NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: S&P: AAA
(Ambac Insured)
S&P: A- (Provisional)
See "RATINGS" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Special Counsel, interest on the Certificates is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Certificates. See "TAX MATTERS."

$9,090,000
2005 Certificates of Participation
Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof In Base Rental Payments to be Made by the
COUNTY OF AMADOR
As the Rental for Certain Leased Property Pursuant to a Facilities Lease with the
AMADOR COUNTY PUBLIC FACILITIES FINANCING AUTHORITY

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

The Certificates evidence and represent direct, undivided fractional interests of the Owners thereof in the Base Rental Payments (which include principal and interest components) to be made by the County of Amador, (the "County"), for the right to the use of certain real property and improvements thereon (the "Leased Property") within the County pursuant to that certain Facilities Lease, dated as of August 1, 2005 (the "Facilities Lease"), by and between the County, as lessee, and the Amador County Public Facilities Financing Authority (the "Authority") as lessor. The Certificates are being executed and delivered to provide funds to (i) pay a portion of the costs of the acquisition and construction of a County Administration Building and related costs, (ii) fund a reserve fund for the Certificates, and (iii) pay certain costs incurred in connection with execution and delivery of the Certificates, including the premium for Certificate insurance. Interest represented by the Certificates is payable semiannually on each October 1 and April 1, commencing April 1, 2006.

The County has covenanted in the Facilities Lease to make the Base Rental Payments for the Leased Property as provided for therein, to include all such Base Rental Payments in each of its budgets and to make the necessary annual appropriations for all such Base Rental Payments. *The Base Rental Payments, however, are subject to abatement under certain circumstances, as described herein.*

The Certificates will be initially delivered only in book-entry form, registered to Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the Certificates. Interest and principal represented by the Certificates are payable by U.S. Bank National Association, San Francisco, California, as Trustee, to DTC, which remits such payments to its Participants for subsequent distribution to the beneficial owners of the Certificates. See "THE CERTIFICATES – Book-Entry Only System" and "– General."

The Certificates are subject to prepayment prior to maturity as described herein. See "THE CERTIFICATES – Prepayment."

The scheduled payment of principal of and interest with respect to the Certificates when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Certificates by Ambac Assurance Corporation.

Ambac

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

This cover page contains information for reference only. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision. See "RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Certificates.

MATURITY SCHEDULE

Maturity (Oct. 1)	Principal	Interest Rate	Yield	CUSIP† 02263N	Maturity (Oct. 1)	Principal	Interest Rate	Yield	CUSIP† 02263N
2007	$330,000	4.000%	2.850%	AA5	2017	$485,000	4.000%	4.020%	AL1
2008	340,000	4.000	2.950	AB3	2018	505,000	4.000	4.100	AM9
2009	355,000	4.000	3.100	AC1	2019	525,000	4.000	4.150	AN7
2010	370,000	4.000	3.300	AD9	2020	545,000	4.125	4.250	AP2
2011	385,000	4.000	3.450	AE7	2021	570,000	4.250	4.350	AQ0
2012	400,000	4.000	3.600	AF4	2022	590,000	4.250	4.420	AR8
2013	415,000	4.000	3.700	AG2	2023	615,000	4.375	4.470	AS6
2014	430,000	4.000	3.780	AH0	2024	645,000	4.375	4.520	AT4
2015	450,000	4.000	3.850c	AJ6	2025	670,000	4.375	4.570	AU1
2016	465,000	4.000	3.950c	AK3					

Priced to par call on October 1, 2014.

The Certificates will be offered when, as and if executed and delivered and received by the Underwriter, subject to the approval as to their legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Special Counsel. Certain legal matters will be passed upon for the County by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. In addition, certain legal matters will be passed upon for the County and the Authority by County Counsel. It is anticipated that the Certificates in book-entry form will be available for delivery to DTC in New York, New York on or about August 17, 2005.

Dated: August 2, 2005

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Certificates referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the County or the Authority, in any press release and in any oral statement made with the approval of an authorized officer of the County or the Authority, 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.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the County, the Authority 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 the Certificates, nor may there be any sale of the Certificates by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Certificates.

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

Official Statement Speaks Only as of its Date. 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 made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the County or the Authority since the date hereof.

Document Summaries. All summaries of the Trust Agreement, the Lease (as such terms are defined in this Official Statement) or other documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

No Registration or Qualification. THE CERTIFICATES 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 CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

COUNTY OF AMADOR

COUNTY OF AMADOR
BOARD OF SUPERVISORS

Richard F. Escamilla, *District 1*
Richard M. Forster, *District 2*
Richard P. Vinson, *District 3*
Louis D. Boitano, *District 4*
Mario Biagi, *District 5*

COUNTY OFFICIALS

Patrick Blacklock, *County Administrator*
Michael Ryan, *Treasurer-Tax Collector*
Joe Lowe, *Auditor-Controller*
Sheldon Johnson, *County Clerk/Recorder*
John Hahn, County Counsel

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

FINANCIAL ADVISOR
Fieldman, Rolapp & Associates
Irvine, California

SPECIAL COUNSEL
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

DISCLOSURE COUNSEL
Jones Hall, A Professional Law Corporation
San Francisco, California

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OFFICIAL STATEMENT

$9,090,000
COUNTY OF AMADOR
2005 Certificates of Participation

Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof In Base Rental Payments to be Made by the County of Amador As the Rental for Certain Leased Property Pursuant to a Facilities Lease with the Amador County Public Facilities Financing Authority

This Official Statement (which includes the cover page and Appendices hereto) (the "**Official Statement**") provides certain information concerning the execution, sale and delivery of the County of Amador 2005 Certificates of Participation (the "**Certificates**").

INTRODUCTION

This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in "APPENDIXB – Summary of Principal Legal Documents".

Issuance of Certificates. The Certificates will be executed and delivered pursuant to a Trust Agreement, dated as of August 1, 2005 (the "**Trust Agreement**"), by and among U.S. Bank National Association, San Francisco, California, as trustee (the "**Trustee**"), the Amador County Public Facilities Financing Authority (the "**Authority**") and the County of Amador, California (the "**County**"). The Certificates are being executed and delivered in denominations of $5,000 or any integral multiple thereof. Interest will accrue on the principal components of each Certificate at the applicable interest rate (as set forth on the cover hereof) from the Dated Date until its date of maturity or prior prepayment, with interest becoming payable on each October 1 and April 1, commencing April 1, 2006. The Certificates are subject to prepayment as described herein. See "THE CERTIFICATES – Prepayment."

Use of Proceeds. The net proceeds of the sale of the Certificates will be used to (i) provide funds for the acquisition and construction of a County Administration Building and related costs, (ii) provide capitalized interest for the Certificates, and (iii) pay certain costs incurred in connection with the execution and delivery of the Certificates, including the premium for Certificate insurance and a reserve surety. See "THE PROJECT AND THE LEASED PROPERTY."

Ownership of Certificates. The Certificates evidence and represent the direct, undivided fractional interests of the registered owners (the **"Owners"**) thereof in Base Rental Payments (as defined herein) to be made by the County for the right to the use of certain capital facilities (the **"Leased Property"**), pursuant to a Facilities Lease, dated as of August 1, 2005 (the **"Facilities Lease"**), by and between the Authority, as sublessor, and the County, as sublessee. In order to facilitate the transfer contemplated by the Facilities Lease, the County will lease the Leased Property to the Authority pursuant to a Site Lease, dated as of August 1, 2005 (the **"Site Lease"**), by and between the County, as lessor and the Authority, as lessee.

Base Rental Payments. The County covenants under the Facilities Lease to take such action as may be necessary to include all the Base Rental Payments due under the Facilities Lease in its annual budgets, to make necessary annual appropriations for all such Base Rental Payments as shall be required to provide funds in such year for such Base Rental Payments, subject to abatement as described herein.

Base Rental Payments are subject to complete or partial abatement during any period in which by reason of any damage or destruction there is substantial interference with the use and occupancy of the Leased Property by the County to the extent that the annual fair rental value of the portion of the Leased Property that is not rendered unusable by the County, if any, is less than the amount of Base Rental Payments due in any year during such potential period of abatement. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. No abatement will occur to the extent the Trustee holds amounts in the Base Rental Payment Fund, the Capitalized Base Rental Payment Fund or the Certificate Reserve Fund or otherwise holds funds available for payments in respect of the Certificates. Abatement of Base Rental Payments under the Facilities Lease, to the extent payment is not made from alternative sources as described herein, would result in all Certificate Owners receiving less than the full amount of principal and interest represented by the Certificates. To the extent proceeds of an eminent domain or insurance award are available to pay Base Rental Payments, or to the extent that moneys are available in the Base Rental Payment Fund or the Certificate Reserve Fund, Base Rental Payments (or a portion thereof) may be made during periods of abatement.

THE OBLIGATION OF THE COUNTY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Certificate Insurance. Concurrently with execution and delivery of the Certificates, Ambac Assurance Corporation (**"Ambac"** or the **"Certificate Insurer"**) will issue its Financial Guaranty Insurance Policy (the **"Policy"**) for the Certificates. The Policy unconditionally guarantees the payment of that portion of the principal of and interest with respect to the Certificates which has become due for payment, but which is unpaid. See "SECURITY FOR THE CERTIFICATES – Payments Pursuant to Financial Guaranty Insurance Policy" and "APPENDIX F – Specimen Financial Guaranty Insurance Policy". The Certificate Insurer will also provide a surety bond to initially fund the Certificate Reserve Fund.

Risk Factors. Investment in the Certificates have certain risks arising from circumstances which could have an adverse impact on the ability of the County to pay the Base Rental Payments. See "RISK FACTORS" herein.

Miscellaneous. There follows in this Official Statement, which includes the cover page and Appendices hereto, a brief description of the Certificates, the County, the Trust Agreement, the Site Lease, the Facilities Lease and other documents, risk factors and certain other information relevant to the issuance of the Certificates. All references herein to the Trust Agreement, Facilities Lease and other documents, agreements and statutes referred to herein, and the description of the Certificates included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to each such document or statute. A summary of certain provisions of the Trust Agreement and Facilities Lease is included in APPENDIX B. A recent financial statement of the County is included in APPENDIX A. The information set forth herein and in the Appendices hereto has been furnished by the County and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Trust Agreement or the Facilities Lease shall have the meanings set forth therein, some of which are summarized in "APPENDIX B – Summary of Principal Legal Documents."

The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including table of receipts from tax increment revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the County. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

ESTIMATED SOURCES AND USES OF FUNDS

The Trustee will receive the proceeds from the sale of the Certificates, upon delivery of the Certificates to the purchasers thereof, and will use such proceeds, as set forth in the following table.

SOURCES:	
Par Amount of Certificates	$9,090,000.00
Plus Net Original Issue Premium	10,151.70
Total Sources:	$9,100,151.70
USES:	
Deposit to Acquisition and Construction Fund	$8,285,000.00
Deposit to Interest Account (1)	420,181.05
Underwriter's Discount	58,385.98
Deposit to Costs of Issuance Fund (2)	336,584.67
Total Uses:	$9,100,151.70

(1) Represents capitalized Base Rental Payments to October 1, 2006.
(2) Includes legal, financial advisory, rating agency and printing costs, financial guaranty insurance and reserve surety premium and other miscellaneous costs of issuance.

THE PROJECT AND THE LEASED PROPERTY

The net proceeds of the sale of the Certificates will primarily be used to provide funds to finance the acquisition and construction of a County Administration Building, for use by the County. Proceeds of the Certificates will also be used to provide capitalized interest for the Certificates, and to pay certain costs incurred in connection with the execution and delivery of the Certificates, including the premium for Certificate insurance and a reserve fund surety.

The County Administration Building is planned to be a two story structure with a total building area of approximately 55,900 square feet. The building is planned to be a steel braced frame structure on a floating structural slab foundation, with three coat lath & plaster over light gage metal stud skin, and will be designed to withstand resultant earthquake forces in accordance with the current Uniform Building Code. The building's column spacing and floor plate configuration will allow for flexible space use through a combination of open work areas and private offices.

The County Administration Building is expected to provide space for the following County departments: Board of Supervisors' chamber and offices, County Administrative Officer, Treasurer-Tax Collector, Auditor-Controller, County Counsel, Clerk-Recorder, Human Resources, Public Works, Planning, Environmental Management, Information Technology, Building, Elections, and Surveying, as well as the Amador Fire Protection District. The building is expected to house approximately 110 employees upon completion.

The bid opening date for the project was April 28, 2005. The construction start date is expected during Summer of 2005, with a projected construction period of one year.

Under the Lease, the County leases the Leased Property from the Authority. The Leased Property consists of the site of the County Administration Building, and will also include the building upon its completion. The County may substitute the initial Leased Property for other property provided certain conditions set forth in the Lease set forth in the Lease are met. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Substitution or Removal of Leased Property" below.

THE CERTIFICATES

General

The Certificates evidence and represent direct, undivided fractional interest of the Owners thereof in the principal and interest components of Base Rental Payments to be made by the County pursuant to the Facilities Lease.

The Certificates will be executed and delivered in principal amounts of $5,000 or integral multiples thereof. The interest evidenced and represented by the 2005 Certificates is payable on April 1 and October 1 of each year (each, a **"Payment Date"**), beginning on April 1, 2006, and will evidence and represent the sum of the portions of the Base Rental Payments designated as interest components coming due on the Payment Dates in each year. The principal evidenced and represented by the 2005 Certificates is payable on October 1 of each year, beginning on April 1, 2007 and continuing to the final date shown on the cover hereof. The 2005 Certificates evidence and represent the principal component of the Base Rental Payments coming due on their respective Certificate Payment Dates.

So long as the Certificates are held under the book-entry system, interest and principal represented by the Certificates are payable by the Trustee to DTC, which remits such payments to its Participants for subsequent distribution to the beneficial owners of the Certificates. See "Book-Entry Only System" below.

The interest, principal and prepayment premiums, if any, evidenced and represented by the Certificates will be payable in lawful money of the United States of America. The interest evidenced and represented by the Certificates will be payable on their respective Interest Payment Dates by check mailed by first class mail by the Trustee to the respective Owners thereof as shown in the Trustee's registration books at the close of business as of the fifteenth (15th) day of the month next preceding each Interest Payment Date (except that in the case of an Owner of one million dollars ($1,000,000) or more in aggregate principal amount of Outstanding Certificates, such payment may, at such Owner's option, be made by wire transfer of immediately available funds in accordance with instructions provided by such Owner prior to the fifteenth (15th) day of the month next preceding such Interest Payment Date), and the principal, and prepayment premiums, if any, evidenced and represented by the Certificates will be payable by check on their respective Certificate Payment Dates or on prepayment prior thereto upon surrender thereof by the respective Owners thereof at the Principal Office of the Trustee. The Trustee may treat the Owner of any Certificate as the absolute owner of such Certificate for all purposes, whether or not such Certificate is overdue, and the Trustee will not be affected by any knowledge or notice to the contrary; and payment of the interest, principal and prepayment premiums, if any, evidenced and represented by such Certificate will be made only to such Owner as provided in the Trust Agreement, which payments will be valid and effectual to satisfy and discharge the liability evidenced and represented by such Certificate to the extent of the sum or sums so paid.

Registration, Transfers and Exchanges

The Certificates will be executed and delivered as fully registered Certificates, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York

(**"DTC"**), and will be available to actual purchasers of the Certificates (the **"Beneficial Owners"**) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined herein). Beneficial Owners will not be entitled to receive physical delivery of the Certificates. In the event that the book-entry-only system is no longer used with respect to the Certificates, the Certificates will be registered and transferred in accordance with the Trust Agreement. See "Book-Entry Only System" below.

Prepayment

Optional Prepayment. The Certificates payable on or before October 1, 2014, are not subject to optional prepayment prior to their respective stated Certificate Payment Dates. The Certificates payable on or after October 1, 2015, are subject to optional prepayment prior to their respective stated Certificate Payment Dates, at the option of the County, as a whole or in part in any order as specified by the County, on Certificate Payment Dates specified by the County, and by lot within any such Certificate Payment Date if less than all of the Certificates of such Certificate Payment Date be prepaid, from any source of available funds, on any date on or after October 1, 2014, in the principal amount represented by the Certificates to be prepaid, plus accrued interest represented thereby to the date fixed for prepayment, without premium.

