6,074	6,293
Debt service:										
Principal	1,964	2,820	1,372	1,573	1,997	4,952	3,328	3,855	4,562	6,296
Interest and fiscal charges	3,829	3,767	3,712	4,160	5,392	6,115	6,032	5,964	5,629	4,933
Bond issuance costs	-	-	1,876	1,090	802	-	-	141	-	-
Capital outlay	21,798	39,842	48,207	30,549	27,861	102,255	48,896	117,430	62,771	55,164
Total expenditures	314,671	363,685	420,054	448,075	494,323	559,036	490,733	550,761	495,085	499,159
Excess (deficiency) of revenues over (under) expenditures	23,769	35,283	25,723	53,725	17,359	(59,944)	(4,459)	(70,139)	16,256	5,057
Other Financing Sources (Uses)										
Capital lease financing	-	-	452	251	466	1,524	214	8,519	337	555
Issuance of long-term debt	1,042	1,618	71,454	25,750	36,890	409	-	-	-	-
Premium (discount) on refunding debt	-	-	(1,441)	(99)	(19)	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(53,971)	-	-	-	-	(8,945)	-	-
Proceeds from sale of capital assets	10	278	352	37	45	64	291	5,148	538	157
Transfers in	57,078	70,590	129,843	118,633	142,312	164,165	146,646	21,895	34,157	37,566
Transfers out	(62,672)	(75,892)	(131,381)	(120,471)	(143,891)	(168,728)	(144,650)	(22,746)	(31,445)	(29,566)
Total other financing sources (uses)	(4,542)	(3,406)	15,308	24,101	35,803	(2,566)	2,501	3,871	3,587	8,712
Special item	-	-	-	-	-	-	(37,555)	-	-	-
Extraordinary item	-	-	-	-	-	-	-	-	(14,415)	-
Net change in fund balances	$ 19,227	$ 31,877	$ 41,031	$ 77,826	$ 53,162	$ (62,510)	$ (39,513)	$ (66,268)	$ 5,428	$ 13,769
Debt service as a percentage of noncapital expenditures:	1.97%	2.03%	1.39%	1.44%	1.65%	2.54%	2.27%	2.27%	2.36%	2.53%

COUNTY OF PLACER, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Dollars in Thousands)

Fiscal Year Ended June 30,	Secured Residential Property	Secured Commercial Property	Secured Total Secured	Unsecured	Total	Less Exemptions	Net Assessed Value	Total Direct Tax Rate
2004	$ 26,510,346	$ 8,184,075	$ 34,694,421	$ 1,227,020	$ 35,921,441	$ 1,288,794	$ 34,632,647	1.00%
2005	31,548,256	7,594,155	39,142,411	1,294,475	40,436,886	1,390,049	39,046,837	1.00%
2006	36,680,026	8,401,905	45,081,931	1,333,306	46,415,237	1,507,798	44,907,439	1.00%
2007	43,197,241	9,305,256	52,502,497	1,427,203	53,929,700	1,607,372	52,322,328	1.00%
2008	46,681,141	10,345,369	57,026,510	1,489,487	58,515,997	1,735,282	56,780,715	1.00%
2009	47,159,595	11,333,313	58,492,908	1,599,738	60,092,646	2,010,698	58,081,948	1.00%
2010	45,150,226	12,110,136	57,260,362	1,547,054	58,807,416	2,233,933	56,573,483	1.00%
2011	43,381,746	10,557,412	53,939,158	1,474,633	55,413,791	2,375,477	53,038,314	1.00%
2012	42,542,007	9,697,142	52,239,149	1,527,027	53,766,176	2,297,247	51,468,929	1.00%
2013	42,372,354	9,805,290	52,177,644	1,489,791	53,667,435	2,359,959	51,307,476	1.00%

Notes:

Article XIIIA, added to the California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1975/76 assessment roll. Thereafter, full cash value can be increased to reflect:

a) annual inflation up to 2%; or
b) market value at the time of ownership change; or
c) market value for new construction

Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.

Source:
Placer County Auditor-Controller's Office

COUNTY OF PLACER, CALIFORNIA
PROPERTY TAX RATES [1]
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Rate per $100 of Assessed Value)

Fiscal Year Ended June 30,	County [2]	Overlapping Rates Special Districts	Schools	Cities	Total
2004	1.000000	0.077739	0.476932	0.018000	1.572671
2005	1.000000	0.043900	0.492342	0.016700	1.552942
2006	1.000000	0.036900	0.487436	0.016700	1.541036
2007	1.000000	0.029400	0.516672	0.010600	1.556672
2008	1.000000	0.027600	0.499114	0.004900	1.531614
2009	1.000000	0.015414	0.553326	0.003400	1.572140
2010	1.000000	0.030850	0.618486	0.003500	1.652836
2011	1.000000	0.037026	0.781891	0.003500	1.822417
2012	1.000000	0.023600	0.813053	0.003600	1.840253
2013	1.000000	0.030670	0.908652	0.003100	1.942422

Notes:

(1)

On June 6, 1978, California voters approved a constitutional amendment, Article XIIIA of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voting public.

(2)

Proposition 13 allows each county to levy a maximum tax of $1 per $100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

Source:
Placer County Auditor-Controller's Office

COUNTY OF PLACER, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS
BY NET ASSESSED VALUE
Current Year and Nine Years Ago
(Dollars in Thousands)

	Fiscal Year Ended June 30, 2013			Fiscal Year Ended June 30, 2004		
Taxpayer	**Net Assessed Value [1]**	**Rank**	**Percentage of Net Assessed Value**	**Net Assessed Value**	**Rank**	**Percentage of Net Assessed Value**
Pacific Gas and Electric Co.	$ 484,155	1	0.95%	$ 305,609	3	0.89%
Roseville Shoppingtown LLC	318,030	2	0.62%	198,392	4	0.58%
LV Bickford Ranch LLC	219,547	3	0.43%			
Hewlett Packard Co	124,225	4	0.24%	360,067	2	1.05%
Cellco Partnership	101,528	5	0.20%			
CPT Creekside Town Center	86,597	6	0.17%			
Trimont Land Company	78,976	7	0.16%			
Slate Creek Roseville LLC	78,209	8	0.15%			
SureWest Telephone	75,497	9	0.15%			
California Pacific Electric Company	74,340	10	0.15%			
NEC Electronics USA Inc				409,950	1	1.20%
Roseville Telephone Co				122,445	5	0.36%
Del Webb California Corp				104,978	6	0.31%
SBC California				70,271	7	0.21%
Creekside Center LLC				59,814	8	0.18%
Squaw Valley Ski Corporation				59,546	9	0.17%
SI VII LLC				54,548	10	0.16%
Ten Largest Taxpayers	$ 1,641,104		3.22%	$ 1,745,620		5.11%
All Other Taxpayers	49,308,096		96.78%	32,413,996		94.89%
Total	$ 50,949,200		100.00%	$ 34,159,616		100.00%

Notes:
[1] Net assessed value includes secured plus utility less exemptions

Source:
Placer County Auditor-Controller's Office

COUNTY OF PLACER, CALIFORNIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Dollars in Thousands)

Fiscal Year Ended June 30,	Tax Levies	Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2004	$ 332,070	$ 328,348	98.88%	$ 3,722	$ 332,070	100.00%
2005	370,122	366,021	98.89%	4,077	370,098	99.99%
2006	433,880	427,219	98.46%	6,531	433,750	99.97%
2007	508,428	494,965	97.35%	13,167	508,132	99.94%
2008	550,878	529,994	96.21%	20,278	550,272	99.89%
2009	562,563	537,935	95.62%	23,326	561,261	99.77%
2010	533,912	515,740	96.60%	16,165	531,905	99.62%
2011	500,279	488,032	97.55%	10,020	498,052	99.55%
2012	494,344	485,178	98.15%	5,978	491,156	99.36%
2013	494,300	487,687	98.66%	-	487,687	98.66%

Source:
Placer County Auditor-Controller's Office

COUNTY OF PLACER, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Dollars in Thousands)

	Governmental Activities			
Fiscal Year	Capital Leases	Bonds Payable	Loans Payable	Certificates of Participation
2004	$ 1,792	$ -	$ 41,082	$ 24,805
2005	1,063	-	41,354	24,060
2006	1,192	-	61,083	22,855
2007	1,010	25,054	58,505	21,686
2008	934	24,652	61,681	55,645
2009	1,990	24,231	59,728	53,536
2010	1,701	23,784	60,438	51,360
2011	9,761	23,323	59,255	40,159
2012	9,127	5,394	59,992	38,304
2013	8,858	5,296	58,952	36,576

COUNTY OF PLACER, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Dollars in Thousands)

	Business-Type Activities							
Fiscal Year	Sewer and Water Bonds Payable	Revenue Bonds Payable	Notes Payable	Capital Leases	Total Primary Government	Personal Income (1)	Percentage of Personal Income	Per Capita (in dollars) (2)
2004	$ 35	$ 2,555	$ -	$ 635	$ 70,904	$ 11,933,069	0.59%	$ 243
2005	29	2,285	-	468	69,259	13,070,082	0.53%	219
2006	23	2,000	-	290	87,443	14,247,775	0.61%	262
2007	16	1,705	-	100	108,076	15,101,855	0.72%	318
2008	8	1,395	-	-	144,315	16,095,432	0.90%	416
2009	-	1,070	-	-	140,555	15,898,900	0.88%	399
2010	-	730	-	-	138,013	16,464,986	0.84%	388
2011	-	1,177	-	-	133,675	17,312,666	0.77%	374
2012	-	1,047	-	-	113,864	Data not available	Data not available	Data not available
2013	-	952	2,100	-	112,734	Data not available	Data not available	Data not available

Sources:

(1) U.S. Department of Commerce - Bureau of Economic Analysis / Local Data

(2) Population Stats - State Department of Finance

COUNTY OF PLACER, CALIFORNIA
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2013
(Dollars in Thousands)

2012-13 Assessed Valuation (includes unitary utility valuation):	$	52,885,663
Less: Redevelopment Incremental Valuation:		2,173,423
Adjusted Assessed Valuation:	$	50,412,240