Extraordinary Prepayment. The Certificates are subject to extraordinary prepayment, from proceeds of insurance or eminent domain proceedings respecting all or any portion of the Leased Property, on any date prior to their respective Certificate Payment Dates, as a whole, or in part among Certificate Payment Dates so that the aggregate annual amounts of principal and interest represented by the Certificates which will be payable after such prepayment date will correspond to the principal component and interest component of the reduced Base Rental Payments resulting from a casualty loss or title defect which produced the insurance proceeds or resulting from the governmental taking with respect to the Leased Property or portions thereof which produced the proceeds of eminent domain, from prepaid Base Rental Payments made by the County from funds received by the County as either insurance proceeds due to such casualty loss or title defect proceeds of eminent domain due to such governmental taking, if such amounts are not used to repair or replace the Leased Property in accordance with the provisions of the Facilities Lease, under the circumstances and upon the conditions and terms prescribed herein and in the Facilities Lease, at a prepayment price equal to the sum of the principal amount, plus accrued interest represented thereby to the date fixed for prepayment, without premium.

Selection of Certificates for Prepayment. Whenever less than all the Outstanding Certificates payable on any one Certificate Payment Date are to be prepaid on any one date, the Trustee shall select the Certificates of such Certificate Payment Date to be prepaid from the Outstanding Certificates payable on such Certificate Payment Date by lot in any manner that the Trustee deems fair, and the Trustee is required to promptly notify the Authority and the County in writing of the numbers of the Certificates so selected for prepayment on such date. For purposes of such selection, Certificates will be deemed to be composed of $5,000 portions, and any such portion may be separately prepaid.

Notice of Prepayment. Notice of prepayment is required to be mailed (at the expense of the County), first class postage prepaid, to the respective Owners of any Certificates designated for prepayment at their addresses appearing on the books required to be kept by the Trustee not less than thirty (30) nor more than sixty (60) days prior to the prepayment date. Each notice of prepayment is required to state the prepayment date, the prepayment place and the prepayment price, will designate the serial numbers of the Certificates to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment, and will require that such Certificates be then surrendered for prepayment; and will also state that the interest represented by the

Certificates designated for prepayment will cease to accrue from and after such prepayment date and that on such prepayment date there will become due and payable on each of the Certificates designated for prepayment the prepayment price represented thereby. Such notice will, in addition to setting forth the above information, in the case of each Certificate called for prepayment in part only state the amount of the principal amount represented thereby which is to be prepaid. Any notice mailed as provided herein will be conclusively presumed to have been given, whether or not such Owner receives the notice. Any such notice may state that prepayment of the Certificate(s) described therein will be conditioned upon timely receipt of funds for such prepayment or fulfillment of such other conditions as may be set forth in such notice. At any time prior to the date fixed for prepayment of any Certificate(s), the County may rescind such notice of prepayment by delivery of a Written Request of the County to that effect to the Trustee.

In case of the prepayment of all the Certificates then Outstanding, or of all of the Certificates of any one series then Outstanding, or of all the Certificates of any one series and Certificate Payment Date then Outstanding, notice of prepayment is required to be given by mailing as above provided, except that the notice of prepayment need not specify the serial numbers of the Certificates to be prepaid.

Partial Prepayment of Certificates. Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof a new Certificate or Certificates representing the unprepaid principal amount of the Certificate surrendered.

Effect of Prepayment. If notice of prepayment has been duly given as aforesaid and moneys for the payment of the prepayment price on the Certificates to be prepaid are held by the Trustee, then on the prepayment date designated in such notice the Certificates so called for prepayment will become payable at the prepayment price specified in such notice; and from and after the date so designated interest represented by the Certificates so called for prepayment will cease to accrue, such Certificates will cease to be entitled to any benefit or security hereunder and the Owners of such Certificates will have no rights in respect thereof except to receive payment of the prepayment price represented thereby. The Trustee will, upon surrender for payment of any of the Certificates to be prepaid, pay such Certificates at the prepayment price thereof. All Certificates prepaid will be cancelled by the Trustee and will not be redelivered.

Book-Entry Only System

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

The Depository Trust Company, New York, NY, will act as securities depository for the Certificates. The Certificates 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 Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC", "GSCC", "MBSCC", and "EMCC", also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates 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 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 the Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to

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

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

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

Payments of principal of, premium, if any, and interest evidenced by the Certificates 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 Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

In the event that the book-entry system is discontinued as described above, the requirements of the Trust Agreement will apply. The foregoing information concerning DTC concerning and DTC's book-entry system has been provided by DTC, and neither the County or the Authority take any responsibility for the accuracy thereof.

Neither the County or the Underwriter can and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Certificates paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the County or the Underwriter is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Certificates or an error or delay relating thereto.

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

Discontinuance of DTC Service. In the event that (a) DTC determines not to continue to act as securities depository for the Certificates, or (b) the County determines to remove DTC from its functions as a depository, DTC's role as securities depository for the Certificates and use of the book-entry system will be discontinued. If the County fails to select a qualified securities depository to replace DTC, the County will cause the Trustee to execute and deliver new Certificates in fully registered form in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested by the Beneficial Owners thereof. Upon such registration, such persons in whose names the Certificates are registered will become the registered Owners of the Certificates for all purposes.

Transfer and Exchange of Certificates. *The following provisions regarding the exchange and transfer of the Certificates apply only during any period in which the Certificates are not subject to DTC's book-entry system. While the Certificates are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See Book-Entry Only System" above.*

All Certificates are transferable by the Owner thereof, in person or by the Owner's attorney duly authorized in writing, at the principal corporate trust office of the Trustee on the books required to be kept by the Trustee, upon surrender of such Certificates for cancellation accompanied in the case of transfer by delivery of a duly executed written instrument of transfer in the form appearing on the Certificate. The Trustee may treat the Owner of any Certificate as the absolute owner of such Certificate for all purposes, whether or not such Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal represented by such Certificate shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability represented by such Certificate to the extent of the sum or sums so paid. Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of the same series and Certificate Payment Date representing the same principal amount. The Trustee shall require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Certificates may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Certificates of other authorized denominations of the same series and Certificate Payment Date. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be required to transfer or exchange any Certificate after the fifteenth day of the month next preceding each Payment Date or during the period designated by the Trustee for selection of Certificates for prepayment, and the Trustee shall not be required to transfer or exchange any Certificate selected for prepayment in whole or in part from and after the date of mailing the notice of prepayment of such Certificate or such part thereof.

BASE RENTAL PAYMENT SCHEDULE

Following is the annual schedule of Base Rental Payments due with respect to the Certificates (assuming no optional prepayment of the Certificates).

Period Ending	Principal	Interest	Debt Service
04/01/2006		$232,971.67	$232,971.67
10/01/2006		187,209.38	187,209.38
04/01/2007		187,209.38	187,209.38
10/01/2007	$330,000	187,209.38	517,209.38
04/01/2008		180,609.38	180,609.38
10/01/2008	340,000	180,609.38	520,609.38
04/01/2009		173,809.38	173,809.38
10/01/2009	355,000	173,809.38	528,809.38
04/01/2010		166,709.38	166,709.38
10/01/2010	370,000	166,709.38	536,709.38
04/01/2011		159,309.38	159,309.38
10/01/2011	385,000	159,309.38	544,309.38
04/01/2012		151,609.38	151,609.38
10/01/2012	400,000	151,609.38	551,609.38
04/01/2013		143,609.38	143,609.38
10/01/2013	415,000	143,609.38	558,609.38
04/01/2014		135,309.38	135,309.38
10/01/2014	430,000	135,309.38	565,309.38
04/01/2015		126,709.38	126,709.38
10/01/2015	450,000	126,709.38	576,709.38
04/01/2016		117,709.38	117,709.38
10/01/2016	465,000	117,709.38	582,709.38
04/01/2017		108,409.38	108,409.38
10/01/2017	485,000	108,409.38	593,409.38
04/01/2018		98,709.38	98,709.38
10/01/2018	505,000	98,709.38	603,709.38
04/01/2019		88,609.38	88,609.38
10/01/2019	525,000	88,609.38	613,609.38
04/01/2020		78,109.38	78,109.38
10/01/2020	545,000	78,109.38	623,109.38
04/01/2021		66,868.75	66,868.75
10/01/2021	570,000	66,868.75	636,868.75
04/01/2022		54,756.25	54,756.25
10/01/2022	590,000	54,756.25	644,756.25
04/01/2023		42,218.75	42,218.75
10/01/2023	615,000	42,218.75	657,218.75
04/01/2024		28,765.63	28,765.63
10/01/2024	645,000	28,765.63	673,765.63
04/01/2025		14,656.25	14,656.25
10/01/2025	670,000	14,656.25	684,656.25

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Nature of the Certificates

Each Certificate evidences and represents a direct, undivided fractional interest in the principal component of the Base Rental Payments due under the Facilities Lease on the payment date or prepayment date of such Certificate, and the interest component of all Base Rental Payments (based on the stated interest rate with respect to such Certificate) to accrue from the Dated Date, to its payment date or prepayment date, as the case may be.

Base Rental Payments for each rental period during the term of the Facilities Lease shall constitute the total rental of the Lease Property for said rental period and shall be paid by the County in each rental payment period for and in consideration of the right of use and occupancy of, and continued quiet use and enjoyment of, the Leased Property. The parties to the Facilities Lease have agreed and determined that such total rental payable for each twelve-month period represents the fair rental value of the Leased Property for each such period. In making such determination, consideration has been given to costs of the Leased Property, other obligations of the parties under the Facilities Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the County and the general public.

The Trustee and the Authority will enter into an Assignment Agreement, dated as of August 1, 2005 (the **"Assignment Agreement"**), pursuant to which the Authority, pursuant to the Assignment Agreement, will assign to the Trustee for the benefit of the Owners of the Certificates, substantially all of the Authority's right, title and interest in and to the Facilities Lease, including, without limitation, its right to receive Base Rental Payments to be paid by the County. The County is required to pay Base Rental Payments directly to the Trustee, as assignee of the Authority.

Base Rental Payments

Under the Facilities Lease, the County agrees to pay to the Authority, as Base Rental Payments for the use and occupancy of the Leased Property (subject to the provisions of the Facilities Lease) annual rental payments with principal and interest components, the interest components being payable semi-annually, in accordance with the Rental Payment Schedule. Base Rental Payments shall be calculated on an annual basis, for the twelve-month periods commencing on October 2 and ending on October 1 (except for the Base Rental Payments due for the period between the Closing Date and October 1, 2005, which shall be calculated for such period), and each annual Base Rental Payment shall be divided into two interest components, due on April 1 and October 1 of each rental payment period (commencing on April 1, 2006), and one principal component, due on October 1 of each rental payment period (commencing on October 1, 2007). Each Base Rental Payment installment shall be payable on or before the fifth Business Day immediately preceding its April 1 or October 1 due date, and any interest or other income with respect thereto accruing prior to such due date shall belong to the County and shall be credited to the County on the next succeeding April 1 or October 1 of each year. The interest components of the Base Rental Payments shall be paid by the County as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the County under the Facilities Lease. Each annual payment of Base Rental (to be payable in installments as aforesaid) shall be for the use of the Leased Property. Scheduled Base Rental Payments relating to the Certificates are set forth above under the heading "BASE RENTAL PAYMENT SCHEDULE."

THE OBLIGATION OF THE COUNTY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR THE STATE OR OF ANY POLITICAL SUBDIVISION

THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Rental Interruption Insurance. The Facilities Lease requires the County to procure and maintain throughout the term of the Facilities Lease, rental interruption or use and possession insurance to cover loss, total or partial, of the use of any structures constituting any part of the Leased Property as a result of any of the hazards covered in the insurance required by the Facilities Lease in an amount at least equal to Base Rental Payments due during a 24-month period. The proceeds of such insurance shall be paid to the Trustee and deposited in the Base Rental Payment Fund, and shall be credited towards the payment of the Base Rental Payments as the same become due and payable. The County may not satisfy the requirement for rental interruption or use and occupancy insurance by self insurance.

Additional Payments

The County is obligated under the Facilities Lease to pay when due, during the term of the Facilities Lease, in addition to the Base Rental Payments, all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Facilities Lease or any assignment thereof, the Trust Agreement, its interest in the Leased Property and the lease of the Leased Property to the County, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Leased Property, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Certificates or of the Trust Agreement (the **"Additional Payments"**). Such costs and expenses shall be payable as additional amounts of rental in consideration of the right of the County to the use and occupancy of the Leased Property. Amounts payable to holders of the Certificates are not derived from Additional Payments.

Covenant to Appropriate Funds for Base Rental Payments or Additional Payments

The County has covenanted in the Facilities Lease to take such action as may be necessary to include all such Base Rental Payments and Additional Payments in its annual budgets, to make necessary annual appropriations for all such Base Rental Payments and Additional Payments as shall be required to provide funds in such year for such Base Rental Payments and Additional Payments. The covenants on the part of the County in the Facilities Lease shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in the Facilities Lease agreed to be carried out and performed by the County.

The Authority and the County understand and intend that the obligation of the County to pay Base Rental Payments and Additional Payments shall constitute a current expense of the County and shall not in any way be construed to be a debt of the County in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the County, nor shall anything contained in the Facilities Lease constitute a pledge of the general tax revenues, funds or moneys of the County. Base Rental Payments and Additional Payments shall be payable only from current funds which are budgeted and appropriated or on deposit in the Base Rental Payment Fund, the Capitalized Base Rental

Payment Fund or the Certificate Reserve Fund for the purpose of paying Base Rental Payments and Additional Payments or other payments as consideration for use of the Leased Property. The Facilities Lease shall not create an immediate indebtedness for any aggregate payments which may become due in the event that the term of the Facilities Lease is continued. *The County has not pledged the full faith and credit of the County, the State of California or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due under the Facilities Lease.*

Abatement

Except to the extent the Trustee holds amounts in the Base Rental Payment Fund, the Capitalized Base Rental Payment Fund or the Certificate Reserve Fund or otherwise holds funds available for payments in respect of the Certificates, the Base Rental Payments will be abated during any period in which by reason of any damage or destruction (other than by condemnation, which is provided for in the Facilities Lease) there is substantial interference with the use and occupancy of the Leased Property by the County to the extent that the annual fair rental value of the portion of the Leased Property that is not rendered unusable by the County, if any, is less than the amount of Base Rental Payments due in any year during such potential period of abatement. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facilities Lease shall continue in full force and effect and the County waives the right to terminate the Facilities Lease by virtue of any such damage or destruction.

Action on Default

Should the County default under the Facilities Lease, the Trustee, as assignee of the Authority under the Facilities Lease, may exercise any and all remedies available pursuant to law or granted pursuant to the Facilities Lease; provided, however, that notwithstanding anything in the Facilities Lease or in the Trust Agreement to the contrary, there is no right under any circumstances to accelerate the Base Rental Payments or otherwise declare any Base Rental Payments not then in default to be immediately due and payable. The Authority and the Trustee (as assignee of the Authority) may terminate the Lease and re-lease all or any portion of the Leased Property. See "RISK FACTORS - Limited Recourse on Default" herein.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Facilities Lease and the Trust Agreement, see "APPENDIX B – Summary of Principal Legal Documents" herein.

Certificate Reserve Fund

A reserve fund (the **"Certificate Reserve Fund"**) is established pursuant to the Trust Agreement and will be held by the Trustee in trust for the benefit of the Owners of the Certificates. Moneys in the Certificate Reserve Fund (including draws on any surety bond provided for such purpose) will at all times be in the amount of the **"Reserve Requirement"**, which is defined to be an amount equal to the least of (i) the maximum amount of Base Rental Payments remaining to be made by the County pursuant to this Lease during any twelve-month period ending on October 1 of any year, (ii) 125% of the average of all such remaining annual Base Rental Payments, and (iii) 10% of the proceeds derived from the sale of the Certificates; provided, however, that all or a part of such Certificate Reserve Fund Requirement may be provided by a policy of insurance or surety bond issued by a municipal bond insurance company obligations insured by which have a rating by Moody's Investors Service and by Standard and Poor's Ratings Services which is in one of the two highest ratings then issued by said rating agencies or by a Letter of Credit issued by a Qualified Bank (as defined in Appendix B). The

Certificate Reserve Fund will initially be funded with a surety bond issued by Ambac Assurance Corporation. See "FINANCIAL GUARANTY INSURANCE POLICY - Certificate Reserve Fund Surety Bond" below.