OVERLAPPING TAX AND ASSESSMENT DEBT:		Total Debt 6/30/2013	% Applicable (1)		Districts Share of Debt 6/30/13
Sierra Joint Community College District School Facilities Improvement District No. 1	$	31,676	65.091%	$	20,618
Los Rios and Yuba Joint Community College Districts		503,697	0.040% & 0.083%		256
Rocklin Unified School District		69,464	100.000%		69,464
Tahoe-Truckee Joint Unified School District and School Facilities Improvement District Nos. 1 and 2		75,759	37.626-89.932%		52,859
Other Unified School Districts		43,564	Various		9,029
Placer Union High School District		32,534	100.000%		32,534
Roseville Joint Union High School District		89,039	93.769%		83,491
Dry Creek Joint School District		46,497	71.046%		33,034
Roseville City School District		27,473	100.000%		27,473
Other High School and School Districts		202,169	Various		16,295
City of Colfax		31	100.000%		31
Tahoe Forest Hospital District		98,500	65.113%		64,136
Sierra Lakes County Water District		210	100.000%		210
Community Facilities Districts		698,700	100.000%		698,700
1915 Act Bonds (Estimate)		65,190	100.000%		65,190
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT				$	1,173,320
OVERLAPPING GENERAL FUND DEBT:					
Placer County Office of Education Certificates of Participation	$	1,970	100.000%	$	1,970
Community College District Certificates of Participation		36,169	0.040% & 73.863%		7,991
Western Placer Unified School District Certificates of Participation		129,575	99.988%		129,559
Other Unified School District Certificates of Participation		150,797	Various		20,266
Union High School District Certificates of Participation		9,010	93.769% - 100%		8,847
Auburn Union School District Certificates of Participation		37,579	100.000%		37,579
Roseville City School District Certificates of Participation		11,300	100.000%		11,300
Other School District Certificates of Participation		8,722	100.000%		8,722
City of Lincoln General Fund Obligations		21,490	100.000%		21,490
City of Roseville Certificates of Participation		17,695	100.000%		17,695
Other City General Fund and Pension Obligations		7,165	100.000%		7,165
Auburn Area Recreation and Park District Certificates of Participation		235	100.000%		235
Placer Mosquito and Vector Control District Certificates of Participation		4,300	100.000%		4,300
TOTAL OVERLAPPING GENERAL FUND DEBT				$	277,119
TOTAL OVERLAPPING AND ASSESSMENT DEBT				$	1,450,439
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES):	$	98,770	100.000%	$	98,770
DIRECT DEBT FOR GOVERNMENTAL ACTIVITIES					
Placer County	$	99,194	100.000%	$	99,194
COMBINED TOTAL DEBT				$	1,648,403 (2)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue and mortgage revenue bonds.

Ratios to 2012-13 Assessed Valuation:
Total Overlapping Tax and Assessment Debt..............2.22%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($99,194)..........................0.20%
Combined Total Debt...3.25%

Ratios to Redevelopment Incremental Valuation ($2,173,423)
Total Overlapping Tax and Assessment Debt..............4.54%

COUNTY OF PLACER, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)

Fiscal Year Ended June 30,	Total Assessed Valuation [(1)]	Legal Debt Limit [(2)]	General Bonded Debt [(3)]
2004	$ 34,632,647	$ 432,908	-
2005	39,046,837	488,085	-
2006	44,907,439	561,343	-
2007	52,322,328	654,029	-
2008	56,780,715	709,759	-
2009	58,081,948	726,024	-
2010	56,573,483	707,169	-
2011	53,038,314	662,979	-
2012	51,468,929	643,362	
2013	51,307,476	641,343	

Notes:

(1) Total assessed valuation does not include tax exempt property.

(2) The legal debt limit is 1.25% of the total assessed valuation. Article XIIIA of the California Constitution and Senate Bill 1656, Statutes of 1978, provided for changing assessed value from 25% of the full cash value to full cash value. Hence, the 5% limitation on general obligation bond indebtedness imposed by Government Code Section 29909 became 1.25% of assessed value.

(3) The County does not have any general bonded debt.

Source:
Placer County Auditor-Controller's Office

COUNTY OF PLACER, CALIFORNIA
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN YEARS
(Dollars in Thousands)

Calendar Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2004	297	$ 11,933,069	$ 39	4.2%
2005	308	13,070,082	41	4.1%
2006	317	14,247,775	44	3.9%
2007	324	15,102,000	45	4.7%
2008	333	16,095,432	47	6.3%
2009	339	15,898,900	46	11.4%
2010	347	16,464,986	47	11.6%
2011	352	17,312,666	48	11.4%
2012	355	Data not available	Data not available	10.0%
2013	357	Data not available	Data not available	*7.5%

Sources:
(1) State Department of Finance
(2) & (3) U.S. Bureau of Economic Analysis - Local Data
(4) State of California, Employment Development Department

Note:
* Unemployment rate as of June 2013

COUNTY OF PLACER, CALIFORNIA
LARGEST EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

2013			2004		
Company or Organization	Number of Employees	Percent of Total Employment	Company or Organization	Number of Employees	Percent of Total Employment
Kaiser Permanente	3,860	2.15%	Hewlett-Packard Co.	4,500	2.82%
Hewlett-Packard Co.	3,200	1.78%	Placer County	3,000	1.88%
Sutter Health	2,299	1.28%	Sutter Health	2,126	1.33%
Placer County	2,240	1.25%	Kaiser Permanente	1,718	1.08%
Thunder Valley Casino Resort	2,000	1.11%	Squaw Valley Ski Corp.	1,300	0.81%
Union Pacific Railroad	2,000	1.11%	Raley's Inc.	1,150	0.72%
Northstar California	1,950	1.09%	Union Pacific Railroad Co. Inc.	1,062	0.67%
Rocklin Unified School District	1,140	0.63%	PRIDE Industries Inc.	1,050	0.66%
PRIDE Industries Inc.	1,101	0.61%	City of Roseville	977	0.61%
City of Roseville	982	0.55%	NEC Electronics America Inc.	900	0.56%

Source:
Sacramento Business Journal - June 2013
State of California, Employment Development Department

Note:
Ranked by number of employees in full-time equivalents as of June 2013

COUNTY OF PLACER, CALIFORNIA
COUNTY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Function/Program										
General government	572	578	585	565	549	544	543	535	540	605
Public protection	949	948	970	1,126	1,096	1,083	1,083	1,079	1,089	1,050
Public assistance	175	173	168	177	180	177	177	177	177	176
Community development	-	-	-	-	-	-	-	-	12	-
Health and sanitation	588	573	655	633	678	625	625	625	625	596
Public ways and facilities	128	128	128	129	128	128	128	129	129	129
Recreation and cultural services	40	40	40	41	41	38	38	37	37	37
Education	49	49	49	51	51	51	50	46	46	46
Community health clinics	93	89	-	-	-	-	-	-	-	-
Facilities	5	5	6	6	6	6	6	6	6	6
Public transit	43	43	43	44	45	45	45	45	45	45
Waste disposal	62	64	64	71	71	71	71	72	72	72
Total County Allocated Full Time Equivalents	2,704	2,690	2,708	2,843	2,845	2,768	2,766	2,751	2,778	2,762

Source:
County Final Budget

COUNTY OF PLACER, CALIFORNIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Function										
General government:										
Appraisals - Assessor	60,263	54,987	59,869	68,979	86,000	111,571	117,809	128,748	135,337	132,836
Supplemental assessments - Assessor	21,450	22,681	20,630	21,892	23,275	19,241	18,036	18,793	17,820	18,986
Property tax audits - Assessor	91	142	153	206	85	93	53	72	86	82
Percentage of tax defaulted properties resolved prior to sale - Tax Collector (1)	95%	95%	65%	92%	89%	0%	0%	88%	89%	72%
Business licenses issued - Treasurer/Tax-Collector	7,431	7,883	8,372	8,548	8,526	8,354	8,069	7,860	7,661	7,538
Employees attending training - ODD	1,964	1,208	2,429	3,563	3,133	2,601	4,579	3,176	4,372	4,454
General liability claims processed - Risk Management	147	147	141	145	153	133	114	157	128	104
Number of registered voters - Elections	165,429	183,202	175,433	177,539	182,724	198,963	197,655	202,876	194,705	203,935
Public protection:										
Filed felonies - District Attorney	2,088	2,392	2,875	2,887	2,446	2,271	2,238	1,898	2,245	3,055
Filed misdemeanors - District Attorney	4,578	5,113	4,961	6,103	6,531	7,037	5,652	4,964	4,734	4,310
Arrests - Sheriff	3,048	3,500	4,074	4,256	3,024	2,720	2,870	2,155	3,638	2,927
Inmates booked - Sheriff	9,393	9,237	10,800	12,289	13,800	10,734	9,996	9,806	9,515	9,665
Cases supervised - Probation	3,398	2,859	2,966	3,038	3,339	3,922	5,772	3,128	3,362	3,356
Institutional care for minors - Probation (days)	17,602	17,949	18,612	17,636	18,695	17,763	13,361	14,490	13,145	10,325
Fire emergency responses	1,887	2,016	2,704	4,782	4,839	6,100	5,219	5,180	5,109	5,546
Building inspection requests	28,989	31,348	29,677	29,207	28,500	16,313	28,420	28,281	31,754	30,668
Recorded documents - Recorder	214,264	176,373	175,240	140,961	122,748	100,258	111,580	110,313	105,353	103,725
Public assistance:										
Monthly Active Cases (2)	12,990	13,690	12,776	13,484	14,658	12,952	14,377	17,136	18,817	19,217
Health and sanitation:										
Adults accepted for mental health services	621	685	709	507	769	928	1,340	1,001	917	1,115
Primary-care visits at county clinics	15,879	17,391	18,418	18,424	21,762	21,538	23,049	27,426	32,436	19,551
Public ways and facilities:										
Overlay miles of road	11	13	10	13	16	0	8	5	5	0
Recreation and cultural services:										
Placer County museums visitors	28,534	28,888	31,041	35,714	35,241	33,780	34,218	56,246	75,463	60,262
Education:										
Items checked out per resident - Library	7	7	7	7	7	7	7	7	7	7
Facilities:										
Maintenance service requests received	4,581	4,842	5,151	5,011	5,525	5,461	5,115	9,692	11,000	12,041
Public transit:										
Motor bus passengers	559,447	569,174	663,711	690,873	817,964	906,312	733,702	760,439	776,998	762,942
Demand response vehicle passengers	26,497	29,236	25,008	20,789	22,650	24,138	22,997	25,588	23,069	22,638

Notes:

(1) There was no land sale conducted during fiscal years 2008/09 and 2009/10.

(2) Beginning with fiscal year 2008/09, Human Services revised the way in which Medi-Cal cases are counted in their system. This change is reflected in Public Assistance - Monthly Active Cases.

Sources:

County Final Budget and State Controller's Transit Report

COUNTY OF PLACER, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Function/Program										
General government										
Number of electronic voting machines	335	335	335	562	562	562	562	562	621	621
Open space (acres)	347	367	367	367	367	367	367	367	367	967
Open space trails (miles)	70	70	70	79	79	79	79	79	79	102
Public protection										
Fire stations	7	7	10	10	10	10	8	8	8	8
Fire trucks	20	22	32	32	31	31	31	31	31	29
Fire tenders	4	4	7	7	5	5	5	8	8	7
Sheriff sub stations	4	4	4	4	4	4	4	4	4	4
Patrol units	62	63	64	66	68	82	82	82	82	92
Helicopters	2	2	1	1	1	2	2	2	2	2
Boats	3	3	4	5	7	7	7	7	6	6
Jail and detention facilities	2	2	2	2	2	2	2	2	2	2
Total capacity of main jail	366	366	452	474	484	486	486	486	486	493
Health and Public assistance										
Medical clinics	1	1	2	2	3	3	3	1	1	1
Psychiatric/Behavioral health clinics	1	1	1	1	1	1	1	1	1	1
Veterans buildings	6	6	6	6	6	6	6	6	6	6
Public ways and facilities										
Road lane miles	1,044	1,044	1,044	1,055	1,055	1,055	1055	1055	1055	1055
Bridges	116	116	117	121	120	120	120	121	117	117
Traffic signals	19	22	23	25	27	27	28	28	27	28
Recreation and cultural services										
Parks	37	38	39	39	40	40	40	40	40	41
Museums	6	6	6	6	6	6	6	6	6	6
Public transit										
Buses	29	29	27	27	37	37	42	42	40	40
CNG fueling facilities	2	2	2	2	2	2	2	2	2	2
Waste disposal										
Sanitary sewer miles	241	241	241	277	280	284	284	284	284	284

Source:
County's capital asset accounting system module

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$33,780,000
NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY
2014 Refunding Lease Revenue Bonds
(2006 and 2007 Lease Refinancing)

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the COUNTY OF PLACER (the "County"), for and on behalf of itself and the North Lake Tahoe Public Financing Authority (the "Authority"), in connection with the issuance by the Authority of the bonds captioned above (the "Bonds"). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of April 1, 2014 (the "Indenture"), between The Bank of New York Mellon Trust Company, N.A., as trustee, and the Authority.

The County covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, 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:

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

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

"*Dissemination Agent*" means the County, or any successor Dissemination Agent, designated in writing by the County and which has filed with the County a written acceptance of such designation.

"*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 that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"*Participating Underwriter*" means Raymond James & Associates, Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

"*Significant Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 3. <u>Provision of Annual Reports</u>.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2015, with the report for the 2013-14 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the County) has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The County shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the County hereunder.

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

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the County, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the County for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) information concerning the actual revenues, expenditures and beginning and ending fund balances relating to the General Fund of the County for the most recent completed Fiscal Year, including information showing tax revenue collections by source;

(ii) information showing the aggregate principal amount of long-term bonds, leases and other obligations of the County that are payable out of the General Fund of the County, as of the close of the most recent completed Fiscal Year;

(iii) information concerning the assessed valuation of properties within the County from the most recently available County Assessor's Roll, showing the valuation for secured and unsecured property;

(iv) information showing the total secured property tax levy and actual amounts collected for the most recent completed Fiscal Year;

(v) table showing General Fund tax revenues by source; and

(vi) information showing the balance sheet of the General Fund of the County as of the close of the most recent completed Fiscal Year, including categorized assets, liabilities and reserved and unreserved fund balances.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the County shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) 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 the MSRB's Internet web site or filed with the Securities and Exchange Commission. The County shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, 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.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the County or other obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the County or an obligated person, or the sale of all or substantially all of the assets of the County or an 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, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the County obtains knowledge of the occurrence of a Significant Event, the County shall, or shall cause the Dissemination Agent (if not the County) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The County acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The County shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the County obtains knowledge of the occurrence of any of these Significant Events, the County will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the County will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States 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 County, or if such jurisdiction has been assumed by leaving the existing governing 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 County.

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

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

Section 8. 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the County. Any Dissemination Agent may resign by providing 30 days' written notice to the County.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(c).

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 Significant 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 Significant 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 Significant Event.

Section 11. Default. If the County fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and 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. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, 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 they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the County hereunder, and shall not be deemed to be acting in any fiduciary capacity for the County, the Bond holders or any other party. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the County for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

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

Section 15. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of California.

Date: April 29, 2014

COUNTY OF PLACER

By: ________________________________

Name: ______________________________

Title: _______________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	North Lake Tahoe Public Financing Authority
Name of Issue:	$33,780,000 North Lake Tahoe Public Financing Authority 2014 Refunding Lease Revenue Bonds (2006 and 2007 Lease Refinancing)
Date of Issuance:	April 29, 2014

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated April 29, 2014. The County anticipates that the Annual Report will be filed by ________________.

Dated: __________________

DISSEMINATION AGENT:

____

By: ________________________________
Its: ________________________________

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

April 29, 2014

North Lake Tahoe Public Financing Authority
2976 Richardson Drive
Auburn, CA 95603

OPINION: $33,780,000 North Lake Tahoe Public Financing Authority
2014 Refunding Lease Revenue Bonds
(2006 and 2007 Lease Refinancing)

Members of the Board of Directors of the Authority:

We have acted as bond counsel to the North Lake Tahoe Public Financing Authority (the "Authority") in connection with the issuance by the Authority of the captioned bonds dated April 29, 2014 (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Law"), the Indenture of Trust, dated as of April 1, 2014 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee "), and a resolution (the "Resolution") of the Board of Directors of the Authority adopted March 11, 2014. Under the Indenture, the Authority has pledged certain revenues (the "Revenues") for the payment of principal, premium (if any), and interest on the Bonds when due, including lease payments made by the County of Placer (the "County") under a Lease Agreement dated as of April 1, 2014 (the "Lease Agreement") between the Authority and the County.

Regarding questions of fact material to our opinion, we have relied on representations of the Authority contained in the Indenture and the County contained in the Lease Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is a duly created and validly existing joint exercise of powers authority with the power to adopt the Resolution, enter into the Indenture and perform the agreements on its part contained therein, and issue the Bonds.

2. The County is a duly created and validly existing county, with the power to enter into the Lease Agreement and perform the agreements on its part contained therein.

3. The Indenture has been duly authorized, executed and delivered by the Authority, and constitutes a valid and binding obligation of the Authority, enforceable against the Authority.

4. The Lease Agreement has been duly authorized, executed and delivered by the Authority and the County, and constitutes a valid and binding obligation of the Authority and the County, enforceable against the Authority and the County.

5. The Indenture creates a valid lien on the Revenues and other funds pledged by the Indenture for the security of the Bonds, on a parity with other bonds (if any) issued or to be issued under the Indenture.

6. The Bonds have been duly authorized and executed by the Authority, and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Indenture.

7. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the County comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the delivery of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the County have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

8. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

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. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company ("**DTC**"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Bonds (the "**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "**Agent**") take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (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 maturity, 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 representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's

MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest 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 Authority or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

11. The Authority 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.

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APPENDIX G

INVESTMENT POLICY

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STATEMENT OF

INVESTMENT POLICY

PLACER COUNTY TREASURER

JENINE WINDESHAUSEN

TREASURER-TAX COLLECTOR

Fiscal Year 2014

Placer County
<u>Treasurer's Review Panel</u>

Robert Weygandt
Placer County Supervisor, District 2
Board of Supervisors Representative

Jerry Johnson
Placer County Schools Representative

Nancy Palmer
County School Boards Representative

Ed Horton
Special Districts Representative

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PREFACE

Each issue addressed in this policy is considered to be of timely and significant importance to the administration of the Placer County Treasurer's Investment Portfolio.

While some portions of this policy are a restatement of law, these restatements are considered integral to the purpose and flow of this policy.

The following statements are the guidelines intended to ensure the achievement of the purpose, goals and objectives of this policy in an orderly, accurate and timely manner; however, there is no guarantee that problems, errors, or losses will not arise in the course of administering the investment of public funds.

Investments acquired prior to the adoption of an investment policy are exempted (grandfathered) from any policy, which postdates the investment. The Treasurer will take such time as required to reposition investments to ensure that investments are not liquidated prematurely in order to avoid realizing potential losses. All new cash, including proceeds from investments, will be invested in accordance with the current investment policy then in effect.

A glossary of terms has been included in the appendix for reader convenience.

SCOPE

This policy is concerned with the deposit, safekeeping, and investment of all pooled money on deposit in the Placer County Treasury (hereafter referred to as the Treasury) and all other related transactions and investment activities. This policy has been reviewed by the Treasurer's Review Panel (hereafter referred to as TRP) and has been reviewed and approved by the Board of Supervisors pursuant to Government Code Section 53646. This policy will remain in effect until such time as the TRP reviews and the Board of Supervisors reviews and approves a new policy or any amendments to the policy. The TRP will review and the Board of Supervisors will review and approve a new policy, or amendments to the policy, or affirm the current policy, at least annually. Nothing precludes or prevents the TRP and the Board of Supervisors from doing so more frequently than annually. The policy is effective as of the date of adoption by the Board of Supervisors.

PURPOSE

The purposes of the investment policy are to:

- o facilitate the accomplishment of the goals and objectives as stated in this policy and established through representation and approval of the TRP.
- o provide the Treasurer with a policy framework and guidelines within which to carry out the business of administering and investing money on deposit in the Treasury.
- o facilitate and formalize communication at all levels between those involved and those interested in the process of investing and administering the money on deposit in the Treasury.
- o ensure compliance with legal requirements and policies approved by the Board of Supervisors.

GOALS AND OBJECTIVES

LEGAL AND REGULATORY COMPLIANCE:

All investing and investment decisions shall be made with full compliance with California State and Federal Laws and Regulations, and any forthcoming amendments or additions to the California State Statutes or to Federal Laws and Regulations in relation to the investment and administration of local agency money on deposit in the Treasury. The Treasurer or the Board of Supervisors may provide further restrictions and guidelines for the investment of money on deposit in the Treasury through this Statement of Investment Policy.

GASB REPORTING AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:

The effect of various GASB (Governmental Accounting Standards Board) financial reporting requirements will be taken into consideration when making investment decisions and when implementing investment strategies. Appropriate documentation and procedures will be used to ensure clear audit trails and facilitate necessary reporting requirements.

SAFETY, LIQUIDITY, AND RATE OF RETURN:

In accordance with Government Code Section 27000.5, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the primary objective of the county treasurer is to safeguard the principal of the funds under his or her control. The secondary objective is to meet the liquidity needs of the depositor. The third objective is to achieve a return on the funds under his or her control."

Maximum rates of return will be achieved in a manner consistent with the first and second objectives of safeguarding principal and meeting liquidity needs, respectively.

PRUDENCE AND THE MAINTENANCE OF PUBLIC TRUST:

Prudence:

Government Code Section 27000.3 establishes that "The county treasurer is a trustee and therefore a fiduciary subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the county treasurer shall act with [the same] care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, a trustee is authorized to acquire investments as authorized by law."