The Trustee shall initially deposit the amount received on the Closing Date on account of the Certificate Reserve Fund Requirement forthwith following such receipt. Thereafter, if on April 1 or October 1 of any year the amount in the Certificate Reserve Fund exceeds the Certificate Reserve Fund Requirement, the Trustee, if the Authority and the County are not then in default under the Trust Agreement, shall pay the amount of such excess to the County. Except for such withdrawals, the County agrees that the Trustee shall apply the moneys on deposit in the Certificate Reserve Fund solely for the payment of Base Rental Payments due and payable by the County if and when rental shall be abated in accordance with the Facilities Lease or when other moneys of the County are not otherwise available to make such Base Rental Payments. In the Trust Agreement, the County pledges and grants a lien on and a security interest in the Certificate Reserve Fund to the Authority in order to secure the County's obligation to pay the Base Rental Payments. The County also agrees that if at any time the balance in the Certificate Reserve Fund shall be reduced below the Certificate Reserve Fund Requirement, the first payments of Base Rental Payments thereafter payable by the County and not needed to pay Base Rental Payments on the next Base Rental Payment due date shall be used to increase the balance in the Certificate Reserve Fund to the required Certificate Reserve Fund Requirement. At the termination of this Lease in accordance with its terms, any balance remaining in the Certificate Reserve Fund shall be released from the foregoing pledge, lien and security interest and may be transferred to such other fund or account of the County, or otherwise used by the County for any other lawful purposes, as the County may direct.

Insurance

The County agrees in the Facilities Lease that for the term of such Facilities Lease it will maintain insurance with respect to the Leased Property against the risks and in the amounts described under the caption "The Facilities Lease" in the Appendix B.

Substitution or Removal of Leased Property

Pursuant to the Facilities Lease, the County may substitute the Leased Property for other property. The conditions of substitution are described under the caption "The Facilities Lease - Substitution" in the Appendix B.

See "RISK FACTORS - Substitution of the Leased Property" for a discussion of certain risk factors related to the County's right to substitution and removal of the Leased Property.

FINANCIAL GUARANTY INSURANCE POLICY

The following information has been furnished by Ambac Assurance for use in this Official Statement. Such information has not been independently confirmed or verified by the County. No representation is made herein by the County as to the accuracy or adequacy of such information subsequent to the date hereof, or that the information contained and incorporated herein by reference is correct. Reference is made to Appendix F for a specimen of Ambac Assurance's Municipal Bond Insurance Policy.

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Certificates effective as of the date of delivery of the Certificates. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest with respect to the Certificates which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Certificates and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Certificates become subject to mandatory prepayment and insufficient funds are available for prepayment of all outstanding Certificates, Ambac Assurance will remain obligated to pay principal of and interest with respect to outstanding Certificates on the originally scheduled interest and principal payment dates including mandatory sinking fund prepayment dates.

In the event the Trustee has notice that any payment of principal of or interest on a Certificate which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does not insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Certificates to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Certificates to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Certificate's, appurtenant coupon, if any, or right to payment of principal or interest on such Certificate and will be fully subrogated to the surrendering Holder's rights to payment.

In the event that Ambac Assurance were to become insolvent, any claims arising under the Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

Certificate Reserve Fund Surety Bond

The Trust Agreement requires the establishment of a Certificate Reserve Fund in an initial Reserve Requirement amount of $704,418.76. The Trust Agreement authorizes the deposit of a surety bond in place of fully funding the Certificate Reserve Fund and Ambac Assurance has committed to issue a surety bond (the "Surety Bond") for the purpose of funding the Certificate Reserve Fund. The Certificates will only be delivered upon the issuance of such Surety Bond. The premium on the Surety Bond is to be fully paid at or prior to the issuance and delivery of the Certificates. The Surety Bond provides that upon the later of (i) one (1) day after receipt by Ambac Assurance of a demand for payment executed by the Trustee certifying that provision for the payment of principal of or interest with respect to the Certificates when due has not been made or (ii) the interest payment date specified in the Demand for Payment submitted to Ambac Assurance, Ambac Assurance will promptly deposit funds with the Paying Agent sufficient to enable the Paying Agent to make such payments due on the Certificates, but in no event exceeding the Surety Bond Coverage, as defined in the Surety Bond.

Pursuant to the terms of the Surety Bond, the Surety Bond Coverage is automatically reduced to the extent of each payment made by Ambac Assurance under the terms of the Surety Bond and the Obligor is required to reimburse Ambac Assurance for any draws under the Surety Bond with interest at a market rate. Upon such reimbursement, the Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Surety Bond Coverage. The reimbursement obligation of the Obligor is subordinate to the Obligor's obligations with respect to the Certificates.

In the event the amount on deposit, or credited to the Certificate Reserve Fund, exceeds the amount of the Surety Bond, any draw on the Surety Bond shall be made only after all the funds in the Certificate Reserve Fund have been expended. In the event that the amount on deposit in, or credited to, the Certificate Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, Surety Bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Trust Agreement provides that the Certificate Reserve Fund shall be replenished in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instrument shall be paid from first available Revenues on a pro rata basis; (ii) after all such amounts are paid in full, amounts necessary to fund the Certificate Reserve Fund to the required level, after taking into account the amounts available under the Surety Bond and the Additional Funding Instrument shall be deposited from next available Revenues.

The Surety Bond does not insure against nonpayment caused by the insolvency or negligence of the Trustee or the Paying Agent.

Ambac Assurance Corporation

Ambac Assurance Corporation ("Ambac Assurance") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately $7,670,000,000 (unaudited) and statutory capital of approximately $4,683,000,000 (unaudited) as of March 31, 2004. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the Certificates.

Ambac Assurance makes no representation regarding the Certificates or the advisability of investing in the Certificates and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading "FINANCIAL GUARANTY INSURANCE."

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following document filed by the Company with the SEC (File No. 1-10777) is incorporated by reference in this Official Statement:

> The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and filed on March 15, 2005.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information".

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating purchase of the Certificates. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Certificates. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations – Security for the Certificates

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

Although the Facilities Lease does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated, subject to abatement, under the Facilities Lease to pay the Base Rental Payments from any source of legally available funds. The County has covenanted in the Facilities Lease that it will take such action as may be necessary to include all rental payments due under the Facilities Lease in its annual budgets and to make necessary annual appropriations for all such rental payments. The County is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Base Rental Payments.

The County has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental Payments may be decreased. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other activities before making Base Rental Payments and other payments due under the Facilities Lease.

The County's ability to collect, budget and appropriate various revenues is subject to current and future State laws and constitutional provisions, and it is possible that the interpretation and application of these provisions could result in an inability of the County to pay the Base Rental Payments when due. See "RISK FACTORS - Relevant Pending Litigation" and "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

Eminent Domain

If the whole of the Leased Property or so much thereof as to render the remainder unusable for the purposes for which it was used by the County is taken under the power of eminent domain, the term of the Facilities Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Leased Property is taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the County at the time of such taking, then this Lease shall continue in full force and effect as to such remainder, and in such event there shall be a partial reduction of the rental due in an amount equivalent to the amount by which the annual payments of principal and interest represented by Certificates then Outstanding will be reduced by the application of the award in eminent domain to the prepayment of Outstanding Certificates. If the whole of the Leased Property or so much thereof as to render the remainder unusable for the purposes for which it was used by the County is taken under the power of eminent domain, the term of the Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Leased Property is taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the County at the time of such taking, then the Lease shall continue in full force and effect as to such remainder, and in such event there shall be a partial reduction of the rental due in an amount equivalent to the amount by which the annual payments of principal and interest represented by Certificates then Outstanding will be reduced by the application of the award in eminent domain to the prepayment of Outstanding Certificates.

Abatement

The Facilities Lease provides that the amount of Base Rental Payments will be subject to abatement during any period in which by reason of damage or destruction (other than by condemnation, which is provided for in the Facilities Lease) there is substantial interference with the use and occupancy by the County of the Leased Property. The amount of such abatement will be the extent that the annual fair rental value of the portion of the Leased Property that is not rendered unusable by the County, if any, is less than the amount of Base Rental Payments due in any year during such potential period of abatement. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facilities Lease shall continue in full force and effect and the County waives the right to terminate the Facilities Lease by virtue of any such damage or destruction.

However, there will be no abatement of Base Rental Payments to the extent that the proceeds of an eminent domain or insurance award are available to pay Base Rental Payments, or to the extent that moneys are available in the Base Rental Payment Fund or the Certificate Reserve Fund, it being declared in the Base Rental Payment Fund that such proceeds and amounts constitute special funds for the payment of the Base Rental Payments.

Limited Recourse on Default; No Acceleration

If the County defaults on its obligation to make Base Rental Payments, there is no available remedy of acceleration of the total Base Rental Payments due over the term of the Facilities Lease. The County will only be liable for Base Rental Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year's rental payments.

Limitation on Remedies; Bankruptcy

The rights of the Owners of the Certificates are subject to the limitations on legal remedies against cities and counties in the State, including State constitutional limits on expenditures and limitations on the enforcement of judgments against funds needed to serve the public welfare and interest, by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws affecting the enforcement of creditors' rights, by equitable principles, by the exercise of judicial powers in appropriate cases and by the exercise by the federal and State governments of their sovereign powers. The opinions of counsel, including Special Counsel, delivered in connection with the Certificates will be so qualified. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the County, there are no involuntary petitions in bankruptcy. Bankruptcy proceedings, if initiated, or the exercise of powers by the federal or state government, could subject the owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy proceedings or otherwise and consequently may entail risk or delay, limitation or modification of their rights.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," the interest represented by the Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Certificates as a result of acts or omissions of the County in violation of its covenants in the Trust Agreement and the Facilities Lease. Should such an event of taxability occur, the Certificates would not be subject to a special prepayment and would remain Outstanding until maturity or until prepaid under the prepayment provisions contained in the Trust Agreement.

Seismic Considerations

The County, like much of California, is subject to seismic activity that could result in interference with its right to use and possession of the Leased Property. **The County is not obligated by the Facilities Lease or otherwise to maintain earthquake insurance with respect to the Leased Property**. The occurrence of severe seismic activity in the area of the Leased Facilities and Site could result in substantial damage and interference with the County's right to use and occupy all or a portion of the Leased Facilities and Site, and result in Base Rental Payments being subject to abatement. See "Abatement" above.

State of California Financial Condition

The State of California is likely to face significant budget issues for the foreseeable future. The County cannot predict whether the State Legislature will enact legislation impacting future revenues available to the County for payment of Base Rental Payments. Given the level of the State's budget deficit problems, it is possible that revenues available for payment of the Base Rental Payments may be reduced in the future by actions of the State Legislature. See "COUNTY FINANCES - State of California Financial Condition."

Information about the State budget and State spending is available at various State-maintained websites. Text of the budget may be found at the website of the Department of Finance, *www.dof.ca.gov*, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at *www.lao.ca.gov*. In addition, various State of California official statements for its various debt obligations, 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*. All of such websites are provided for general informational purposes only and the material on such sites is in no way incorporated into this Official Statement.

Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the County has no control. There can be no assurance that the State's efforts to balance the State general fund will not materially adversely affect the financial condition of the County.

No Liability of Authority to the Owners

Except as expressly provided in the Trust Agreement, the Authority will not have any obligation or liability to the Owners of the Certificates with respect to the payment when due of the Base Rental Payments by the County, or with respect to the performance by the County of other agreements and covenants required to be performed by it contained in the Facilities Lease or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

Substitution of the Leased Property

The Facilities Lease permits the County, under certain circumstances described in "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES - Substitution of Leased Property", to substitute all or a portion of the Leased Property so long as the resulting Leased Property has a value at least equal to the then-outstanding principal amount of the Certificates. The Facilities Lease does not require that the Leased Property after the substitution or release have a value equal to the value of the Leased Property prior to such substitution or release. Thus, a portion of the property comprising the Leased Property could be replaced with less valuable property, or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Certificates, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

In 1978, California voters approved Proposition 13, adding Article XIIIA to the California Constitution. Article XIIIA was subsequently amended in 1986, as discussed below. Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 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." This 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 permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to 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 Implementing Article XIIIA

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

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

Article XIIIB of the California Constitution

At the statewide special election on November 6, 1979, the voters approved an initiative entitled "Limitation on Government Appropriations" which added Article XIIIB to the California Constitution. Under Article XIIIB, state and local government entities have an annual "appropriations limit" which limits the ability to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues and certain state subventions together called "proceeds of taxes" and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of monies which are excluded from the definition of "appropriations limit" including debt service on indebtedness existing or authorized as of September 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population and services provided by these entities. Among other provisions of Article XIIIB, if those entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Section 7910 of the Government Code of the State of California requires the County to adopt a formal appropriations limit for each fiscal year. The County's appropriations limit for the fiscal year 2004-05 is $25,348,091. The 2004-05 limit was calculated using two factors. The cost-of-living factor most beneficial to the County was the percentage change in the local assessment roll from the preceding year due to the addition of local non-residential new construction. The cost-of-living factor and the population factor were used in determining the 2004-05 appropriation limit. The factors were applied to the 2003-04 limit of $24,420,973 to calculate the 2004-05 limit. The County's appropriations subject to limitation for fiscal year 2004-05 are $15,442,353. This results in an unused appropriations limit for fiscal year 2004-05 of $9,905,738.

Proposition 218

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Proposition 218 states that all taxes imposed by local governments shall be deemed to be either general taxes or special taxes. Special purpose districts, including school districts, have no power to levy general taxes. No local government may impose, extend or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (i) the ad valorem property tax imposed pursuant to Article XIII and Article XIIIA of the California Constitution, (ii) any special tax receiving a two-thirds vote pursuant to the California Constitution, and (iii) assessments, fees and charges for property related services as provided in Proposition 218. Proposition 218 then goes on to add voter requirements for assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water, and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water, and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings.

Proposition 218 also provides that the constitutional initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local taxes, assessments, fees and charges. This provision with respect to the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218. However, on July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code 5854, which states:

Section 3 of Article XIIIC of the California Constitution, as adopted at the November 5, 1996 general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protection by Section 10 of Article I of the United States Constitution.

As a result, although no court has yet considered the relationship between Section 5854 and Article XIIIC, it is likely that Proposition 218 has not conferred on the voters the power to repeal or reduce taxes, assessments, fees or charges if such reduction would interfere with the County's payment of Base Rental Payments.

Unitary Property

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

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

Future Initiatives

Article XIIIA, Article XIIIB, Proposition 62 and Proposition 218 were each adopted as measures that qualified for the ballot through California's initiative process. From time to time other initiative measures could be adopted, further affecting the County's revenues.

THE AUTHORITY

The Issuer is a joint exercise of powers authority duly organized and operating pursuant to Article 1 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, and pursuant to a Joint Exercise of Powers Agreement, and is qualified to assist in financing projects and certain public improvements and to issue the Certificates under the Marks-Roos Local Certificate Pooling Act of 1985, being Article 4 of Chapter 5, Division 7, Title 1 of the California Government Code. The Authority has no taxing power. The Authority and the County are each separate and distinct legal entities, and the debts and obligations of one such entity are not debts or obligations of the other entity.

THE COUNTY

Amador County (the "County"), is located in the Sierra Nevada foothills about 45 miles southeast of Sacramento. The County was incorporated in 1854 as one of the original 27 California counties. The County encompasses an area of approximately 593 square miles. The County is bordered on the west by Sacramento and San Joaquin Counties, on the north by El Dorado County, on the east by Alpine County, and on the south by Calaveras County. For certain demographic information regarding the County, see "APPENDIX D - General Information About the County of Amador."