Maintenance of the Public Trust:

The portfolio and all related investment transactions are open for public review, scrutiny, evaluation, and questioning.

SUMMATION OF BASIC STRATEGY

The basic investment strategy will be to maintain sufficient liquidity to meet regular cash flow needs of the Treasury, while reserving contingent liquidity to meet unanticipated cash flow demands on the Treasury after first taking into consideration the safeguarding of principal.
After safety concerns and liquidity needs have been met, various investment approaches may be utilized to take advantage of current market opportunities.

A maximum rate of return will be achieved in a manner consistent with the first and second objectives of safeguarding principal and meeting liquidity needs, respectively.

AUTHORITY

DELEGATION:

In accordance with Government Code Section 27000.1, and in conjunction with the annual approval of the Statement of Investment Policy, the Board of Supervisors has delegated by ordinance to the Treasurer the authority to invest or to reinvest certain funds, or to sell or exchange investments so purchased for a period of one year. Such delegation remains in effect until the Board of Supervisors either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, subject to Government Code Section 53607.

The responsibility to execute investment transactions may be further delegated to deputies under the direction of the Treasurer.

ANNUAL AUDIT:

At the end of each calendar year, an annual audit is to be conducted to determine compliance with the Statement of Investment Policy and an audit of the interest apportionment. The audit may additionally address questions of portfolio structure and risk. The audit findings will be an agenda item at the TRP meeting following the release of the audit. The cost of the audit will be charged against the Treasurer's budget and will be included in the investment expenses that are deducted from earnings prior to interest apportionment. A copy of the annual audit will be distributed pursuant to Government Code Section 53686 (b).

TREASURER'S REVIEW PANEL

MEMBERSHIP:

The members of the TRP shall consist of:

- a representative of the County Board of Supervisors,
- the County Superintendent of Schools or his/her designee,
- a representative selected by a majority of the Special Districts who are required or authorized to deposit money in the County Treasury,
- a representative selected by a majority of the presiding officers of the legislative bodies of the school districts and community college districts in the county,

Each agency represented will continue to serve until the districts otherwise designates or select a new representative.

MEETINGS:

The TRP shall meet at least twice each calendar year, once in February and once in August. Other meetings may be called by the Treasurer-Tax Collector.

DUTIES OF THE TREASURER'S REVIEW PANEL:

The TRP duties are to review and monitor the investment policy prepared by the County Treasurer. The Treasurer will annually submit the Statement of Investment Policy to the Board of Supervisors to be reviewed and approved. As a matter of policy, the Statement of Investment Policy will be reviewed by the TRP prior to being submitted to the Board of Supervisors at least once a year.

Investment Policy:

The investment policy shall include the following:

1) A listing of allowable investment types, including maximum allowable percentages of each type.
2) The maximum term of any investment eligible for purchase by the County Treasurer.
3) The criteria for the selection of brokers and dealers through whom the County Treasurer may purchase investments.
4) Restrictions on the acceptance of honoraria, gifts, and gratuities from brokers, dealers, bankers or other professionals with whom the County Treasurer.
5) A requirement that the County Treasurer submit a monthly report of investments to the TRP..
6) The methodology and formulas for calculating yield and apportioning interest and the costs of investing, depositing, and handling funds authorized by Government Code Section 27013.
7) The terms and conditions under which public entities and public officials not required to deposit their funds in the County Treasury may deposit their surplus moneys for investment purposes.

Quarterly Review of Investment Holdings:

Pursuant to California Government Code Section 26920(a) at least once in each quarter, the county auditor performs a review of the treasurer's statement of assets. The auditor's review is performed in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute for Certified Public Accountants. The review includes the following:

1. Counting of cash in the county treasury,
2. Verifying that the records of the county treasurer and auditor are reconciled pursuant to California Government Code Section 26905, and
3. Issuing a report to the Board of Supervisors in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Monthly Report:
The members of the TRP will be sent a copy of the Monthly Investment Report as it is released each month to all depositors. The monthly report will include:

1) a ledger of daily transactions for the month
2) a list of holdings as of the last day of the month which notes:
    a) type of investment
    b) issuer
    c) date of maturity
    d) par amount
    e) book value
    f) market value at month-end (and source of value)
    3) a statement of compliance with the Statement of Investment Policy or an explanation of any variance
4) a statement of the ability to meet the pools expenditure requirements for the next six months or an explanation of why the expenditure requirements cannot be met.

As deemed appropriate, the Treasurer may issue additional statistical or narrative reports.

Yield, Apportionment, and Cost Calculations:
In accordance with Government Code Section 27013 and 53684,

- o the formula used to calculate yield is total earnings (interest and amortization of premiums and discounts) for the month, on an accrual basis, divided into the average daily balance of the portfolio for the month.
- o the accrual method is used to apportion interest on a monthly basis. At the end of each month an entry will be made to the funds for the net amount of the accrued interest earnings plus the amortization of premiums and discounts, minus costs. Gains and losses are recorded when they are realized, either upon sale or other disposition of the investment.
- o the formula used for the monthly apportionment of interest for each fund is calculated as follows:
  The sum of the daily cash balance for the month, divided by the number of days in the month, which equals the average daily balance for each fund for the month. The average daily balance for each fund is then divided by the average daily balance of all funds included in the Treasury Investment Pool. This factor for each fund is then multiplied by the dollar amount of earnings to be apportioned to determine the dollar amount apportioned to each fund.
- o the cost of investing, depositing, and handling funds is determined based on actual costs incurred during the month. Actual costs will be deducted from interest earnings prior to apportionment at the end of each month.

A detail of the costs deducted for each monthly apportionment will be reviewed as an agendized discussion item at each quarterly meeting.

Terms and Conditions of Allowable Depositors:
Deposits by voluntary depositors who have the right to withdraw funds increase the cash flow volatility of the Treasury. This increase in cash flow volatility makes accurate cash flow forecasting more difficult. Thus, deposits by voluntary depositors increase the risk to the remaining depositors of having to sell investments prior to maturity to meet the withdrawal demands of voluntary depositors. This increase in risk associated with the deposits of voluntary depositors is recognized by rating agencies, auditors and other financial overseers and is a consideration in the credit evaluations and oversight comments provided to all depositors.

By approval of the Treasurer, the deposit of funds from voluntary depositors may be accepted under the following criteria:

1. The legislative or governing body of the voluntary depositor shall pass a resolution authorizing the investment of funds into the Placer County Treasury.
2. The legislative or governing body of the voluntary depositor shall include in its resolution all terms and conditions as determined by the County Treasurer.

Involuntary depositors (depositors required to deposit into the Treasury) who are required to deposit operating and other funds in the Treasury may from time to time have a limited amount of funds which are discretionary as to deposit requirements (such as proceeds from the issuance of debt), which are not required to be deposited into the county treasury.

The discretionary funds (funds not required to be deposited into the Treasury) of involuntary depositors will be accepted for deposit into the Treasury. Joint power authorities may also place deposits in the Treasury. When a majority of the JPA's membership is comprised of depositors domiciled in the County, the funds of the JPA may be invested in the Treasury.

Criteria for Withdrawals:
Withdrawals for claims and accounts payable are to be made by auditor's warrant. Various forms of electronic transfer can be used to make withdrawals for the purpose of payroll, bond and note related transactions and to transfer investment funds. It is essential that all agencies inform the Treasurer of anticipated withdrawals in excess of $200,000 as far in advance as possible. The Treasurer requires 24 hours written notice of funds to be electronically transferred. At the discretion of the Treasurer and in the case of emergency or urgency, the Treasurer will honor same-day notification of electronic transfers based on Federal wire system availability. Normally, requests for withdrawal of an emergency or urgent nature received prior to noon can be honored.

The following criteria applies to all depositors: withdrawals for the purpose of investing or depositing funds outside of the county treasury require prior (written) notice. The written notice may be submitted via email or fax, with original request to follow. The Treasurer will evaluate each proposal to ensure that the request will not adversely affect the interest of the other depositors in the Treasury. Should the Treasurer determine that a withdrawal for the purpose of investing or depositing funds (including reinvestment of note proceeds) outside of the county treasury would adversely affect the interest of other depositors in the pool, the Treasurer may require 30 days written notice prior to any withdrawals, or honor the withdrawal at the current market value of the portfolio.

ADMINISTRATION

INVESTMENT GUIDELINES AND PROCEDURES:

Investment guidelines and procedures maintained by the Treasury include but are not limited to the following:

1) Procedures for transacting the purchase and sale of investments.
2) Provisions for documenting activities and transactions.
3) Provisions for the implementation, use and monitoring of internal controls.
4) Provisions for the correction and documentation of errors, discrepancies, and changes to ensure clear and concise audit trails in these events.
5) Provisions for the use of competitive bidding.

DOCUMENTATION:

Procedures and forms have been created and are used which produce documentation to facilitate:

1) Clear and concise audit trails for all transactions.
2) Strong internal controls.
3) Evidence of the use of competitive bidding or written explanation for non-compliance to the competitive bid process.
4) Written criteria for the selection of the investment type.

INTERNAL CONTROLS:

The Treasurer will maintain a system of internal controls. Whenever possible those controls will be maintained through the use of computer automation and generally accepted means for subdivision of duties. Internal controls are designed with the intended purpose of preventing or minimizing loss of public money.

A system of internal controls is maintained to address the following issues, but is not limited to these issues:

1) Separation of transaction authority from accounting and record keeping.
2) Third-party custodial safekeeping.
3) Clear delegations of authority.
4) Written confirmations from appropriate parties.
5) Guidelines for attempting to prevent losses, and appropriate remedial action in the event of loss.
6) Provisions for legal compliance monitoring.
7) Provisions for ongoing monitoring and auditing of internal controls.

SAFEKEEPING:

Investments are kept in a third-party safekeeping account to provide the public with the highest degree of protection with regard to investments held by the Treasurer. The "delivery versus payment" purchase procedure will be used. These provisions will be standard procedure except where prevailing practices or circumstances dictate otherwise. In this event substantiation of the prevailing practices or circumstances will be provided in the transaction documentation. Third-party safekeeping refers to holding securities in a trust account by an entity other than the party through whom the investment was purchased. “Delivery versus payment” refers to the practice of using an escrow procedure to process a transaction through the third-party safe-keeper. This practice ensures that the transaction settles after the transaction terms and conditions of the parties involved have been met.