The City of Jackson is the seat of the County. The County is a general law county divided into five supervisorial districts on the basis of registered voters and population. The five members of the County Board of Supervisors are elected to four-year terms in staggered years. Also elected are the Assessor, Clerk-Recorder, Auditor, District Attorney/, Sheriff/Coroner and the Treasurer-Tax Collector. A County Administrative Officer appointed by the Board runs the day-to-day business affairs of the County. The current Board and the expiration date of their respective terms of office are shown in the following table.

County of Amador
Board of Supervisors

Member	Area	Term Expires
Richard Escamilla	District 1	2008
Richard Forster	District 2	2008
Richard Vinson	District 3	2006
Louis Boitano	District 4	2008
Mario Biagi	District 5	2006

The following are brief resumes of key County Managers.

Patrick Blacklock, County Administrator. Amador County Administrative Officer (CAO) Patrick Blacklock joined the County as its first ever CAO in May 2001. As directed by the Amador County Board of Supervisors, responsibilities for the Office of the County Administrative Officer include development and maintenance of the County budget, administrative coordination for all County departments and programs, staff support to the Board of Supervisors, and management of specific programs. Prior to becoming CAO, Mr. Blacklock worked for the California Cattlemen's Association in Sacramento representing California's ranchers before the State Legislature. Mr. Blacklock and his wife, both graduates of the University of California at Davis, are residents of Amador County.

Michael Ryan, Treasurer-Tax Collector. Michael Ryan is a life-long resident of Amador County. He is a 1979 graduate of the University of California at Davis. Prior to his election as County Treasurer/Tax Collector in 1990, Mr. Ryan worked as Chief Title Officer for a local land title insurance company. In his capacity as County Treasurer, he is responsible for the cash management and investment programs of the County, and he acts as the depository for all County, School District and special district funds. Mr. Ryan is currently serving his fourth term as Amador County Treasurer/Tax Collector.

Joe Lowe, Auditor-Controller. Joe Lowe was elected and sworn in as County Auditor January 6^{th}, 2003. He began employment for the County of Amador as Chief Deputy Auditor-Controller December 1973. Mr. Lowe graduated from California State University Sacramento, Business Administration Accounting in 1973.

John Hahn. Esq., County Counsel. County Counsel John Hahn has held that position since 1974. Prior to being appointed Amador County Counsel, he was a legal services attorney in Long Beach and Los Angeles and a part-time lecturer in law at the University of Southern California Law Center. Prior to his attending law school he was a commercial lender at Union Bank and an assistant vice president at City National Bank in Los Angeles. He received a B.A. in history from Stanford University in 1962 and a J.D. from the University of Southern California Law Center in 1971. He was admitted to practice in 1972.

COUNTY FINANCES

The following selected financial information provides a brief overview of the County's finances. This financial information has been extracted from the County's audited financial statements and, in some cases, from unaudited information provided by the County's Auditor-Controller. See "APPENDIX A – Independent Auditor's Report of the County for the Year Ended June 30, 2004."

Accounting Policies and Financial Reporting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The basis of accounting for all funds is more fully explained in the "Note 1- Summary of Significant Accounting Policies" contained in Appendix A.

The Board of Supervisors of the County (the **"Board of Supervisors"**) employs, at the beginning of each fiscal year, an independent certified public accountant who, at such time or times as specified by the Board of Supervisors, at least annually, and at such other times as he or she shall determine, examines the combined financial statements of the County in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, a final audit and report is submitted by such accountant to the Board of Supervisors and a copy of the financial statements as of the close of the fiscal year is published. The County's Independent Auditor's Report for fiscal year 2002-03 was prepared by Bartig, Basler & Ray, CPAs, 1520 Eureka Road, Suite 100, Roseville, California 95661.

GASB Statement No. 34. The Governmental Accounting Standards Board ("GASB") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" (**"GASB 34"**) on June 30, 1999. GASB 34 established an updated framework or "financial reporting model" for state and local governments by requiring them to issue annual basic financial statements preceded and followed by required supplementary information. This required information replaces the general purpose financial statements previously required and provides for financial statements prepared using an economic measurement focus and accrual basis of accounting. The basic financial statements consist of (i) government-wide financial statements displaying information about the reporting government as a whole, (ii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting, which report information about major funds individually and nonmajor funds in the aggregate, and (iii) notes to the financial statements. The basic financial statements are followed by the required supplementary information and preceded by a management's discussion and analysis of the financial activities.

The County implemented Statement No. 34 beginning with its fiscal year 2002-03 audited financial statements.

General Fund Financial Summary

The audited information contained in the following tables of revenues, expenditures and changes in fund balances, and assets, liabilities and fund equity has been derived from the County's audited financial statements for fiscal years 1999-2000 through 2003-04.

Set forth below are excerpts from the County's general fund financial statements for fiscal years 1999-2000 through 2003-04.

Table No. 1
COUNTY OF AMADOR
General Fund - Revenues, Expenditures and Fund Balances
Audited For Fiscal Years 1999-2000 through 2003-04

	Fiscal Year 1999-00 (audited)	Fiscal Year 2000-01 (audited)	Fiscal Year 2001-02 (audited)	Fiscal Year 2002-03 (audited) GASB 34[1]	Fiscal Year 2003-04 (audited) GASB 34[1]
Revenues:					
Taxes	$10,009,983	$ 9,788,885	$10,463,642	$11,086,058	$12,159,415
Licenses and permits	341,730	350,385	360,997	410,398	378,329
Intergovernmental	15,946,626	17,369,445	19,056,356	7,487,013	9,440,213
Use of money & property	789,658	1,022,079	845,367	552,084	414,943
Charges for current services	1,179,732	1,654,428	1,580,306	1,629,865	1,809,786
Fines and forfeits	429,322	549,110	658,209	1,620,414	1,050,125
Other revenues	893,846	1,778,205	807,949	574,607	780,300
Total Revenues	29,590,897	32,512,537	33,772,826	23,360,439	26,033,111
Expenditures and Transfers:					
General government	4,765,541	4,807,822	4,880,436	6,595,067	5,355,057
Public protection	11,059,661	12,695,900	15,588,307	13,965,144	16,974,690
Health and sanitation	3,465,123	3,867,118	4,329,603	1,032,500	1,182,512
Public assistance	4,628,110	5,056,487	5,833,832	69,483	89,313
Education	783,324	707,562	751,731	709,035	828,571
Recreation and cultural services	122,557	161,429	174,255	151,399	243,502
Capital Outlay	1,001,088	1,735,788	951,128	444,063	73,842
Total Expenditures	25,825,404	29,032,106	32,509,292	22,966,691	24,747,487
Excess (Deficiency) Revenues over Expenditures	3,765,493	3,480,431	1,263,534	393,748	1,285,624
Other Financing Sources (Uses)					
Operating transfers in				95,368	
Operating transfers out	(1,900,930)	(359,650)	(580,300)	(292,528)	(1,295,020)
Total Other Fin. Sources(Uses)	(1,900,930)	(359,650)	(580,300)	(196,560)	(1,295,020)
Excess/(Deficiency) of Revs and Other Financing Sources Over Expenditures and Other Uses	1,864,563	3,120,781	683,234	197,188	(9,396)
Beginning Fund Balance	11,515,944	13,380,507	16,501,288	17,184,522	15,990,231
Prior period adjustment				(1,391,479)	
Ending Fund Balances	$13,380,507	$16,501,288	$17,184,522	$15,990,231	$15,980,835

[1] GASB 34 footnote: The 2002-2003 through 2003-2004 columns represent financial statements using new GASB 34 reporting model (includes Trust and Agency conversion).
Source: County of Amador Financial Statements (1999-2000 through 2003-04).

Table No. 2
COUNTY OF AMADOR
General Fund Balance Sheet As of June 30
For Fiscal Years 1999-2000 through 2003-04 (Audited)

	Fiscal Year 1999-00 (audited)	Fiscal Year 2000-01 (audited)	Fiscal Year 2001-02 (audited)	Fiscal Year 2002-03 (audited) GASB 34[1]	Fiscal Year 2003-04 (audited) GASB 34[1]
Assets:					
Cash and investments	$12,397,675	$15,562,193	$16,249,936	$14,899,585	$14,454,045
Imprest cash	23,150	24,725	24,625	24,225	24,350
Other cash					
Receivables:					
Taxes				27,991	74,529
Accounts	317,415	338,176	305,201	68,607	804,546
Interest				122,505	99,459
Assessments					
Due from other governments	202,827	235,518	375,886	282,724	
Deposits					
Due From Other Funds	526,418	526,418	551,418	700,000	700,000
TOTAL ASSETS	13,467,485	16,687,030	17,507,066	16,125,637	16,156,929
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	86,978	185,742	322,544	135,406	176,094
Accrued salaries and benefits					
Due to other governmental agencies					
Deferred Revenue					
TOTAL LIABILITIES	86,978	185,742	322,544	135,406	176,094
Fund Balance:					
Reserved:					
Imprest cash	23,150	24,725	24,625	24,225	24,350
Encumbrances	1,038,886	857,139	1,151,292	1,096,654	1,044,158
Loans and advances	501,000	501,000	526,000	700,000	700,000
General	7,666,644	8,400,000	8,400,000	8,158,944	8,199,097
Designation	221,371	234,039	160,297		
Unreserved:					
Undesignated	3,929,456	6,484,385	6,922,308	6,010,408	6,013,230
TOTAL FUND BALANCES	13,380,507	16,501,288	17,184,522	15,990,231	15,980,835
TOTAL LIABILITIES AND FUND BALANCES	$13,467,485	$16,687,030	$17,507,066	$16,125,637	$16,156,929

[1] GASB 34 footnote: The 2001-2002 through 2003-2004 columns represent financial statements using the new GAB 34 reporting model.
Source: County of Amador Financial Statements (1999-2000 through 2003-04).

Budgetary Process

The County is required by its state law to approve a proposed tentative budget no later than June 30 of each year and to adopt a final budget no later than August 30. However, when the state budget is enacted after July 1, the Board of Supervisors may, by resolution, extend the date for a period not to exceed 60 days from the date of the enactment of the state budget or October 2, whichever is later. A public hearing must be conducted to receive comments prior to adoption. From the effective date of the budget, which is adopted and controlled at the departmental level, the amounts stated therein as proposed expenditures become appropriations to the various County departments. However, the legal level of control is at the fund level. The Board of Supervisors may amend the budget by minute order resolution during the fiscal year. Department heads, may, upon approval from the County Administrative Officer, make transfers from one object or purpose to another within the same budget unit. All other budget amendments must be approved by the Board of Supervisors.

Comparison of Budget to Actual Performance

For purposes of comparison, the following table summarizes the County's adopted budgets and actual data for fiscal years 2002-03 and 2003-04. The County's 2004-05 budget is also presented.

Table No. 3
COUNTY OF AMADOR
General Fund - Comparison of Budgeted and Actual
Revenues, Expenditures and Fund Balances
For Fiscal Years 2002-03 and 2003-04 and Budget 2004-05

	Final Budget 2002-03 (audited)	Actual 2002-03 (audited) GASB 34[1]	Final Budget 2003-04 (audited)	Actual 2003-04 (audited) GASB 34[1]	Original Budget 2004-05 (unaudited)[1]
Revenues:					
Taxes	$9,962,000	$11,086,058	$10,255,000	$12,159,415	$10,955,000
Licenses and permits	385,663	410,398	318,250	378,329	459,610
Intergovernmental	8,394,706	7,487,013	9,545,412	9,440,213	9,745,761
Use of money & property	426,842	552,084	426,842	414,943	400,000
Charges for current services	1,399,537	1,629,865	1,787,532	1,809,786	2,243,256
Fines and forfeits	889,505	1,620,414	915,505	1,050,125	989,325
Other revenues	856,227	574,607	771,703	780,300	526,595
Total Revenues	22,314,480	23,360,439	24,020,244	26,033,111	25,319,547
Expenditures and Transfers:					
General government	8,888,468	6,595,067	8,641,405	5,355,057	7,045,684
Public protection	15,770,504	13,965,144	18,490,730	16,974,690	19,344,352
Health and sanitation	1,305,129	1,032,500	1,427,014	1,182,512	1,487,762
Public assistance	107,535	69,483	101,451	89,313	113,817
Education	774,412	709,035	944,576	828,571	942,938
Capital Outlay	1,014,835	444,063		73,842	
Recreation and cultural services	277,583	151,399	362,615	243,502	321,364
Contingency			785,472		
Total Expenditures	28,138,466	22,966,691	29,967,791	24,747,487	29,255,917
Excess (Deficiency) Revenues over Expenditures	(5,823,986)	393,748	(5,947,547)	1,285,624	(3,936,370)
Other Financing Sources (Uses)					
Operating transfers in	51,200	95,968			
Operating transfers out	(1,753,834	(292,528)		(1,295,020)	
Total Other Financing Sources(Uses)	(1,702,634)	(196,560)		(1,295,020)	
Excess (Deficiency) of Rev and Other Financing Sources Over Expenditures and Other Uses	(7,526,620)	197,188	(5,947,547)	(9,396)	(3,936,370)
Beginning Fund Balance	17,184,522	17,184,522	15,990,231	15,990,231	15,980,835
Prior period adjustment	(1,391,479)	(1,391,479)			
Residual equity transfer in					
Ending Fund Balances	$ 8,266,423	$15,990,231	$ 10,042,684	$15,980,835	$12,044,465

(1) GASB 34 footnote: The 2002-2003 through 2003-2004 columns represent financial statements using the new GASB 34 reporting model (excludes Trust and Agency conversion).
(2) This number is already included in the expenditures and is not broken out individually at this time.
Source: County of Amador Financial Statements (audited for fiscal years 2002-2003 and 2003-2004; 2004-2005 figures from County Auditor's Office).

State of California Financial Condition

The State of California is currently experiencing significant financial and budgetary stress. The County receives approximately 36% of its general fund revenues from the State (including funds provided by the State for specific State and federal programs). The financial condition of the State has an impact on the level of these revenues. There can be no assurances that the State's efforts to balance the State general fund will not materially adversely affect the financial condition of the County.

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

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

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

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

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Products."

2005-06 State Budget. On July 11, 2005, Governor Schwarzenegger signed the 2005-06 Budget Act (the "2005-06 Budget Act") into law. The 2005-06 Budget Act assumes General Fund revenues and transfers will increase from $79,545 billion in Fiscal Year 2004-05 to $84,385 billion in Fiscal Year 2005-06. General Fund expenditures are expected to increase from $81,712 billion in Fiscal Year 2004-05 to $89.2 billion in Fiscal Year 2005-06, or approximately 9 percent. The 2005-06 Budget Act projects a reserve of $1.3 billion as of June 30, 2006.

Certain of the features of 2005-06 Budget Act affecting local governments include the following:

1. The State has enacted Vehicle License Fee reductions for the current and prior fiscal years, but under the law authorizing these reductions, the State is required to "backfill" local governments for their revenue losses resulting from the lowered rates, and the Vehicle License Fee rate must be increased whenever there are insufficient moneys in the State general

fund to pay for the backfill. The 2004-05 budget originally provided funding for the State general fund backfill payments to cover a full reduction in the Vehicle License Fee, however under the 2004-05 Budget Act the VLF rate is lowered from 2.0 percent to 0.65 percent and the VLF backfill is eliminated. The State will provide increased property tax revenues to compensate for the reduction in revenues local governments previously received from VLF. The 2005-06 Budget Act rejects the administration's proposal to prepay one-half of the $1.2 billion VLF gap loan from local governments due in 2006-07, and agrees instead to a smaller prepayment of $25 million and earmarks the payment for local agencies experiencing fiscal hardship, including those related to booking fee payments.

2. Provides $119 million (General Fund) or $59 million over the May Revision, for all other non-education mandates. Rejects the administration's proposal to suspend elections-related mandates and requests a review of the peace officers bill of rights mandate. Assumes a 25% reduction in 2005-06 mandate costs attributable to increased auditing efforts.

Proposition 1A (SCA 4) was approved by the voters in November 2004, which will prohibit the State from reducing certain revenues otherwise payable to local governments below current levels, starting in 2007-08. Proposition 1A will allow the State in a fiscal emergency (and with 2/3 legislative approval) to borrow up to 8% of local property tax revenues, provided the amount borrowed would be repaid within three years and a other conditions are satisfied. Future local sales taxes can not be reallocated by the State, and Proposition 1A prohibits the State from mandating activities on local governments unless full compensation is provided.