COMPETITIVE BIDDING: Whenever possible, transactions will be made through the use of competitive bids. For each competitive bid transaction, at least three (3) bids will be solicited If the solicitation of three bids is not feasible or practical, the reason will be stated in the transaction documentation. Exceptions to the use of competitive bids may include, but are not limited to the following:

1) Market circumstances where time constraints would make the bid process impractical.
2) Investments possessing distinctive characteristics.
3) Overnight deposits where time constraints may not accommodate the bid process.
4) Transactions in which investments are actively traded and priced by market information services such as Bank of New York and Bloomberg, where current market price can be readily determined.

TIME AND PLACE FOR INVESTING:

Investing will be done during the hours between 6 a.m. and 6 p.m. by the office of the Treasurer. The treasurer can make exceptions.

EMPLOYEE PROCEDURES FOR REPORTING VIOLATIONS:

Violations of any laws, rules or regulations with regard to the investment of the money on deposit in the Treasury are to be reported to the appropriate authority. Any such reporting will not be the subject of adverse action to the employee(s) making such report. A reference list of appropriate authorities can be found in Appendix B.

PUBLIC INQUIRY:

Transactions, holdings, and activities are a matter of public record. Therefore, all agencies whose funds are deposited with the Treasurer will receive a monthly report of the portfolio as is prescribed by law. In addition, any member of the public may receive a copy of the portfolio or the Statement of Investment Policy by requesting a copy at the Treasurer's Office. The Treasurer may charge a fee for copies, as allowed by law.

INSTRUMENTS, TRANSACTIONS AND INVESTMENT PARAMETERS

AUTHORIZED INVESTMENTS:

The investment of money on deposit in the Treasury is limited to those investments specified by California Government Code Section 53601 and 53635. The Treasurer may place further restrictions upon the types of investments for which money on deposit in the Treasury may be invested. Permitted investments and investment parameters are outlined below.

BOND PROCEEDS

Bond proceeds will be invested subject to bond documents and applicable state statutes. Bond proceeds may be invested outside of the Treasurer's Investment Pool. Not withstanding the objectives of safety and liquidity as stated below, bond proceeds will be actively managed to meet the cash flow and investment needs of the issuer while attempting to maximize earnings to avoid negative arbitrage.

SPECIFIC INVESTMENTS

Upon written request of the responsible agency and with the approval of the Treasurer-Tax Collector specific investments for individual funds may be made in accordance with the Treasurer's Statement of Investment Policy. With the purchase of specific investments, the fund will be allocated the earnings associated with those investments. The Treasurer-Tax Collector reserves the right to allocate a prorated charge for administrative costs to such funds.

MAXIMUM MATURITIES:

Due to constraints and standards imposed by GASB and the top rating agencies, the target for the weighted average maturity of the portfolio should not exceed three (3) years.
Listed below are the maximum maturities allowed by California Government Code Sections 56301 and 53635, and the maximum maturities allowed as restricted through this policy.

MATURITY CATEGORY:	LEGAL MAXIMUM MATURITY	MAXIMUM RESTRICTED BY POLICY
Banker's Acceptances	180days	180 days
Commercial Paper	270days	270 days
Repurchase Agreements	1 year	7 days
Reverse Repurchase Agreements	1 year	will not be used
Corporate Notes	5 years	5 years
Collateralized Certificates of Deposit	not specified	5 years
LAIF	not specified	365 days
CDARS Certificates of Deposit	not specified	5 years

Government Code Section 53601 provides that where no maximum term to maturity has been specified within 53601, the maximum term is five years. Pursuant to 53601, the Board of Supervisors may give authority to purchase in excess of 5 years upon the request of the Treasurer.

MINIMUM AND MAXIMUM AMOUNT OF INVESTMENTS:

Minimum Amounts:

Whenever possible, investments will be purchased in incremental round lots to facilitate economies of scale at the time of purchase and marketability at the time of sale.

Maximum Amounts:

Listed below are the maximum amounts, as a percentage of the portfolio, which may be invested in any one investment category per California Government Code Sections 53601 and 53635, and the maximum amount of the portfolio which may be invested in any one investment category as restricted through this policy.

CATEGORY:	LEGAL MAXIMUM % OF PORTFOLIO	MAXIMUM % OF PORTFOLIO RESTRICTED BY POLICY
Local Agency Bonds	no limit	no limit
US Treasuries	no limit	100%
Federal Government Agencies	no limit	75%
Mortgage Backed Securities	no limit	may not be purchased
Collateralized Obligations	no limit	may not be purchased
Asset Backed Securities	no limit	may not be purchased
Banker's Acceptances	40%	30%
Commercial Paper	40%	40%
Negotiable Certificates of Deposit	30%	30%
Collateralized Certificates of Deposit	no limit	20%
Repurchase Agreements	25%	20%
Corporate Notes	30%	30%
Mutual Funds	15%	may not be purchased
Reverse Repurchase Agreements	20%	may not be purchased
LAIF	40MM	40MM
CDARS Certificates of Deposit	30%	30%

INTERNATIONAL INVESTING:

Foreign investments may not be purchased. Investments are restricted to those corporations organized and operating within the United States. All investments must be U. S. dollar denominated. This does not preclude investments issued by corporations with foreign names which meet the provisions stated above.

FUTURES AND OPTIONS TRADING:

The purchase or sale of futures is not permitted. The purchase of options is not permitted. The sale of covered options (options on securities owned and held throughout the term of the option) is permitted, however not more than 10% of the portfolio shall be for sale by option at any one time.

RISK

RISK TOLERANCE LEVELS:

In accordance with Government Code Section 27000.5, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the primary objective of the county treasurer is to safeguard the principal of the funds under his or her control. The secondary objective is to meet the liquidity needs of the depositor. The third objective is to achieve a return on the funds under his or her control". As stated in the goals of this policy, the administration of money on deposit in the Treasury will be executed with the intention of fulfilling safety and liquidity needs first with yield being of third concern. It is further acknowledged that conservative and risk avoidance approaches to investment management may result in correspondingly lower portfolio yields.

MARKET RISK:

Appropriate maturity selection will be utilized to reduce risk resulting from market volatility, and recognizing that GAAP will require the annual writing down of unrealized gains and losses. The portfolio will be held with a degree of maturity diversification to provide for reasonably prompt relief from faltering markets. Adequate maintenance of cash or near cash investments will be maintained to provide for unplanned withdrawals at times of adverse fluctuations in the market, thus reducing the need to sell longer term investments for cash flow purposes.

CREDIT RISK:

The Treasurer will maintain and carry out a system of documented credit analysis for investment consideration. This credit analysis will constitute part of the criteria for investment and deposit considerations.

Additionally, issues addressed in the Statement of Investment Policy sections on Diversification and on Instruments, Transactions and Investment Parameters are further measures to curb losses arising from credit risk.

Credit Risk Mitigation:

Credit exposure is the risk associated with losses that might occur due to deteriorating credit quality of the securities from a specific issuer. The credit exposure with any one issuer will not be more than 10% of the total portfolio, excluding U. S. Treasuries and Agencies.

Credit Quality:
Credit requirements will first be made in compliance with California Government Code Section 53635. The code makes specific reference to the following credit requirements:

A) Commercial Paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

1) The entity meets the following criteria:
   a) Is organized and operating in the United States as a general corporation.
   b) Has total assets in excess of five hundred million dollars ($500,000,000).
   c) Has debt other than commercial papers, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO)
2) The entity meets the following criteria:
   a) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
   b) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
   c) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO)

B) Corporate Notes:

1) Notes eligible for purchase must be rated in the top three rating categories by two of the three largest nationally recognized rating services.

The top three rating agencies and their rating categories are as follows:

- Moody's Investor Services, Inc. - Aaa, Aa, and A,
- Standard and Poor's Corporation - AAA, AA, and A,
- Fitch Investors Service, Inc. - AAA, AA, and A.

Commercial Paper is **further restricted** through this policy by the Treasurer and Board of Supervisors as to credit quality by requiring a rating of both A1 and P1 from Moody's Investor Services, Standard & Poor's, or Fitch Financial Services, Inc. respectively.

DEFAULT RISK MITIGATION:

Whenever possible, investments and/or deposits will be secured by one of the following means:

1) Government guarantee
2) Collateral

LIQUIDITY RISK MITIGATION:

Certain safeguards will be utilized to minimize the risk of illiquidity. First, diversification will be employed to limit illiquidity due to one transaction or any one type of investment or transaction. Should default of an instrument become apparent, liquidation of instruments with like credit risks will be considered. Daily investments in overnight type instruments will be made to cover immediate cash flow requirements in order to minimize complications that may arise from liquidity risk.

COUNTERPARTY RISK MITIGATION:

The following precautions will be used to prevent or limit losses from investments in particular debt issuers:

1) Primary Dealer transactions, or settlement through or guaranteed by one of the world's top 100 banks.
2) Appropriate legal documentation, and contracts.
3) Appropriate collateralization.

DIVERSIFICATION

Diversification by investment type, maturity and issuer are the three principal means of diversification used to control or limit losses, while enhancing the return of the overall portfolio.

INVESTMENT TYPE:

Investment type refers to the investment categories as specified in the subsections of Government Code Sections 56301 and 53635. Diversification by investment type is discussed in the subsection **Maximum Amounts** on page 11.

INVESTMENT MATURITIES:

After cash flow needs have been appropriately addressed, maturities will be distributed to allow investments to "mature-out" in the event of market value deterioration, and to allow the liquidity necessary to take advantage of market opportunities as they arise. The subsection Maximum Maturities under the Section Instruments, Transactions and Investment Parameters contains further provisions regarding maturities.

ISSUERS:

Diversification limitations by issuer are discussed in the subsection **Credit Risk Mitigation** on page 13.

USE OF LOCAL DEPOSITORIES

Giving preference to local depositories for investments in certificates of deposit for the purpose of stimulating local economic growth and investment in return for an expanded tax base is hereby established. Additional consideration may be given for depositories who utilize Certificate of Deposit Account Registry Service (CDARS) which provides 100% FDIC protection.
The following should be noted:

1) The depository will be required to demonstrate its commitment and support of local economic growth and housing investment. Appropriate Community Reinvestment Act documentation will be required.
2) Preference to local depositories will not be given at the expense of lowering the allowable credit risks stated in this policy.
3) Giving preference to local depositories will not produce a measurable impact in total portfolio yield.

RELATIONSHIPS WITH BROKERS/DEALERS & DEPOSITORIES

APPROVED LIST OF BROKERS/DEALERS AND DEPOSITORIES:

In accordance with Government Code Section 27133(c), "the criteria for selecting security brokers and dealers…shall prohibit the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices".

Brokers, Dealers and Banks approved for transacting business with the Placer County Treasurer are:

1) institutions designated as "primary dealers" by the Federal Reserve Bank of New York, or
2) banks identified as one of the top 100 banks in the world, or
3) banks, brokers or dealers whose transactions are guaranteed by one of the top 100 banks in the world, or
4) banks, brokers or dealers whose parent company is one of the top 100 banks in the world.

Local branches are typically equipped to serve the retail investor. Therefore, first consideration will be given to regional capital market branches which are typically better able to serve the needs of institutional investors. Selected branches must be located in California or New York.

RELATIONSHIPS WITH BROKERS/DEALERS:

The establishment and maintenance of relationships with Brokers and Dealers will consist of several components. The branch manager and account representative of the broker/dealer must acknowledge receipt and review of this Statement of Investment Policy and must confirm that they are familiar with the nature of public fund investing and the laws governing the investment of county treasury funds in California. Business will be conducted on a competitive bid basis as previously discussed. Further, each representative transacting or who desires to transact business with the Placer County Treasurer must complete and return a Broker/Dealer Questionnaire as exhibited in Appendix C.

RELATIONSHIPS WITH DEPOSITORIES:

Banks and Savings & Loans will be submitted to an initial evaluation, and ongoing evaluation for certificate of deposit investments. Additionally, consideration will be given for Community Reinvestment Act ratings.

The selection of depositories for the Placer County Treasurer's active accounts and safekeeping accounts will be done periodically by competitive bid on a request for proposal basis.

CONFLICT OF INTEREST

No Placer County Treasury employee or member of the TRP may directly or indirectly accept or solicit from any persons, corporation or group having a business relationship with the Placer County Treasurer, any rebate, kickback or anything of economic value as a gift, gratuity or favor.

No Placer County Treasurer employee shall, outside of regular working hours engage in any profession, trade, business or occupation which is incompatible or involves a conflict of interest with their duties as a Placer County Treasury employee.

APPENDIX A: FOOTNOTES

[1]Girard Miller - Director, "The Investment Process," rpt.,

Policy/Administration Issues. Government Finance Officers Technical Services Center, Chicago, IL (Material presented at Advanced Money Market/Cash Management for Governments in San Francisco, CA on 11/19-20/1984, p. VIII-53.

[2] Ibid

APPENDIX B: AUTHORITIES FOR REPORTING VIOLATIONS

County Auditor: Andy Sisk 2970 Richardson Dr. Auburn, CA 95603	530/889-4152
County Executive Officer: David Boesch 175 Fulweiler Avenue, Auburn, CA 95603	530/889-4031
Placer County Counsel: Gerald Carden 175 Fulweiler Avenue, Auburn, CA 95603	530/889-4044
Placer County Grand Jury 11490 C Avenue, Auburn, CA 95603	530/889-7469

APPENDIX C:

PLACER COUNTY
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION

1. Name of Firm:____

2. Branch Address:____

   ____________________________________ Phone:____________________

   Primary Account Representative (Name, Title, Licenses, Phone):

   ____

   Public Fund Accounts Manager:______________________Phone:___________

   Branch Manager:_________________________________Phone:____________

   Other Account Representatives (Name, Title, Licenses, Phone):

   ____

   ____

   ____

3. Ntl. Headquarters Address:____

   ____

   _______________________________________ Phone:_________________

   Corporate Contact:___________________________ Phone:_________________

   Compliance Officer (Name, Address, Phone):

   ____

   ____

4. Is your firm a primary dealer in US Government Securities? Y/N

BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION
(Continued)

5. What was your firm's total volume in US Government and Agency securities trading last calendar year:______________________

6. Which securities are offered by your firm?

( ) US Treasury Bills	( ) Negotiable CDs
( ) US Treasury Notes	( ) Commercial Paper
( ) US Treasury Bonds	( ) BAs Foreign/Domestic
( ) Agencies (specify)	( ) Corporate Medium Term Notes
( ) Repurchase Agreements	( ) Other______________________
( ) Reverse Repurchase Agreements	( ) Other______________________

7. List your personnel who have read the Placer County Treasurer's Investment Policy.

____________________________ ____________________________

____________________________ ____________________________

____________________________ ____________________________

8. Please reference other Public Fund Clients with which you currently do business List the agency name, contact person and phone number. (Please list other California Counties first).

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BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION
(Continued)

9. Have any of your clients ever sustained a loss on a securities transaction arising from a misunderstanding or misrepresentation of the risk characteristics of the instrument? If so explain.

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10. Have any of your public sector clients ever reported to your firm, its officers or employees, orally or in writing, that they sustained a loss exceeding 10% of the original purchase price in a single year on any individual security purchased through your firm? Explain.

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11. Has your firm ever been subject to a regulatory or state/federal agency investigation for alleged improper, fraudulent, disreputable or unfair activities related to the sale of securities? Have any of your employees ever been so investigated? Explain.

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BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION
(Continued)

12. Has a public sector client ever claimed in writing that your firm or members of your firm were responsible for investment losses?

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13. Please explain your normal custody and delivery process. Who audits these fiduciary systems?

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14. Please provide certified financial statements and other indicators regarding your firm's capitalization.

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15. Please include samples of research reports that your firm regularly provides to public-sector clients.

BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION (Continued)

16. What training do you provide to investment personnel of public-sector clients?

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17. Has your firm consistently complied with the Federal Reserve Bank's capital adequacy guidelines? As of this date, does your firm comply with the guidelines? Has your capital position ever fallen short? By what factor (1.5x, 2x, etc.) does your firm presently exceed the capital adequacy guidelines, measure of risk? Include certified documentation of your capital adequacy as measured by the Federal Reserve standards.

____

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____

18. Do you participate in the SIPC insurance program? If not, why?

____

____

19. What reports, confirmations and paper trail will we receive?

____

____

BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION (Continued)

20. Please enclose a complete schedule of fees and charges for various transactions.

21. How many and what percentage of your transactions failed last month? Last year?

____

____

22. Describe the precautions taken by your firm to protect the interest of the public when dealing with governmental agencies as investors.

____

____

____

____

23. Is your firm licensed by the State of California as a broker/dealer? Y/N

BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION (Continued)

CERTIFICATION

I hereby certify that I have personally read the Statement of Investment Policy of the Placer County Treasurer, and have implemented reasonable procedures and a system of controls designed to preclude imprudent investment activities arising out of transactions conducted between our firm and the Placer County Treasurer. All sales personnel will be routinely informed of your investment objectives, strategies and risk constraints whenever we are so advised. We pledge to exercise due diligence in informing you of all foreseeable risks associated with financial transactions conducted with our firm. I attest to the accuracy of our responses to your questionnaire.

In addition, I hereby certify that, this securities firm/brokerage and all brokers, dealers and/or associates directly involved with Placer County has NOT, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those officers.

Signed:___________________________________ Date___________________

Title:___________________________________

Signed:___________________________________ Date___________________

Title:___________________________________

Signed:___________________________________ Date___________________

Title:___________________________________

Signed:___________________________________ Date___________________

Title:___________________________________

This certification is to be signed by the branch manager and any representatives who are authorized to transact business with the Placer County Treasurer. Make and include additional copies as necessary.

APPENDIX D:
GLOSSARY OF SELECTED FINANCIAL AND INVESTMENT TERMS

AMORTIZATION - The reduction of debt through regular payment of principal scheduled to complete repayment by maturity. Usually, the payment of interest is incorporated to compensate the lender over the life of the debt.

AMORTIZATION SCHEDULE - A schedule which shows exactly how debt will be repaid. It contains the repayment dates and amount of payments, including a breakdown of principal and interest that comprises the total payment.

ARBITRAGE - The exploitation of price differences between various markets. For example, the difference in rates between the government bond market and the corporate bond market.

ASK or ASKED PRICE or ASKING PRICE - The price at which a dealer will sell a security. The ask and the bid are always referred to in terms of the dealer's perspective. Also see Bid.

BANKER'S ACCEPTANCE - A time draft drawn on a bank and accepted by that bank as ultimate liability for payment. Used most often to finance import and export transactions. Banker's acceptances are also collateralized by the underlying merchandise being contracted in the import-export transaction, i.e., a shipload of shoes from China, or oil from the Arabian Peninsula.

BASIS POINT - One-onehundreth of a percent. Example: 0.25% is twenty-five basis points.

BEARER BOND - Bonds evidenced by a certificate. Unlike registered bonds, ownership is determined by possession of the certificate, just like money! (Also see Registered Bonds.)

BID or BID PRICE - The price at which a dealer will purchase a security. The bid and the ask are always referred to in terms of the dealer's perspective. (Also see Ask.)

BLUE SKY LAWS - State laws that prevent the sale of securities with little or no asset backing. With 50 states, securities marketed in many states have to deal with a set of laws as large as "the blue sky".

BOND - A long-term debt instrument in which the investor lends money to the bond issuer, who agrees to pay a stated rate of interest over a specified period of time. Very simply, a bond is a promissory note which is traded in the financial markets. The investors' position is that of lender.

BOND RATING - A rating selected from a scale that indicates the relative likelihood of default. Bond ratings are issued by various nationally recognized independent-rating firms.

BOOK ENTRY SECURITIES - Securities which are not evidenced by a certificate. Instead, they are recorded on the books of the customer in various central repositories mostly located in New York. Most book entry securities are held in the nominee name of banks, trusts, brokerage houses or other holding account agencies. The bank or other holding account agencies then keep an account of their customers' securities held in the bank's nominee name. This system is used to maintain an efficient and manageable record of ownership. Also referred to as "wireable" securities as they are moved from one account to another to consummate trades on the Federal Reserve wire system. (See also Wired Securities.)

BOOK VALUE - The value at which the investor holds on their books as their invested amount in a security. This may be more or less than the current face value of the security, depending if the security was purchased at a price more or less than the face value.

BOUNCE - Refusal to consummate a trade. Bouncing is only acceptable for time differences and money differences. Also see "D. K." and Fail.

BROKER - A financial institution that facilitates transactions by matching up buyers and sellers. They do not buy securities for inventory purposes. (Also see Dealer and Primary Dealer).

CALL OPTION - A contract that allows the holder to buy a specified quantity of an asset at a specified price on or within a specified date.

CALL PROVISION - The right of an issuer to redeem bonds at a specified price and date prior to maturity.

CAPPED FLOATER - Floating rate notes with a cap or ceiling on the interest rate.

CASH (SETTLEMENT) - Used to indicate the trade date as the same day as the settlement date of a transaction. The day the transaction is agreed upon is the date it is to occur.

CASHFLOW - The actual net cash that comes in and goes out of an organization during a given period of time.

COLLATERAL - Assets which are used to secure a loan. In the event of default, the lender assumes ownership of the asset. Typically, the cash flow generated by the collateral go to the actual owner of the asset who has posted the asset as collateral.