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

Property Tax Shift to the Education Revenue Augmentation Fund. In connection with its approval of former budgets, the State Legislature enacted legislation, that among other things, reallocated a portion of funds from redevelopment agencies to school districts by shifting each agency's tax increment, net of amounts due to other taxing agencies, to school districts ("**ERAF**" shifts). As part of the 2004-05 Budget Act, the Governor and the Legislature also agreed to place a constitutional amendment on the November 2004 ballot (the "**Proposition 1A**"), and Proposition 1A was adopted by the State's voters. The 2004-05 State Budget imposes an ERAF shift equal to $1.3 billion in each of fiscal year 2004-05 and fiscal year 2005-06, to be apportioned among cities ($350 million), counties ($350 million), special districts ($350 million) and redevelopment agencies ($250 million). The County's share of this additional shift of property taxes is estimated to be approximately $341,856 in each of the two years, but Proposition 1A prohibits (subject to certain limited "emergency" circumstances) any further transfers of non-education local government property taxes for the benefit of the State.

The County cannot predict whether the State Legislature will enact legislation impacting future revenues available to the County for payment of Base Rental Payments. Given the level of the State's budget deficit problems, it is possible that revenues available for payment of the Base Rental Payments may be reduced in the future by actions of the State Legislature.

Triple Flip. The County anticipates that property tax revenue could be an increasingly significant portion of County revenues, and that sales tax revenue could be an increasingly smaller portion of County revenues, at least over the next few fiscal years (it is expected that this circumstance would terminate once the deficit financing bonds described below are repaid), because of legislation, commonly referred to as the “Triple Flip.” The Triple Flip legislation was passed by the voters on March 2, 2004, as part of a bond initiative formally known as the “California Economic Recovery Act.” This act authorized the issuance of $15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which would be payable from a fund to be established by the redirection of tax revenues through the Triple Flip. Under the “Triple Flip” one quarter of local governments’ one percent share of the sales tax imposed on taxable transactions within their jurisdiction will be redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation provides for property taxes in the ERAF to be redirected to local government. Because the ERAF monies were previously earmarked for schools, the legislation provides for schools to receive other state general fund revenues. It is expected that the swap of sales taxes for property taxes would terminate once the deficit financing bonds are repaid. The County cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State’s current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the County has no control. To the extent that the State budget process results in reduced revenues to the County, the County will be required to make adjustments to its budget. In addition, as described under “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS”, a number of statutes and constitution

Property Taxes

The County assesses property values and collects and distributes secured and unsecured property taxes to the County, cities, school districts and other special districts within the County area.

California law exempts $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State.

The assessed valuation of property within the County, excluding exempt property, for the last ten years is shown in the following table, followed by tables showing assessed valuation and parcels by land use, a typical tax rate and secured tax charges and delinquencies for the years shown.

Table No. 4
COUNTY OF AMADOR
Assessed Valuation
Fiscal Years 1995-96 through 2004-05

Fiscal Year	Assessed Valuation Secured Roll	Assessed Valuation Unsecured Roll	Total Assessed Valuation	Percent Change	Delinquency Rate [1]
1995-96	2,125,608,921	78,831,960	2,204,440,881	4.07%	3.8%
1996-97	2,135,291,094	83,230,787	2,218,521,881	6.39	4.0
1997-98	2,154,006,193	115,985,631	2,269,991,824	2.32	3.5
1998-99	2,241,407,738	85,915,756	2,327,323,494	2.53	3.2
1999-00	2,319,631,807	87,115,493	2,406,747,300	3.41	8.3
2000-01	2,441,715,272	86,092,007	2,527,807,279	5.03	7.2
2001-02	2,574,481,787	80,927,197	2,655,408,984	5.05	6.8
2002-03	2,746,700,681	88,037,867	2,834,738,548	6.75	6.2
2003-04	2,945,899,333	92,943,495	3,038,842,828	7.20	5.7
2004-05	3,210,545,423	106,619,117	3,317,164,540	9.16	6.3 est

Source: [1] Auditor-Controller's Office.

Assessed Valuation and Parcels by Land Use

	2004-05 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Forest	$201,931,670	6.75%	1,354	6.15%
Commercial	215,511,916	7.20	362	1.64
Vacant Commercial	10,371,623	0.35	189	0.86
Industrial	97,505,431	3.26	215	0.98
Vacant Industrial/Mineral Rights	16,059,872	0.54	837	3.80
Recreational	13,560,495	0.45	71	0.32
Government/Social/Institutional	38,774,972	1.30	415	1.89
Water Distribution (East Bay MUD)	24,431,536	0.82	55	0.25
Miscellaneous/Other Vacant	19,664,643	0.66	918	4.17
Subtotal Non-Residential	$637,812,158	21.31%	4,416	20.06%
Residential:				
Single Family Residence	$2,127,532,409	71.10%	12,684	57.63%
Mobile Home	51,807,047	1.73	874	3.97
2-4 Residential Units	51,696,668	1.73	275	1.25
5+ Residential Units/Apartments	75,955,275	2.54	160	0.73
Vacant Residential	47,599,516	1.59	3,602	16.36
Subtotal Residential	$2,354,590,915	78.69%	17,595	79.94%
Total	$2,992,403,073	100.00%	22,011	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.

Typical Total Tax Rate (TRA 52-86)

	2000-01	2001-02	2002-03	2003-04	2004-05
General	1.0000	1.0000	1.0000	1.0000	1.0000
Amador Unified School District	-	-	-	.0182	.0118
Total	1.0000	1.0000	1.0000	1.0182	1.0118

Secured Tax Charges and Delinquencies

	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
1999-00	$25,015,013	$2,076,780	8.30%
2000-01	25,999,858	1,862,613	7.16
2001-02	27,286,821	1,868,561	6.85
2002-03	29,012,342	1,800,780	6.21
2003-04	31,629,664	1,801,622	5.70

(1) All taxes collected by the County.

Tax Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real property and personal property which is situated in the County as of the preceding January 1 (March 1 for fiscal years 1996-97 and prior). Real property which changes ownership or is newly constructed is revalued at the time the change occurs or the construction is completed. The current year property tax rate is applied to the reassessed value, and the taxes are then adjusted by a proration factor that reflects the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing state-assessed property and real property having a tax lien which is sufficient, in the opinion of the County assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll".

Property taxes on the secured roll are levied on October 1 and are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid, become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on July 1 of the following fiscal year. Such property may thereafter be redeemed by payment of the penalty of 1.5% per month to the time of redemption, together with the defaulted taxes, delinquent penalties, costs and a redemption fee. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to auction sale by the County Treasurer-Tax Collector.

Property taxes on the unsecured roll are levied July 1 and are billed in mid-July and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent 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 lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

County Tax Loss Certificate Reserve Fund ("Teeter Plan")

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

The Board of Supervisors of the County adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") on August 10, 1993 (amended 1995/96), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Ad valorem property taxes are collected by the County and distributed pursuant to the Teeter Plan. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The County was required to create a tax loss reserve fund under one of two alternate methods: (1) one percent of the total amount of taxes levied on the secured roll for the year or (2) twenty-five percent of the total delinquent secured taxes as calculated at the end of the fiscal year. Currently, the County uses 10% secured tax levies to establish its tax losses reserve. The requirement for the 2004-05 fiscal year is $3,408,001. The Board of Supervisors may lower their 10% requirement to the statutory requirement.

For fiscal year 2002-03, the County's General Fund benefited by approximately $751,509 dollars in one-time monies that were generated from the surplus in the Tax Losses Certificate Reserve Fund.

Largest Taxpayers

The twenty largest taxpayers within the County, as shown on the 2004-05 Secured Tax Roll, and the amount of their respective property tax levy for all taxing jurisdictions within the County are shown below.

Table No. 5
COUNTY OF AMADOR
Largest 2004-05 Local Secured Taxpayers

	Property Owner	Land Use	2004-05 Assessed Valuation	% of Total [(1)]
1.	East Bay Municipal Utility District	Water Facilities	$ 24,431,536	0.82%
2.	Charles S. Howard III, Trust	Land Holdings	17,591,448	0.59
3.	Department of Veterans Affairs	Residential Properties	13,364,061	0.45
4.	Sierra Pacific Industries	Industrial/Timber	12,005,564	0.40
5.	Wal-Mart Real Estate Business Trust	Commercial	7,401,218	0.25
6.	Sierra Sunrise Vineyards	Agricultural	7,373,180	0.25
7.	C&L Investment Co. Inc.	Mobilehome Park	7,323,105	0.24
8.	PBA LP	Commercial	6,745,970	0.23
9.	FHK Jackson Partners	Commercial	6,607,228	0.22
10.	Ortloff Family Living Trust	Commercial	6,123,952	0.20
11.	K Mart Corporation	Commercial	5,750,000	0.19
12.	Sierra Pine	Industrial/Saw Mill	5,505,491	0.18
13.	Unauk Corporation	Commercial	5,249,668	0.18
14.	Kirkwood Mountain Resort LLC	Ski Resort	5,171,166	0.17
15.	ISP Granule Products Inc.	Industrial	4,608,672	0.15
16.	Mother Lode Real Investors	Commercial	4,162,351	0.14
17.	Albertsons Inc.	Commercial	4,020,376	0.13
18.	Ken-Mar Associates	Apartments	3,785,596	0.13
19.	Trafalgar Inc.	Residential Land	3,779,004	0.13
20.	Jackson Hills Apartments	Apartments	3,669,544	0.12
			$154,669,130	5.17%

(1) 2004-05 Local Secured Assessed Valuation: $2,992,403,073
Source: California Municipal Statistics.

Outstanding General Fund Debt and Lease Obligations

The County currently has no outstanding general fund debt or long-term lease obligations. The County has never defaulted on the payment of principal of or interest on any of its indebtedness.

Direct and Overlapping Debt

Contained within the County are overlapping local agencies providing public services which have issued general obligation Certificates and other types of indebtedness. Direct and overlapping bonded indebtedness is shown in the following table.

Table 6
COUNTY OF AMADOR
Statement of Direct and Overlapping Debt As of March 1, 2005

2004-05 Assessed Valuation: $3,242,262,656 (includes unitary utility valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 3/1/05
Amador County Unified School District	100. %	$ 6,480,000
City of Ione Community Facilities Districts	100.	11,045,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$17,525,000
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Amador County Certificates of Participation (1)	*100.*	*1,630,000*
City of Jackson Certificates of Participation	100.	1,830,000
Amador County Water Agency Certificates of Participation	100.	529,598
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$3,989,598
COMBINED TOTAL DEBT		$21,514,598 (2)

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

Ratios to 2004-05 Assessed Valuation:
Direct Debt ($1,630,000)..0.05%
Total Direct and Overlapping Tax and Assessment Debt0.54%
Combined Total Debt..0.66%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: $0

Source: California Municipal Statistics, Inc.

Investment of County Funds

State law requires that all moneys of the County, school districts, and certain special districts be held in the County Treasury by the Treasurer. The Treasurer has authority to implement and oversee the investment of such funds in the County Investment Pool (the "**Pool**") in accordance with section 53600 et seq. of the California Government Code. The Treasurer-Tax Collector accepts funds only from agencies located within the County. The moneys on deposit are predominantly derived from local government revenues consisting of property taxes, State and federal funding and other fees and charges. Each depositor is assigned a distinct fund number within the County General Ledger. Cash represented by fund balances is commingled in the portfolio; no funds are segregated for separate investment.

Authorized investments are required to match the general categories established by Sections 53601 et seq., 53635 et seq., and 16429.1 et seq. of the California Government Code;

including the specific categories of financial futures and financial options contracts established by California Government Code Section 53601.1.

Decisions on the investment of funds in the Pool are made by the Treasurer in accordance with established policy guidelines. In the County, investment decisions are governed by California Government Code Sections 53601 and 53635, et seq., which govern legal investments by local agencies in the State, and by a more restrictive investment policy (the **"Investment Policy"**) proposed by the Treasurer and monitored by the Treasury Oversight Committee on an annual basis. The Investment Policy sets forth the manner in which the Pool is to be invested. The duty of the Treasurer is to safeguard all public funds which by law are managed by the Treasurer. The Pool must maintain sufficient cash to meet the disbursement needs of all participating agency depositors. Prudence must be used in obtaining a competitive yield while maintaining the value and availability of the cash involved. The Investment Policy is more restrictive than State law in regard to types of securities authorized for investment.

The Investment Policy allows for purchase of a variety of securities with limitations as to exposure, maturity and rating, varying with each type of security. The composition of the portfolio will change over time as old investments mature or are sold, and as new investments are made. The market value of certain types of securities fluctuate, but the County does not anticipate that it will realize any losses with respect to any such investments since the County intends to hold such investments until their maturity.

The following table reflects certain limited information with respect to the County Pool for the month ending on March 31, 2005. As described above, a wide range of investments is authorized under state law. The value of the various investments in the County Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the County Pool will not vary significantly from the values described below. In addition, the values specified in the following tables were based upon estimates of market values provided to the County by a third party. Accordingly, there can be no assurance that if these securities had been sold on the date indicated, the County Pool necessarily would have received the values specified. The County expects that the County Pool is sufficiently liquid to cover all anticipated cash flow needs for the Pool participants for at least the next six months, with approximately 28% of the portfolio maturing within 90 days.

Amador County Investment Pool Information
Month Ending on March 31, 2005

Investment	Principal	Percent of Total
LAIF	$17,407,108.60	20.7%
FHLMC Participation Certificate	228.47	0.0
California Asset Management Program	1,105,993.73	1.3
Federal Home Loan Bank	23,216,241.84	27.7
Federal Home Loan Mortgage Corp	17,171,861.03	20.5
Federal National Mortgage Assoc Bond	13,529,093.03	16.1
Federal National Mortgage Assoc Note	7,880,062.77	9.4
GE Capital Medium Term Note	500,677.35	0.6
U.S. Treasury Note	2,543,988.98	3.0
Wells Fargo Co Medium Term Note	538,924.58	0.6
Total, all funds	$83,894,180.38	100.00%

The Investment Policy may be changed at any time at the discretion of the Board of Supervisors (subject to the state law provisions relating to authorized investments) and as the California Government Code is amended. There can be no assurance that State law and/or the

Investment Policy will not be amended in the future to allow investments that are currently prohibited, or that the stated objectives of the County with respect to investments will not change.

County Debt Advisory Committee

The County has established a Debt Advisory Committee, consisting of the County Administrative Officer, Treasurer-Tax Collector, Auditor-Controller and County Counsel. The purpose of this group is to oversee the County's debt position, maintain the integrity of its balance sheet and coordinate access to the market for all debt issued or administered by the County, including special district and school district issues.

County Services and Employees

The County provides a wide range of services to its residents, including law enforcement, judicial support, medical and health services, senior citizen assistance, a variety of public assistance programs and library services. Other services which are governed by the Board of Supervisors include airport service, parks, road maintenance, and fire protection.

Some municipal services are provided by the County, on a contract basis, to incorporated cities within the County's boundaries. This plan is designed to allow cities to contract for municipal services without incurring the cost of creating numerous city departments and providing related facilities and equipment. Under the plan, the County provides services to a city at the same level as provided in unincorporated areas, or at any higher lever the city may choose. Services are provided at cost.

Employees. A summary of County employee levels is set forth below.

County of Amador
Employees (Full Time Equivalent)
Fiscal Years 2000 to 2004

As of June 30	Number of Employees
2000	367
2001	404
2002	406
2003	387*
2004	438

* Child support employees became state employees.
Source: Amador County Human Resources Department.

Collective Bargaining. A majority of County employees are in four bargaining units. The largest unit, a supervisory and a non-supervisory unit (comprised of all employees except elected officials and management, mid-management and/or confidential employees), are collectively organized as General Employees Representation Unit. Three other units, mid-management, supervisory, and non-supervisory (comprised of deputy sheriffs and other non-management and mid-management law enforcement positions), are collectively organized as the Deputy Sheriff Association, Sheriff Office Association, and Sheriff Office Mid-Management Unit. Service Employees International Union Local 4988 represents the General Employees Representation Unit. The General Employees Representation Unit contract is from October 1, 2002 through September 30, 2005. The Deputy Sheriff Association, Sheriff Office Association, and Sheriff Office Mid-Management Unit contract is from October 1, 2003 through September 30, 2006.