COLLATERALIZED MORTGAGE OBLIGATIONS OR CMOs - Debt obligations issued by a special purpose entity that are collateralized by and payments linked to a pool of mortgages or mortgage backed securities. The special purpose entity (usually a trust) is set up by the sponsor who owns the loans. A different entity purchases a group of mortgages using the proceeds of an offering of securities collateralized by the mortgage (CMOs). The trustee (the issuer) uses the underlying cash flows or the collateral to fund the debt service on the CMOs. The CMOs are priced based on their own maturity and rate of return rather than that of the underlying mortgages.

COLLATERALIZED OBLIGATIONS - Notes secured by collateral. The collateral is usually comprised of U. S. Government securities which are held by a third-party-trustee, who also insures that adequate collateral is posted at all times.

COMMERCIAL PAPER - Short-term (up to 270 days), unsecured promissory notes of large firms. They are usually issued only by top rated corporations for relatively short periods of time, therefore the unsecured status.

CORPORATE (BOND OR NOTE) - Used to identify the debt of companies as opposed to government agencies.

CORPORATE (SETTLEMENT) - Used to indicate the settlement date as five business days after the trade date.

COUNTERPARTY - Used to describe the entity(s) or individual(s) with whom an agreement is entered. The entity(s) or individual(s) on the other side of an agreement for which their performance consummates the exchange of value for consideration.

COUPON OR COUPON RATE - The stated rate of interest on a bond. Stated as a percentage of par (face) and computed out to a dollar amount. Example: A note with a coupon of 6% pays $30,000 interest per million dollars of par (face amount) every six months, or $60,000 annually.

COVERED OPTIONS – A contract in which the option buyer pays the option seller for the right to purchase a specific security for a specific price at a specific time. The use of the word covered specifically indicates that the option seller owns the specified investment for the entire duration of the option contract. (Also see Option).

CREDIT EXPOSURE - The risk associated with the amount of risk associated with investing in the securities of a particular issuer.

CREDIT RISK - The risk associated with the credit rating of an investment.

CUTOFF TIME - The time at which dealers and/or the Federal Reserve stop executing trade transactions. (Also see the Window.)

DEALER - A Financial institution that participates in the financial markets by taking securities (usually in extremely large volumes) into inventory from which they are later sold. (Also see Broker and Primary Dealer.)

DEBT INSTRUMENT - An instrument or promissory note which evidences and documents the terms of the loaning of funds from one party to another. Typically the instrument contains the loan date, the maturity date, the repayment provisions, and the interest rate of the borrowing.

DEFAULT - The failure to pay debt obligations as agreed in the terms of the debt.

DELIVERY VS. PAYMENT (DVP) - Refers to the practice of using an escrow procedure to process a transaction through a third-party safekeeper. This practice ensures that the transaction settles after the transaction terms and conditions of the parties involved have been met. In other words, payment will not be forwarded to the seller until securities have been delivered and vice versa.

DERIVATIVE - Investment products whose price performance is derived from another instrument. The most widely known derivative products are financial futures. Derivatives also include option contracts, Series E U. S. Savings Bonds, variable rate mortgages issued by banks and other financial institutions. (Also see Call Option, Capped Floater, Collateralized Mortgage Obligations, Floating Rate Note, Inverse Floaters, Put Option, Rate Floor, Step-Down Floater, Stripped Government Securities, Synthetic Instruments, Zero Coupon Bonds.)

DISCOUNT - Bond purchase price which is below the bond's face value.

DISCRETIONARY ACCOUNTS – Funds on deposit with a broker who has authority to execute transactions with those funds without prior approval for the transactions. The broker is responsible for “managing” the account.

"D. K." - Stands for Don't Know. When either the buyer or the seller refuses to consummate the transaction due to terms of the transaction for which they are unfamiliar. Also refers to when the safekeeping trustee has not received escrow instructions or possesses instructions that do not reflect the trade. May result in a failed trade or continued attempts to settle the transaction by informing all parties of the terms or other clarification of the transaction. (Also see Bounce and Fail.)

DURATION - A weighted average of the lengths of time prior to the payments, using the relative present values of the payments as weights. This formula produces a number that is used as a percentage to calculate a change in an investment’s or a portfolio's value due to changes in interest rates. Example: A duration of 1.5 means that for every 1% increase in interest rates value drops by 1.5%.

FACE VALUE - The same as par value. Face value is the principal amount of a bond.

FAIL - The situation that occurs when a trade is not consummated.

FANNIEMAE - FNMA, Federal National Mortgage Association. Debt issued by FNMA, a federally sponsored agency, to facilitate real estate lending. FNMA issues short-term debt backed by its own full faith and credit. FNMA issues long-term debt backed by mortgages with repayment guaranteed by FNMA.

FED FUNDS - Settlement is to be consummated on funds on deposit at the Federal Reserve Bank and thus available the same day (no float). All government securities are traded on Fed Funds. Also referred to as "same day funds".

FEDERAL GOVERNMENT AGENCY - Debt issued by government sponsored entities to facilitate various types of lending. For example: the Federal Farm Credit Bank, to provide funds to farmers; Student Loan Marketing Association, to provide funds to students; the Federal National Mortgage Association, to provide funds to the real estate mortgage markets.

FEDERAL RESERVE (BANK) SYSTEM - The central bank of the United States and its system of money movement and banking regulations.

FED WIRE SYSTEM - Could be described as a financial electronic mail system used to debit and credit money and securities to accounts on the system. The national banks system for moving money and securities.

FIXED INCOME SECURITY - Securities which are some form of promissory note, representing the terms and conditions for the repayment of debt.

FIXED INCOME MARKET - The marketplace in which fixed income securities are transacted. (Also see Over the Counter Market).

FLOATING RATE NOTE - A promissory note having a variable interest rate that is reset periodically. The rate is usually tied to a money market index such as LIBOR or Treasury bill rates.

FREDDIEMAC - FHLMC, Federal Home Loan Mortgage Corporation. Debt issued by FHLMC, a federally sponsored agency, to facilitate real estate lending. FHLMC issues short-term debt backed by its own full faith and credit, and it issues long-term debt backed by mortgages with repayment guaranteed by FHLMC.

GINNIEMAE - GNMA, Government National Mortgage Association. Debt issued by GNMA, a federally sponsored agency, to facilitate real estate lending. GNMA issues long-term debt backed by mortgages with repayment guaranteed by the U. S. Government.

HAIRCUT - The amount of over-collateralization by which the market value at the time of a repurchase agreement trade exceeds the amount borrowed. For the lender of funds in this transaction, this amount serves as a buffer of protection against market fluctuations or volatility. A collateral call may be used to increase the collateral in order to maintain this buffer if market prices go lower. Conversely, collateral may be returned to the borrower of funds if market prices rise.

INVESTMENT - The foregoing of immediate value for (possibly uncertain) longer-range value. Also used to indicate the security that evidences such act.

INVESTMENT GRADE - The top three rating categories of the nationally recognized rating agencies.
INVERSE FLOATERS - Floating rate notes with an inverse relationship to movements in a benchmark interest rate. Example: 10% minus 6 month LIBOR. As the LIBOR rate goes up the resulting interest rate goes down.

INVERTED OR NEGATIVE YIELD CURVE - A yield curve where short-term securities yield at a higher rate than long-term securities.

INVOLUNTARY DEPOSITOR - Depositors whose funds are mandated by state statute or other legal requirement to be deposited into the county treasury.

ISSUER - An entity (corporate or government) who raises money by creating debt. The initial borrower in a lending transaction.

JUNK BONDS - High yielding corporate bonds of non-investment grade credit rating. Usually issued by companies with little or no track record of declining or deteriorated credit quality.

LETTER OF CREDIT - An instrument issued by a bank guaranteeing the payment of a customer's obligations up to a stated amount for a stated period of time. These instruments are widely used in the financing of international trade.

LIBOR - London Interbank Offering Rate. The rate of interest that the most creditworthy international banks dealing in the London Eurocurrency market charge each other for large loans. Each country has its own LIBOR rate, i.e. Swiss LIBOR, German LIBOR, US LIBOR.

LIQUIDITY - For an entity, its cash and marketable security position with respect to its short-term debt obligations. For an individual asset, the ability to sell the asset at a reasonable price on short notice.

LONG - To own a security. "I'm long 5 on the 30 year Treasury" means I own $5 million of the 30 year Treasury.

LONG TERM INVESTMENT - Usually refers to investments of ten years or more. For the Placer County Portfolio long-term is defined as an investment having a maturity of more than one year.

LOWER OF COST OR MARKET - An accounting principal that requires that the carrying amount of an asset be the lower of its original cost (book value) or its market value on the reporting date.

MARKET - Refers to the place, physical or electronic, that investment transactions take place. The New York Stock Exchange (NYSE) is a recognized exchange (stock market) with a physical location in New York City. The Chicago Board of Trade (CBT) is recognized exchange (commodities market) with a physical location in Chicago. The "over-the-counter" market is an electronic and phone system used to trade investments that are not traded on recognized exchanges. Bond and money markets investments (fixed income securities) are traded on the "over-the-counter" market.

MARKET VALUE - The value for which a security can be sold.

MARK TO MARKET - To note the current market value of a security against the securities purchase price or book value or last reported market price.

MATURITY - The date on which the issuer or borrower repays the principal in total. Either paid in a lump sum at the maturity date or the final payment date on amortized debt.

MEDIUM TERM NOTES - Issuers register with the SEC (Securities and Exchange Commission) allowing for notes to be issued at various times, rates and maturates from one to ten years as the issuer's financing needs dictate.

MORTGAGE BACKED SECURITY (MBS) - A pool of individual mortgages which is packaged and sold to investors at a specified coupon rate, maturity date, and face value. Individual mortgage loans are purchased from lenders by GNMA, FNMA & FHLMC, thus converting the lenders loan assets to dollars, in turn making money available again for borrowing. GNMA, FNMA & FHLMC then packages the mortgage loans into pools, securitizes them and offers them for sale in the securities market. In doing so, GNMA, FNMA & FHLMC convert mortgages to dollars, enabling them to purchase additional individual mortgages for pooling. This conduit is used to reallocate funds from the securities markets into the real estate market.

NEGOTIABLE CERTIFICATE OF DEPOSIT - Time deposits which may be purchased and sold in the financial markets.

NEW YORK STOCK EXCHANGE (NYSE) - See Market.

NOMINEE NAME - The name in which a book entry certificate is held.

NONCALLABLE - Cannot be redeemed prior to maturity or cannot be redeemed for a specified period of time prior to maturity. Example: Five year noncall two would mean five years to maturity and not callable for the first two years.

NONDOLLAR DEBT OR DENOMINATION - Securities which are denominated or payable in foreign currency. The price and value of the security is also determined by the foreign currency. Therefore, the security is valued at its price in the foreign market, and then this value must be computed in dollars. A security of this type has an added dimension of risk. It may perform well in a foreign market, but if the value of the U. S. dollar has decreased relative to the foreign currency, market gains are offset by this decrease and may even result in losses.