Retirement Programs. The County's retirement plan is administered by the California Public Employees Retirement System ("CalPERS"), a multi-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. CAIPERS is funded by contributions from the County and from employees, based upon annual actuarial assumptions using investment returns as well as annualized payroll. The County's contribution to PERS for miscellaneous and safety employees for fiscal year 2003-04 was approximately $450,395, and for fiscal year 2004-05 is approximately $1,822,427. In 2001, the County implemented an enhanced retirement formula ("3% at 50") for law enforcement employees and in 1998, a "2% at 55") for non-law enforcement employees.

Currently, the County has two major classes of employees for purposes of the CalPERS retirement system: Public Safety employees (deputy sheriffs and managers in the Sheriff's Department and Investigators in the District Attorney's Office, Probation Officers, and Correction Officers) and Miscellaneous employees (all other County employees). These two classes of employees have different retirement formulas. Since September of 2001, the retirement benefit for Public Safety employees has been based on 3% at 50 formula. In July 1998, Miscellaneous employees' retirement benefit was based on a 2% at 55 formula.

The following table shows the recent funding status for the County's two PERS accounts as well as information related to the County's employer contribution rates. It should be noted that CalPERS calculates the rate structure for a particular year based on valuation data from two years previous, adjusted for changes in retirement formulae.

MISCELLANEOUS GROUP				
Valuation Date:	June 2000	June 2001	June 2002	June 2003
Assets & Liabilities	62,374,060	56,794,854	52,150,624	52,857,022
Present Value of Projected Benefits	55,906,683	61,937,885	68,385,750	75,191,419
Entry Age Normal Accrued Liability	43,279,687	47,537,937	52,055,859	59,092,222
Actuarial Value of Assets	57,888,832	59,939,152	57,365,686	58,142,724
Unfunded Liability	(14,609,145)	(12,401,215)	(5,309,827)	949,498
Funded Status	133.8%	126,1%	110.2%	98,.4%
Effective Date for County Contribution	July 1, 2002	July 1, 2003	July 1, 2004	July 1, 2005
Employer Contribution	945,244	1,077,233	1,232,445	1,228,146
Payment on Amortization Bases	(945,244)	(1,077,233)	(279,401)	275,069
Total	0	0	953,044	1,503,215
Projected Annual Payroll	12,115,415	13,562,044	15,228,525	15,015,844
Employer Contribution (% of Payroll)	0%	0%	6.258%	10.011%

SAFETY GROUP

Valuation Date:	June 2000	June 2001	June 2002	June 2003
Assets & Liabilities	20,160,852	18,339,603	16,939,421	17,369,246
Present Value of Projected Benefits	23,351,758	27,356,215	30,055,299	31,211,899
Entry Age Normal Accrued Liability	15,902,534	18,264,526	19,909,517	21,990,994
Actuarial Value of Assets	19,292,107	19,772,995	18,633,363	19,106,171
Unfunded Liability	(3,389,573)	(1,508,469)	1,276,154	2,884,823
Funded Status	121.3%	108.3%	93.6%	86.9%
Effective Date for County Contribution	July 1, 2002	July 1, 2003	July 1, 2004	July 1, 2005
Employer Contribution	638,060	760,661	867,552	724,038
Payment on Amortization Bases	(522,397)	(332,184)	198,185	265,412
Total	115,663	428,477	1,065,737	989,450
Projected Annual Payroll	3,563,786	4,366,097	4,918,097	4,847,602
Employer Contribution (% of Payroll)	3.246%	9,814%	21.670%	20.411%

The above table shows or reflects certain facts about the County's employee retirement program, including:

- From July 1, 1998 through June 30, 2000 the County's Miscellaneous employees' account was "super-funded." This means that the assets of the account exceeded the current and future liabilities and the County was not required to make any employer contribution to CalPERS. From July 1, 2000 through June 30, 2004 the County's Miscellaneous employees account was "excess assets". This means the assets exceeded current (normal accrued) liabilities.

- Starting in July of 2004, the County's Miscellaneous employees' account was no longer excess assets funded. For fiscal year starting July 1, 2004 the County's Miscellaneous employer contribution rate was 6.258%. For fiscal year starting July 1, 2005, the County has been notified that its employer contribution rate will be 10.011%. The Miscellaneous employees' contribution rate is 7.00%. The County began paying 100% of the employee's contribution October 2002.

- Starting July 1, 2004, the County Employer Safety employees' contribution rate is 21.670%. For fiscal year starting July 1, 2005 the County has been notified that its employer contribution rate will be 20.411%. The Safety employee's contribution rate is 9.00%. The County paid 2.25% Safety employees' contribution rate beginning October 1998, then 4.50% Safety employees' contribution rate in October 1999, then 6.75% Safety employees' contribution rate in October 2000, and 100% Safety employees' contribution rate in October 2001.

- For Fiscal Year 2003-04, the total cost to the County for employee retirement for both classes of employees (including the employer contribution and the employee contribution paid by the County) was $1,700,835. For Fiscal Year 2004-05, the County's budgeted contribution to CalPERS for both classes (again including the employer contribution and the County-paid employee contribution) is $3,246,030.

- In January 1998 the County court employees separated from the County and became employees of the Amador Superior Court, however they are still under the County's PERS retirement plan.

Other Employee Benefit Programs

Two group health plans are available to County employees and their dependents. The County pays a portion of the health insurance premium and a portion of the dental and vision insurance premium for County employees and their dependents. The County additionally provides $12,000 life insurance for each employee if they meet the eligibility requirements at the county expense. The County has also developed a wellness program, and offers an Employee Assistance Program ("EAP").

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the holders and beneficial owners of the Certificates to provide certain financial information and operating data relating to the County by no later than nine (9) months following the end of the County's fiscal year (which date would be April 1 based upon the County's current fiscal year end of June 30), commencing April 1, 2006 with the report for the 2004-05 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The County will file, or cause to be filed, the Annual Report with each Nationally Recognized Municipal Securities Information Repository, and with the appropriate State information depository, if any. The County will file, or cause to be filed, the notices of material events with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth below in "APPENDIX E - Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The County has had no instance in the previous five years in which it failed to comply in all material respects with any previous continuing disclosure obligation under the Rule.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Special Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Special Counsel is of the further opinion that interest on the Certificates is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Special Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Certificates is less than the amount to be paid at maturity of such Certificates (excluding amounts stated to be interest and payable at least annually over the term of such Certificates), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Certificates which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Certificates is the first price at which a substantial amount of such maturity of the Certificates is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Certificates accrues daily over the term to maturity of such Certificates on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Certificates to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Certificates. Beneficial Owners of the Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of Beneficial Owners who do not purchase such Certificates in the original offering to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Certificates purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Certificates") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Certificates, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Certificate, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Certificates should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Certificates. The Issuer has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Certificates will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Certificates being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Certificates. The opinion of Special Counsel assumes the accuracy of these representations and compliance with these covenants. Special Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Counsel's attention after the date of issuance of the Certificates may adversely affect the value of, or the tax status of interest on, the Certificates.

Certain requirements and procedures contained or referred to in the Trust Agreement, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Certificates) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Special Counsel expresses no opinion as to any Certificate or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

Although Special Counsel is of the opinion that interest on the Certificates is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Certificates may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Special Counsel expresses no opinion regarding any such other tax consequences.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Certificates to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Certificates. Prospective purchasers of the Certificates should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Special Counsel expresses no opinion.

The opinion of Special Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Counsel's judgment as to the proper treatment of the Certificates for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Special Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer has covenanted, however, to comply with the requirements of the Code.

Special Counsel's engagement with respect to the Certificates ends with the issuance of the Certificates, and, unless separately engaged, Special Counsel is not obligated to defend the Issuer or the Beneficial Owners regarding the tax-exempt status of the Certificates in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Certificates for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Certificates, and may cause the Issuer or the Beneficial Owners to incur significant expense.

CERTAIN LEGAL MATTERS

The legal opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Special Counsel, substantially in the form of Appendix C hereto, will be made available to purchasers at the time of original delivery of the Certificates, and a copy thereof will accompany each Certificate. Jones Hall, a Professional Law Corporation is acting as Disclosure Counsel to the County. Certain legal matters will be passed upon for the Authority and the County by the County Counsel.

Payment of the fees and expenses of Special Counsel and Disclosure Counsel is contingent upon the execution and delivery of the Certificates.

LITIGATION

There is no litigation pending or, to the County's knowledge, threatened in any way to restrain or enjoin the execution or delivery of the Certificates, the Facilities Lease or the Trust Agreement, to contest the validity of the Certificates, the Facilities Lease or the Trust Agreement, or any proceeding of the County with respect thereto. In the opinion of the County and its counsel, there are no lawsuits or claims pending against the County which will materially affect the County's finances so as to impair its ability to pay Base Rental Payments when due.

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates, Irivine, California, has served as Financial Advisor to the County with respect to the sale of the Certificates. The Financial Advisor has assisted in various matters relating to the planning, structuring and sale of the Certificates. The Financial Advisor has not independently verified any of the data contained in the Official Statement or conducted a detailed investigation of the affairs of the County to determine the accuracy or completeness of the Official Statement.

UNDERWRITING

The Certificates were offered for purchase pursuant to a competitive bidding process and are being purchased by Stone & Youngberg LLC at a purchase price of $9,041,765.72, which represents the aggregate principal component of the Certificates ($9,090,000.00) plus net original issue premium of ($10,151.70) and less an underwriter's discount ($58,385.98).

RATINGS

Standard & Poor's Ratings Services ("**S&P**") has assigned its municipal bond rating of "AAA" to the Certificates with the understanding that upon delivery of the Certificates, a municipal bond insurance policy insuring the payment when due of the principal and interest with respect to the Certificates will be issued by Ambac Assurance. In addition, S&P has assigned a provisional rating of "A-" to the Certificates. A provisional rating assumes the successful completion of the project financed by the Bonds being rated and indicates that payment of debt service requirements is largely or entirely dependent on the successful and timely completion of the project. There is no assurance that any credit rating given to the Certificates will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Certificates.

During the initial offering period for the Certificates, copies of the Facilities Lease, the Trust Agreement, the Assignment Agreement and the Escrow Agreement may be obtained, upon written request, from the County. After delivery of the Certificates, copies of such documents may be obtained from the Trustee.

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

COUNTY OF AMADOR

By: /s/ Richard M. Forster
Chairman of the Board of Supervisors

Attest:

/s/ Sheldon Johnson
Clerk of the Board of Supervisors

APPENDIX A

INDEPENDENT AUDITOR'S REPORT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2004

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Bartig, Basler & Ray
A Professional Corporation

Certified Public Accountants and Management Consultants

Frank V. Trythall
Brad W. Constantine
Bruce W. Stephenson
Roseanne M. Lopez
Jason J. Cardinet
Tyler K. Hunt

Curtis A. Orgill
M. Elba Zuniga

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of Amador
Jackson, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Amador, California, (the County), as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated December 1, 2004, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Board of Supervisors
County of Amador

The Management's Discussion and Analysis (MD & A) and the other required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the County of Amador's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements 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 have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, such information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

BARTIG, BASLER & RAY, CPAs, INC.

Bartig, Basler & Ray, CPAs, Inc.

December 1, 2004
Roseville, California

MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF AMADOR

Management's Discussion and Analysis
June 30, 2004

This section of the Amador County's annual financial report presents our discussion and analysis of the County's activities of the County of Amador for fiscal year ended June 30, 2004. Please read it in conjunction with the County's basic financial statements following this section.

Financial Highlights

- The assets of the County exceeded liabilities at the close of the 2003-2004 fiscal year by $76,595,917 (net assets). Of this amount, $17,923,551 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, $27,324,165 is restricted for specific purpose (restricted net assets), and $31,348,201 is invested in capital assets, net of related debt.

- The County of Amador's total net assets decreased by $5,404,648. The decrease in net assets are mainly attributable to:

    - The transfer of County Service Areas 1, 2, 3, and 4's assets of $8,381,540 to the Amador Water Agency,
    - General governmental activities exceeding general governmental revenues by $1,360,811,
    - Prior period adjustment to correct timing recognition of realignment revenues of $4,187,004, and
    - Prior period adjustment for special assessment debt of $533,147 (1915 act bonds) that is not the county's.

- As of June 30, 2004 the County of Amador's governmental funds reported combined fund balances of $43,305,000, an increase of $766,683. Approximately 39% of the combined fund balances, $16,753,485 is available to meet the County's current and future needs (unreserved fund balance).

- At the end of the fiscal year, unreserved fund balance for the general fund was $6,013,230, or 24% of total general fund expenditures. All the remaining unreserved fund balance will be budgeted in the subsequent fiscal year.

- The County's total long-term debt decreased by $572,323 from the prior year. The decrease in debt was mainly attributable to the removal of the special assessment debt of $533,147 that is not the County's.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Amador's basic financial statements. The County of Amador's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. 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 of Amador's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County of Amador that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County of Amador include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation, and cultural services. The business-type activities of the County of Amador include the County Landfill, and Airport.

The government-wide financial statements include the following component units: the Amador Fire Protection District and the Amador IHSS Public Authority. These two component units have the same board as the County.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County of Amador, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County of Amador can be divided into three categories: governmental funds, proprietary fund, 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, governmental fund financial statement focus on how cash and other financial assets can readily be converted to available resources and the balances left at year-end that is available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the county's financing requirements.

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 government 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 financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The County of Amador maintains several 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 balance for the General Fund, Social Service Fund, Road Fund, County Improvement Fund, and Water Development Sinking Fund which are considered to be major funds. Data from other governmental funds are combined to a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental funds financial statements can be found on pages 16-19 of this report.

Proprietary funds are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The County of Amador uses enterprise funds to account for Landfill and Airport, both, which are considered major funds. Data from nonmajor enterprise funds are combined into a single, aggregate presentation. Internal service funds are an accounting device used to accumulate funds to account for self-insurance, fleet maintenance and replacement, purchasing, and communications. Because the 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. Proprietary fund financial statements provide separate information for Landfill and Airport. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds and internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary funds financial statements can be found on pages 20-23 of 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 because the resources of those funds are not available to support the County of Amador's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds.

The fiduciary funds financial statements can be found on pages 24-25 of this report.

Notes to the 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 26-50 of this report.

Required supplementary information is presented concerning the County of Amador's progress funding its obligation to provide pension benefits to its employees. Required supplementary information also includes Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual for the General Fund, Social Service Fund, and Road Fund.

Required supplementary information can be found on pages 51-55 of this report.

The supplementary information is the combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds.

Supplementary information can be found on pages 56-79 of this report.

Governmental-Wide Financial Analysis

The county has provided prior year's information for a comparative analysis of government-wide data.

County of Amador's Net Assets
June 30, 2004

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets:						
Current and other assets	$ 50,368,079	$ 50,511,488	$ 1,036,576	$ 3,446,963	$ 51,404,655	$ 53,958,451
Capital assets	27,696,176	26,071,593	4,077,534	10,792,329	31,773,710	36,863,922
Total assets	78,064,255	76,583,081	5,114,110	14,239,292	83,178,365	90,822,373
Liabilities:						
Current and other liabilities	3,105,362	4,751,371	185,091	383,024	3,290,453	5,134,395
Long-term liabilities	1,930,979	1,719,314	1,361,016	1,968,099	3,291,995	3,687,413
Total liabilities	5,036,341	6,470,685	1,546,107	2,351,123	6,582,448	8,821,808
Net Assets:						
Invested in capital net of related debt	27,432,996	25,749,387	3,915,205	9,892,374	31,348,201	35,641,761
Restricted net assets	27,324,165	26,548,086	--	--	27,324,165	26,548,086
Unrestricted net assets	18,270,753	17,814,923	(347,202)	1,995,795	17,923,551	19,810,718
Total net assets	$ 73,027,914	$ 70,112,396	$ 3,568,003	$ 11,888,169	$ 76,595,917	$ 82,000,565

Analysis of Net Assets

Net assets exceeded liabilities by $76,595,917 at the close of the 2003-2004 fiscal year. Increases or decreases in net assets may over time serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Of this amount $17,923,551 (unrestricted net assets) may be used to meet the government's ongoing obligations to the citizens and creditors. $27,324,165 (restricted net assets) is restricted for a specific purpose. The remaining portion and largest $31,348,201 is the county's investment in capital assets (e.g. land, building, machinery, and equipment), less any related debt. These assets are used to provide services to its citizens and are not available for future spending.

As stated earlier, net asset decreased by $5,404,648. The decrease in net assets are attributable to:

- The transfer of County Service Areas 1, 2, 3, and 4's assets of $8,381,540 to the Amador Water Agency,
- General governmental activities exceeding general governmental revenues by $1,360,811,
- Prior period adjustment correct timing recognition of realignment revenues of $4,187,004, and
- Prior period adjustment for special assessment debt of $533,147 (1915 act bonds) that is not the County's.

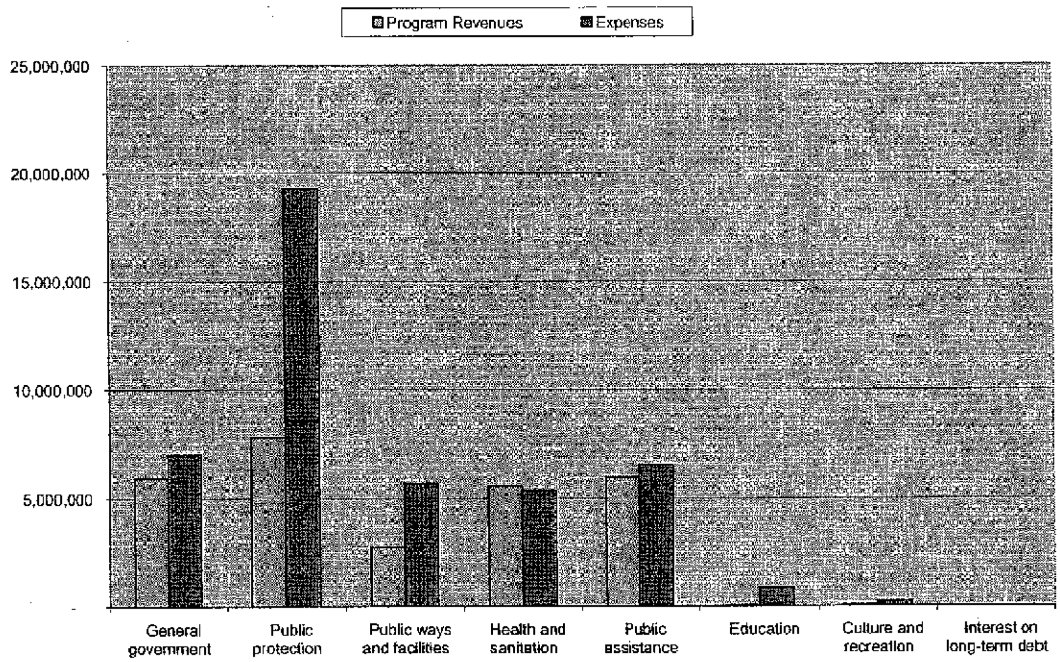
County of Amador's Changes in Net Assets
For the Year Ended June 30, 2004

Revenues	Governmental Activities 2004	Governmental Activities 2003	Business-Type Activities 2004	Business-Type Activities 2003	Total 2004	Total 2003
Program Revenues:						
Charges for services	$ 5,764,295	$ 4,678,447	$ 493,517	$ 1,615,742	$ 6,257,812	$ 6,294,189
Operating grants and contributions	22,325,494	20,007,248	74,343	231,624	22,399,837	20,238,872
Capital grants and contributions	–	1,864,237	–	–	–	1,864,237
General Revenues:						
Property taxes	9,874,315	9,539,640	63,355	105,196	9,937,670	9,644,836
Sales and use taxes	2,645,233	2,232,132	–	–	2,645,233	2,232,132
Other	819,962	620,777	–	–	819,962	620,777
Unrestricted interest and investment earnings	924,294	1,364,669	63,474	125,299	987,768	1,489,968
Miscellaneous	1,225,833	1,010,007	–	(109,394)	1,225,833	900,613
Special Item: Transfer of net assets CSA 1 through 4 to Amador Water Agency	–	–	(8,381,540)	–	(8,381,540)	–
Transfers	–	(292,528)	–	292,528	–	–
Total revenues	43,579,426	41,024,629	(7,686,851)	2,260,995	35,892,575	43,285,624
Expenses:						
General government	7,014,428	7,649,389	–	–	7,014,428	7,649,389
Public protection	19,286,109	15,715,675	–	–	19,286,109	15,715,675
Public ways and facilities	5,684,040	3,847,949	–	–	5,684,040	3,847,949
Health and sanitation	5,341,233	4,931,864	–	–	5,341,233	4,931,864
Public assistance	6,503,155	5,892,789	–	–	6,503,155	5,892,789
Education	853,530	732,383	–	–	853,530	732,383
Culture and recreation	243,597	152,013	–	–	243,597	152,013
Interest on long-term debt	14,145	16,627	–	–	14,145	16,627
Landfill	–	–	648,696	638,230	648,696	638,230
Airport	–	–	251,703	169,015	251,703	169,015
County Service Areas	–	–	329,831	1,799,484	329,831	1,799,484
Total expenses	44,940,237	38,938,689	1,230,230	2,606,729	46,170,467	41,545,418
Change in net assets	(1,360,811)	2,085,940	(8,917,081)	(345,734)	(10,277,892)	1,740,206
Prior period adjustment	4,276,329	–	596,915	–	4,873,244	–
Net assets at beginning year	70,112,396	68,026,456	11,888,169	12,233,903	82,000,565	80,260,359
Net assets at end of year	$ 73,027,914	$ 70,112,396	$ 3,568,003	$ 11,888,169	$ 76,595,917	$ 82,000,565

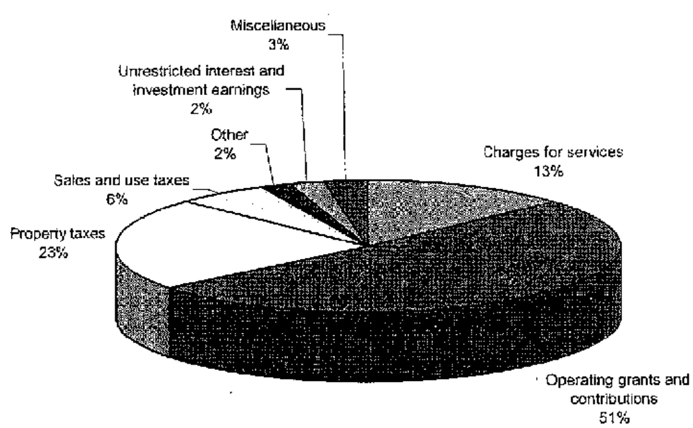
Governmental activities decreased the County's net assets by $1,360,811. The decrease in net assets was due to the following:

- An increase in public protection expenses
- An increase in public ways and facilities expenses

Governmental Activities Revenues and Expenses

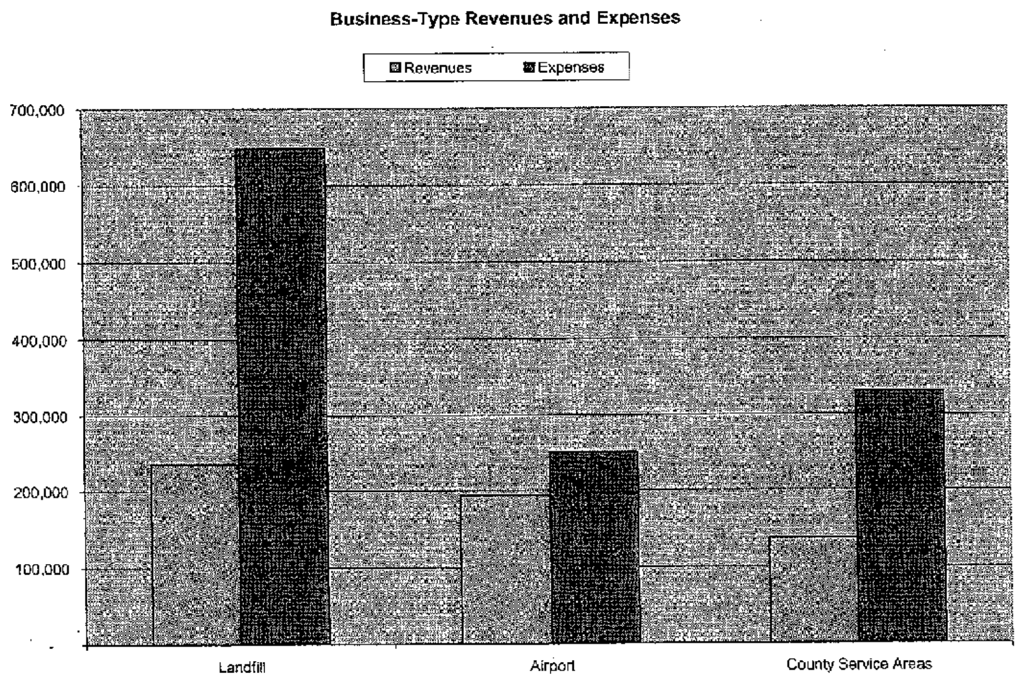


Governmental Activities Revenues by Source

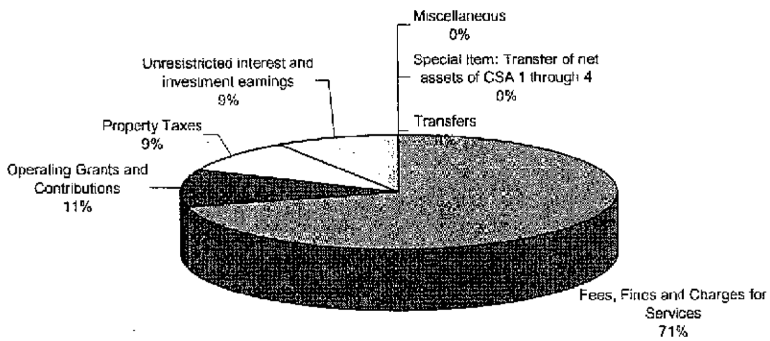


Business-type activities decreased the county's net assets by $8,917,081. The decrease to net assets were due to the following:

- The transfer of County Service Areas 1, 2, 3, and 4, assets of $8,381,540 to the Amador Water Agency
- Landfill study for closure/sale



Business-Type Revenues by Source



Financial analysis of the Governmental Funds

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

Government funds. The government functions are contained in the General, Special Revenue, and Capital Project Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County of Amador'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 financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2004 the County of Amador's governmental funds reported combined ending fund balances of $43,305,000 an increase of $766,683 in comparison with the prior year. Approximately 39% of the combined fund balance, $16,753,485, constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of the fund, $26,551,515, is reserved to indicate that it is not available for new spending because it has been committed:

1. imprest cash ($24,650)
2. inventory ($8,100)
3. liquidate contractual commitments ($2,425,025)
4. loans and advances due from other funds ($2,589,142)
5. general reserve ($21,504,598)

The general fund is the chief operating fund of the county. At June 30, 2004, unreserved fund balance of the general fund was $6,013,230, while total fund balance reached $15,980,835. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 24% of total general fund expenditures, while total fund balance represents 65% of total general fund expenditures. The fund balance for the county's general fund decrease by $9,396 during the current fiscal year. The other governmental funds' balances decreased by $3,410,925. However there was a prior period adjustment to correct timing recognition of realignment revenues of $4,187,004 resulting in a net increased to the other governmental funds' balances to $27,324,165.

Proprietary funds. The County of Amador's proprietary funds provide the same type of information found in the government-wide financial statements, but more detail. The net assets of the enterprise funds decreased by $8,917,081. However there was a prior period adjustment (increase) $596,915 resulting in a net decreased to the enterprise fund balances to $3,568,003. The net assets of the internal services funds' increased by $540,920 to $4,373,804.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- $454,681 increase in general governmental budget
- $1,000,841 increase in public protection budget
- $54,232 increase in health and sanitation budget
- $-0- increase/decrease in public assistance budget
- $9,178 increase in education budget
- $55,048 increase in recreation and cultural services budget
- $67,500 decrease capital outlay and contingency budget

Capital Asset and Debt Administration

Capital assets. The County of Amador's investment in capital assets for its governmental and business type activities as of June 30, 2004, amount to $31,773,710 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. See footnote 5 on pages 40-41 for additional details of capital assets.

Debt Administration. At the end of the current fiscal year, the County had total long-term obligations outstanding of $2,094,652. The long-term obligations are as follows:

- $1,398,000 compensated absences
- $271,143 liability for self-insurance
- $425,509 notes payable (of which $263,180 belong to a blended component unit of the county)

See footnote 6 on pages 41-43 for additional details on long-term debt.

Request for Information

This financial report is designed to provide a general overview of the County of Amador's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Amador County Auditor-Controller, 500 Argonaut Lane, Jackson, CA 95642.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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COUNTY OF AMADOR

Statement of Net Assets
June 30, 2004

	Primary Government		
ASSETS	Governmental Activities	Business-Type Activities	Totals
Cash and investments in Pool	$ 46,248,636	$ 909,086	$ 47,157,722
Restricted Assets:			
Cash and investments in Pool	--	1,349,903	1,349,903
Imprest cash	26,850	--	26,850
Accounts receivable	1,386,538	--	1,386,538
Taxes receivable	120,704	--	120,704
Interest receivable	188,109	9,187	197,296
Loans and notes receivable	1,157,542	--	1,157,542
Inventory	8,100	--	8,100
Internal balances	1,231,600	(1,231,600)	--
Capital Assets:			
Nondepreciable	4,649,798	2,653,267	7,303,065
Depreciable, net	23,046,378	1,424,267	24,470,645
Total Assets	$ 78,064,255	$ 5,114,110	$ 83,178,365
LIABILITIES			
Accounts payable	$ 766,902	$ 40,438	$ 807,340
Due from other governments	638,290	--	638,290
Deposits held for others	--	144,653	144,653
Deferred revenue	1,700,170	--	1,700,170
Long-Term Liabilities:			
Portion due or payable within one year:			
Note payable	61,617	9,062	70,679
Compensated absences	698,286	615	698,901
Portion due or payable after one year:			
Note payable	201,563	153,267	354,830
Compensated absences	698,484	615	699,099
Liability for unpaid claims	271,029	--	271,029
Liability for landfill closure	--	1,197,457	1,197,457
Total Liabilities	5,036,341	1,546,107	6,582,448
NET ASSETS			
Invested in capital assets, net of related debt	27,432,996	3,915,205	31,348,201
Restricted	27,324,165	--	27,324,165
Unrestricted	18,270,753	(347,202)	17,923,551
Total Net Assets	73,027,914	3,568,003	76,595,917
Total Liabilities and Net Assets	$ 78,064,255	$ 5,114,110	$ 83,178,365

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

COUNTY OF AMADOR

Statement of Activities
For the Year Ended June 30, 2004

		Program Revenues		
Functions/Programs	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	$ 7,014,428	$ 1,317,941	$ 4,611,594	$ --
Public protection	19,286,109	2,852,002	4,948,604	--
Public ways and facilities	5,684,040	750,985	1,991,543	--
Health and sanitation	5,341,233	753,867	4,780,399	--
Public assistance	6,503,155	--	5,976,159	--
Education	853,530	9,290	17,195	--
Culture and recreation	243,597	80,210	--	--
Debt Service:				
Interest	14,145	--	--	--
Total Governmental Activities	44,940,237	5,764,295	22,325,494	--
Business-Type Activities:				
Landfill	648,696	237,289	--	--
Airport	251,703	119,488	74,343	--
County Service Areas	329,831	136,740	--	--
Total Business-Type Activities:	1,230,230	493,517	74,343	--
Total Amador County	$ 46,170,467	$ 6,257,812	$ 22,399,837	$ --