NOTE - Typically an investment with a term of one to ten years paying interest on a periodic basis.

ODD LOT - Increments of securities that are not generally accepted as tradable increments. Typically, trading an odd lot usually requires the payment of a premium for the inconvenience of handling such a transaction (also see Round Lot).

OPTIONS (CONTRACTS) - A contract which is sold to purchase or sell a specified amount of a specific security at a specific price at specific time in the future, if the contract is exercised within a specific time frame.

OVER-THE-COUNTER MARKET - Refers to the electronic environment that investment transactions take place. The "over-the-counter" market is an electronic and phone system used to trade investments that are not traded on recognized exchanges. Bond and money markets investments (fixed income securities) are traded on the "over-the-counter" market. (Also see Market).

PAR VALUE - The same as face value. Par value is the principal amount of a bond.

POSITIVE OR NORMAL YIELD CURVE - A yield curve in which short-term interest rates are lower than long-term interest rates. This is the prevailing case most of the time. Changes in the yield curve can be used to interpret market and economic conditions.

PREMIUM - Bond purchase price that is greater than that of its face value.

PRIMARY DEALER - Financial institutions so designated by the New York Federal Reserve Bank. The number of primary dealers ranges from approximately 25 to 35 at any given time. Primary dealers must undergo rigorous financial and ethical examination by the New York Federal Reserve Bank to obtain and maintain primary dealership status. They are also expected to provide a market for U. S. Treasury securities and to participate in the Federal Reserves periodic auction of new issue Treasury securities. The Federal Reserve's purpose in establishing a network of primary dealers is to ensure the efficient and sound marketability of U. S. Treasury securities.

PRICE - the percentage of par at which a security is bought and sold (see bid and offer). Corporate debt is traded in denominations of 100th of a percent. Government debt is traded in denominations of 32nds of a percent. Example: Corporate debt of $1 million face amount priced at 98.12 equals $981.200. Government debt of $1 million face amount priced at 98.12 is really 98 and 3/8 equaling $983,750.

PRINCIPAL - The face amount of a security not taking into account discounts or premiums. The unpaid amount remaining on amortized debt. Original principal being the original amount of the debt. Interest is paid based on the principal amount.

PUT OPTION - A provision in a debt instrument that allows the investor to "put back" (sell) the instrument back to the issuer at a specified date or dates at a specified price.

RATE CEILING - The maximum rate at which a floating rate note can be set, regardless of the floating rate formula. Floating rate notes do not have a ceiling unless indicated otherwise. Example: 10% - 6 month LIBOR with a 5.5% ceiling. LIBOR might equal 5.75%, however the rate will never be higher than 5.5%.

RATE FLOOR - The minimum rate at which a floating rate note can be set, regardless of the floating rate formula. Floating rate notes do not have a floor unless indicated otherwise. Example: 10% - 6 month LIBOR with a 5.25% floor. The formula might equal 4.75%, however the rate will be 5.25% because of the floor.

RATING - See Bond Rating.

RATING AGENCY - Institutions who analyze and monitor the creditworthiness of corporations and governments. They utilize a system of ratings that apply to the debt issued by these entities to indicate relative creditworthiness.

RECOGNIZED EXCHANGE(S) - See Markets.

REDEMPTION OR TO REDEEM - To payoff debt either at maturity or prior to maturity, as in a call provision.

REGIONAL BROKER - A financial institution that participates in the market by matching up buyers and sellers. They are not national in scale and do not buy inventory for resale.

REGISTERED BONDS - Bonds that bear the owner's name on the face of the bonds and are for which the ownership is registered with the issuer or other registrar. Transfer of ownership occurs by endorsing the bond and sending it to the registrar or issuer, for re-issue in the name of the new owner.

REGULAR WAY (SETTLEMENT) - Used to indicate the next business day as the settlement date of a transaction.

REVENUE ANTICIPATION NOTES OR RANs - Notes issued for thirteen months or less which are used to finance cash flow in anticipation of future tax revenue. Used by agencies having cash flow gaps between revenues and expenses that require short-term interim financing. Also see Tax Anticipation Notes (TANs) and Tax and Revenue Anticipation Notes (TRANs).

REPURCHASES AGREEMENT (Repo) - Technically, a repo is the purchase of securities where the seller will repurchase the securities on or before a specified date and for a specified amount. Practically, a repurchase agreement is a loan where securities are used as collateral. Included in the terms of the agreement is a date for reversing the exchange of loan proceeds plus interest for the collateral. The lender calls this transaction a repurchase agreement.

REVERSE REPURCHASE AGREEMENT (Reverse Repo) - A reverse repo is virtually the same agreement as a repo, however, the borrower calls the transaction a reverse repo.

ROLL OR ROLLOVER - For an investment to be redeemed and then immediately reissued.

ROUND LOT - The generally accepted increments in which securities are traded. In the fixed income market, round lots are typically $1 million of face value.

SAFEKEEPING - The holding of securities in a segregated account by a custody agent or trustee. Transactions are escrowed through these accounts by the custody agent or trustee. Safekeeping services are typically provided by banks and other financial institutions.

SEC (SECURITIES AND EXCHANGE COMMISSION) - Provides regulatory oversight and enforcement of national securities laws. The SEC does not have authority over the government securities market. It does have authority over the municipal securities market.

SECURITY(IES) - Evidence of a property right.

SETTLEMENT DATE - The date on which a transaction will occur. Also see Trade Date.

SHORT - The sale of an investment when it is not owned. A typical short sale occurs when a decline in the market is anticipated. The seller then purchases the security at a lower price and takes a profit when the sale is consummated. Shorting usually requires that the consummation of the sale occur at a future time, not immediately. Primary dealers may also short sell certain government securities to meet their obligations as primary dealers.

SHORT TERM INVESTMENT - Generally an investment having a maturity of less than one year.

SKIP DAY (SETTLEMENT) - Used to indicate the day after the next business day as the settlement date of a transaction.

SMALL BUSINESS ADMINISTRATION LOANS - SBA, loans made by banks to small business, which are then sold to the SBA who offers them for sale in the financial markets. Loans are purchased by the SBA to facilitate lending for small business enterprise.

STEP-DOWN FLOATER - A floating rate note with a declining interest rate linked to a benchmark interest rate. Example: year 1 the interest rate is 5% plus the 6 month LIBOR rate, year 2 the interest rate is 4% plus the 6 month LIBOR rate, year 3 the interest rate is 3% plus the 6 month LIBOR rate, etc.

STRIKE PRICE - The specified price at which the owner of a call option can purchase the security, or the specified price at which the owner of a put option can sell the security back to the issuer or the put option maker.

STRIPPED GOVERNMENT SECURITIES - Usually a Treasury that has had the semiannual interest payments separated from the principal. Investors then purchase the stream of interest payments or they purchase the non-interest bearing principal portion at a discounted price that produces a current market yield to maturity. Various types of stripped government securities include CATs - Certificates of Accrual on Treasury certificates, COUGRs - Certificates of Government Receipts, STAGS Sterling Transferable Accruing Government Securities, STRIPS Separate Trading of Registered Interest and Principal of Securities, TIGRs Treasury Investment Growth Certificates, ZEBRAs Zero coupon Eurosterling Bearer or Registered Accruing certificates. The monikers are placed on the various types of securities by the investment banking firm that creates the stripped securities.

STRUCTURED NOTE - A note containing interest rate terms which change but are not tied to another asset. Example: The rate for the first year is 6%, for the second year 6.5%, for the third year 7%, etc.

SYNTHETIC INSTRUMENTS - Instruments that are developed from combining two or more instruments, restructuring instruments or other alteration of an originally issued instrument. Also see Stripped Government Securities.

TAX ANTICIPATION NOTES OR TANs - Notes issued for thirteen months or less which are used to finance cash flow in anticipation of future tax revenue. Commonly used by California local governments whose primary revenues are property taxes that are collected in December and April. Also see Revenue Anticipation Notes (RANs) and Tax and Revenue Anticipation Notes (TRANs).

TAX AND REVENUE ANTICIPATION NOTES OR TRANs - Notes issued for thirteen months or less. They are a combination of Tax Anticipation Notes (TANs) and Revenue Anticipation Notes (RANs). Also see Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs).

THIRD PARTY SAFEKEEPING - Refers to holding securities in a trust account by an entity other than the party through whom the investment was purchased. (Also see Safekeeping).

TRADE - Transaction or to trade, to transact as in buying and selling.

TRADE DATE - The date that the terms of a transaction are agreed upon, including the settlement date. (Also see Settlement Date).

TREASURY BILL, BILL OR T-BILL - Short-term U. S. Treasury securities issued with maturities of three, six, and twelve months. Bills are issued and sold on a discounted basis and do not pay a coupon.

TREASURY NOTES OR NOTES - U. S. Treasury securities of a "medium-term" maturity of not less than one year to not less than ten years. Notes have a coupon rate that pays every six months.

TREASURY BONDS OR BONDS - U. S. Treasury securities with a "long-term" maturity of more than ten years. Bonds have a coupon rate that pays every six months. (Also see Bond.)

TURNAROUND - The receipt and subsequent **re**delivery of securities before the cutoff time. Also see Cutoff time.

UNDERWRITE - The responsibility of an underwriter to assume the risk of buying a new issue of securities from the issuer and reselling them to the public, either directly or through dealers or syndicates.

UNDERWRITER - A firm whose responsibility it is to organize the sale and marketing of a new issue of securities. (Also see Underwrite).

U. S. DOLLAR DENOMINATED - Investments which are transacted in U. S. dollars. (Also see Nondollar Debt or Denominated).

VOLUNTARY DEPOSITOR - A depositor who is not mandated or legally required to deposit their funds in the county treasury.

WHEN ISSUED (SETTLEMENT) - Used to indicate the date of issuance as the settlement date of a transaction. Used when debt is sold in advance of the issuance.

(THE) WINDOW - The transaction settlement desk of the dealer and for the Fed Wire System. The cutoff time is referred to as the Window being closed. Also see Cutoff Time.

WIRED OR WIREABLE SECURITIES - Securities that can be transferred and paid for on the wire system maintained by the Federal Reserve. See also Book Entry Securities.
YIELD TO MATURITY - YTM is the coupon rate plus the additional yield generated by purchasing a security at a discount, or the coupon rate less the "negative yield" generated by purchasing a security at a premium.

ZERO COUPON BOND OR ZEROS - A bond which does not make periodic interest payments but instead is sold at a deep discount from the face value at which it will mature. The investor makes their return, or realizes a yield, from the gradual appreciation of the bond as it reaches maturity.

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