General Revenues:
Taxes:
Property taxes
Sales and use taxes
Other
Unrestricted interest and investment earnings
Miscellaneous
Special Item: Transfer of net assets of CSA 1 through 4 to the Amador Water Agency
Total General Revenues, Special Item and Transfers

Change in Net Assets

Net assets - July 1, 2003
Prior period adjustment
Net assets - June 30, 2004

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (1,084,893)		$ (1,084,893)
(11,485,503)		(11,485,503)
(2,941,512)		(2,941,512)
193,033		193,033
(526,996)		(526,996)
(827,045)		(827,045)
(163,387)		(163,387)
(14,145)		(14,145)
(16,850,448)		(16,850,448)
--	$ (411,407)	(411,407)
--	(57,872)	(57,872)
--	(193,091)	(193,091)
--	(662,370)	(662,370)
(16,850,448)	(662,370)	(17,512,818)
9,874,315	63,355	9,937,670
2,645,233	--	2,645,233
819,962	--	819,962
924,294	63,474	987,768
1,225,833	--	1,225,833
--	(8,381,540)	(8,381,540)
15,489,637	(8,254,711)	7,234,926
(1,360,811)	(8,917,081)	(10,277,892)
70,112,396	11,888,169	82,000,565
4,276,329	596,915	4,873,244
$ 73,027,914	$ 3,568,003	$ 76,595,917

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BASIC FINANCIAL STATEMENTS

Fund Financial Statement

COUNTY OF AMADOR

Balance Sheet
Governmental Funds
June 30, 2004

	General	Social Services	Road	County Improvement
Assets				
Cash and investments	$ 14,454,045	$ 1,776,699	$ 1,475,245	$ 10,726,936
Imprest cash	24,350	--	200	--
Accounts receivable	804,546	9,064	348,428	--
Taxes receivable	74,529	--	46,175	--
Interest receivable	99,459	439	6,824	43,982
Loans and notes receivable	--	--	--	--
Advances to other funds	700,000	--	--	731,600
Inventory	--	--	8,100	--
Totals Assets	$ 16,156,929	$ 1,786,202	$ 1,884,972	$ 11,502,518
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	$ 176,094	$ 23,153	$ 122,004	$ 351,182
Due to other governmental agencies	--	--	--	--
Deferred Revenue	--	--	--	--
Advances from other funds	--	200,000	--	--
Total Liabilities	176,094	223,153	122,004	351,182
Fund Balance				
Reserved:				
Imprest cash	24,350	--	200	--
Inventory	--	--	8,100	--
Encumbrances	1,044,158	7,569	1,089,950	247,354
Loans and advances	700,000	--	--	731,600
General	8,199,097	137,493	972,639	8,120,606
Unreserved:				
Unreserved, undesignated, and reported in:				
General fund	6,013,230	--	--	--
Special revenue funds	--	1,417,987	(307,921)	--
Capital projects funds	--	--	--	2,051,776
Total Fund Balance	15,980,835	1,563,049	1,762,968	11,151,336
Total Liabilities and Fund Balance	$ 16,156,929	$ 1,786,202	$ 1,884,972	$ 11,502,518

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

Water Development Sinking	Other Governmental Funds	Total Governmental Funds
$ 3,825,430	$ 9,999,230	$ 42,257,585
--	100	24,650
--	224,500	1,386,538
--	--	120,704
14,352	9,155	174,211
1,157,542	--	1,157,542
--	--	1,431,600
--	--	8,100
$ 4,997,324	$ 10,232,985	$ 46,560,930
$ --	$ 45,037	$ 717,470
--	638,290	638,290
--	1,700,170	1,700,170
--	--	200,000
--	2,383,497	3,255,930
--	100	24,650
--	--	8,100
--	35,994	2,425,025
1,157,542	--	2,589,142
3,693,666	381,097	21,504,598
--	--	6,013,230
--	7,432,297	8,542,363
146,116	--	2,197,892
4,997,324	7,849,488	43,305,000
$ 4,997,324	$ 10,232,985	$ 46,560,930

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COUNTY OF AMADOR

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2004

Fund Balance - total governmental funds (page 16)	$ 43,305,000
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	26,950,852
Internal service funds are used by the County to charge the cost of copying and fleet services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of assets. Internal service fund net assets are:	4,373,804
Long-term liabilities, including loans payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Loans payable	(263,180)
Compensated absences	(1,338,562)
Net assets of governmental activities (page 14)	$ 73,027,914

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

COUNTY OF AMADOR

Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	General	Social Services	Road	County Improvement
Revenues:				
Taxes	$ 12,159,415	$ --	$ 1,165,471	$ --
Licenses and permits	378,329	--	40,783	--
Intergovernmental	9,440,213	5,959,410	1,991,543	587,235
Fines and forfeitures	1,050,125	--	61,827	--
Use of money and property	414,943	2,428	37,022	229,514
Charges for services	1,809,786	--	648,375	22,718
Other	780,300	607	--	5,436
Total Revenues	26,033,111	5,962,445	3,945,021	844,903
Expenditures:				
Current:				
General government	5,355,057	--	--	891,298
Public protection	16,974,690	--	--	--
Public ways and facilities	--	--	4,576,634	--
Health and sanitation	1,182,512	--	--	--
Public assistance	89,313	6,340,679	--	--
Education	828,571	--	--	--
Recreation and cultural services	243,502	--	--	--
Capital outlay	73,842	5,678	212,752	3,492,812
Debt Service:				
Principal payments	--	--	--	--
Interest and fiscal charges	--	--	--	--
Total Expenditures	24,747,487	6,346,357	4,789,386	4,384,110
Excess (Deficiency) of Revenue Over (Under) Expenditures	1,285,624	(383,912)	(844,365)	(3,539,207)
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	(1,295,020)	--	--	--
Total Other Financing Sources (Uses)	(1,295,020)	--	--	--
Change in Fund Balance	(9,396)	(383,912)	(844,365)	(3,539,207)
Fund Balance, Beginning of Fiscal Year	15,990,231	13,367	2,607,333	14,690,543
Prior Period Adjustments	--	1,933,594	--	--
Fund Balance, End of Fiscal Year	$ 15,980,835	$ 1,563,049	$ 1,762,968	$ 11,151,336

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

Water Development Sinking	Other Governmental Funds	Total Governmental Funds
$ --	$ 14,624	$ 13,339,510
--	--	419,112
--	4,347,093	22,325,494
--	3,017	1,114,969
116,759	71,610	872,276
--	1,369,784	3,850,663
--	315,890	1,102,233
116,759	6,122,018	43,024,257
--	--	6,246,355
6,127	1,020,583	18,001,400
--	--	4,576,634
--	4,023,548	5,206,060
--	--	6,429,992
--	--	828,571
--	--	243,502
--	37,789	3,822,873
--	59,026	59,026
--	14,145	14,145
6,127	5,155,091	45,428,558
110,632	966,927	(2,404,301)
--	279,000	279,000
--	--	(1,295,020)
--	279,000	(1,016,020)
110,632	1,245,927	(3,420,321)
4,886,692	4,350,151	42,538,317
--	2,253,410	4,187,004
$ 4,997,324	$ 7,849,488	$ 43,305,000

COUNTY OF AMADOR

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2004

Net change to fund balance - total governmental funds (page 18)		$ (3,420,321)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	3,827,878	
Less: current year depreciation	(2,150,225)	
		1,677,653
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		
Principal payments		59,026
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		(218,089)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the the internal service funds is reported with governmental activities.		540,920
Change in net assets of governmental activities (page 15)		$ (1,360,811)

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

COUNTY OF AMADOR

Statement of Net Assets
Proprietary Funds
June 30, 2004

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Landfill	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current Assets:					
Cash and investments in Pool	$ 159,495	$ 130,301	$ 619,290	$ 909,086	$ 3,991,051
Imprest cash	--	--	--	--	2,200
Interest receivable	5,792	472	2,923	9,187	13,898
Total Current Assets	165,287	130,773	622,213	918,273	4,007,149
Noncurrent Assets:					
Restricted Assets:					
Cash and investments in Pool	1,349,903	--	--	1,349,903	--
Capital Assets:					
Nondepreciable	1,259,414	1,393,853	--	2,653,267	15,000
Depreciable, net	298,344	1,125,923	--	1,424,267	730,324
Total Noncurrent Assets	2,907,661	2,519,776	--	5,427,437	745,324
Total Assets	$ 3,072,948	$ 2,650,549	$ 622,213	$ 6,345,710	$ 4,752,473
LIABILITIES					
Current Liabilities:					
Accounts payable	$ 16,888	$ 23,550	$ --	$ 40,438	$ 49,432
Advances from other funds	1,231,600	--	--	1,231,600	--
Deposits held for others	--	--	144,653	144,653	--
Current portion of long-term liabilities:					
Loans payable	--	9,062	--	9,062	--
Compensated absences	615	--	--	615	29,105
Total Current Liabilities	1,249,103	32,612	144,653	1,426,368	78,537
Long-term Liabilities:					
Loans payable	--	153,267	--	153,267	--
Compensated absences	615	--	--	615	29,103
Claims liability	--	--	--	--	271,029
Liability for landfill closure	1,197,457	--	--	1,197,457	--
Total Long-term Liabilities	1,198,072	153,267	--	1,351,339	300,132
Total Liabilities	2,447,175	185,879	144,653	2,777,707	378,669
NET ASSETS					
Invested in capital assets, net of related debt	1,557,758	2,519,776	--	4,077,534	745,324
Restricted	1,349,903	--	--	1,349,903	--
Unrestricted	(2,281,888)	(55,106)	477,560	(1,859,434)	3,628,480
Total Net Assets	625,773	2,464,670	477,560	3,568,003	4,373,804
Total Liabilities and Net Assets	$ 3,072,948	$ 2,650,549	$ 622,213	$ 6,345,710	$ 4,752,473

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

COUNTY OF AMADOR

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Landfill	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues:					
Charges for services	$ 203,212	$ 120,368	$ 130,214	$ 453,794	$ 4,096,612
Other	34,077	(880)	6,526	39,723	123,600
Total Operating Revenues	237,289	119,488	136,740	493,517	4,220,212
Operating Expenses:					
Salaries and benefits	65,808	--	37,713	103,521	1,012,827
Services and supplies	376,916	103,181	292,118	772,215	3,409,538
Special projects	--	48,780	--	48,780	--
Depreciation	11,553	90,073	--	101,626	324,965
Closure/postclosure	194,419	--	--	194,419	--
Total Operating Expenses	648,696	242,034	329,831	1,220,561	4,747,330
Operating Income (Loss)	(411,407)	(122,546)	(193,091)	(727,044)	(527,118)
Non-Operating Revenues (Expenses):					
Taxes	44,317	--	19,038	63,355	--
Interest income	28,861	1,499	33,114	63,474	52,018
Intergovernmental revenues	--	74,343	--	74,343	--
Interest expense	--	(9,669)	--	(9,669)	--
Total Non-Operating Revenues (Expenses)	73,178	66,173	52,152	191,503	52,018
Income (Loss) Before Special Item and Transfers	(338,229)	(56,373)	(140,939)	(535,541)	(475,100)
Transfers in	--	--	--	--	1,016,020
Net Income Before Special Item	(338,229)	(56,373)	(140,939)	(535,541)	540,920
Special Item: Transfer of net assets of CSA 1 through 4 to the Amador Water Agency	--	--	(8,381,540)	(8,381,540)	--
Change in Net Assets	(338,229)	(56,373)	(8,522,479)	(8,917,081)	540,920
Net Assets, Beginning of Year	964,002	2,521,043	8,403,124	11,888,169	3,832,884
Prior Period Adjustment	--	--	596,915	596,915	--
Net Assets, End of Year	$ 625,773	$ 2,464,670	$ 477,560	$ 3,568,003	$ 4,373,804

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

COUNTY OF AMADOR

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Landfill	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:					
Receipts from customers and users	$ 302,895	$ 119,488	$ 421,493	$ 843,876	$ --
Receipts from interfund services provided	--	--	--	--	4,246,755
Payments to suppliers	(403,615)	(133,976)	(404,570)	(942,161)	--
Payments to employees	(64,578)	--	(37,713)	(102,291)	(1,006,533)
Payments for interfund services used	--	--	--	--	(3,388,315)
Net Cash Provided (Used) by Operating Activities	(165,298)	(14,488)	(20,790)	(200,576)	(148,093)
Cash Flows from Investing Activities:					
Interest received	31,677	(9,332)	30,191	52,536	54,569
Net Cash Provided (Used) by Investing Activities	31,677	(9,332)	30,191	52,536	54,569
Cash Flows from Capital and Related Financing Activities:					
Interest expense	--	1,499	--	1,499	--
Purchase of capital assets	(156,724)	--	--	(156,724)	(182,573)
Principal payments on debt	--	(8,391)	--	(8,391)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	(156,724)	(6,892)	--	(163,616)	(182,573)
Cash Flows from Non-Capital Financing Activities:					
Aid from other governmental agencies	--	74,343	--	74,343	--
Taxes	44,317	--	19,038	63,355	--
Transfer to Water Agency	--	--	(1,732,179)	(1,732,179)	
Transfers in (out)	--	--	--	--	1,016,020
Transfer of bond reserves to agency fund	--	--	(243,680)	(243,680)	--
Net Cash Provided (Used) by Non-Capital Financing Activities	44,317	74,343	(1,956,821)	(1,838,161)	1,016,020
Net Increase (Decrease) in Cash and Cash Equivalents	(246,028)	43,631	(1,947,420)	(2,149,817)	739,923
Cash and Cash Equivalents, Beginning of Year	1,755,426	86,670	2,566,710	4,408,806	3,253,328
Cash and Cash Equivalents, End of Year	$ 1,509,398	$ 130,301	$ 619,290	$ 2,258,989	$ 3,993,251

continued

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

COUNTY OF AMADOR

Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2003

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Landfill	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	$ (411,407)	$ (122,546)	$ (193,091)	$ (727,044)	$ (527,118)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation	11,553	90,073	--	101,626	324,965
Changes in assets and liabilities:					
Accounts receivable	65,606	--	140,100	205,706	26,543
Accounts payable	(9,185)	17,985	(112,452)	(103,652)	(25,085)
Compensated absences payable	1,230	--	--	1,230	6,294
Deposits held for others	--	--	144,653	144,653	--
Other liabilities	--	--	--	--	46,308
Landfill closure liability	176,905	--	--	176,905	--
Net Cash Provided (Used) by Operating Activities	(165,298)	(14,488)	(20,790)	(200,576)	(148,093)
Recap of Cash and Cash Equivalents, as reported on the Statement of Net Asset					
Cash and investments in Pool	$ 159,495	$ 130,301	$ 619,290	$ 909,086	$ 3,991,051
Imprest cash	--	--	--	--	2,200
Restricted Assets:					
Cash and investments in Pool	1,349,903	--	--	1,349,903	--
	$ 1,509,398	$ 130,301	$ 619,290	$ 2,258,989	$ 3,993,251
Schedule of Noncash Investing, Capital and Financing Activities:					
Transfer of capital assets to the Water Agency	$ --	$ --	$ (6,769,895)	$ (6,769,895)	

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

COUNTY OF AMADOR

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Investment Trust Funds	Agency Funds	Total Fiduciary Funds
Assets			
Current Assets:			
Cash and investments	$ 33,904,832	$ 10,458,698	$ 44,363,530
Imprest cash	8,697	925	9,622
Accounts receivable	7,319	--	7,319
Taxes receivable	--	3,226,734	3,226,734
Due from other governmental agencies	150,000	--	150,000
Total Assets	$ 34,070,848	$ 13,686,357	$ 47,757,205
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	$ 24,289	$ --	$ 24,289
Due to other governments	92,425	--	92,425
Deferred revenue	548,956	--	548,956
Agency obligations	--	13,686,357	13,686,357
Total Liabilities	665,670	13,686,357	14,352,027
Net Assets:			
Held in trust for external participants	33,405,178	--	33,405,178
Total Net Assets	33,405,178	--	33,405,178
Total Liabilities and Net Assets	$ 34,070,848	$ 13,686,357	$ 47,757,205

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

COUNTY OF AMADOR

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2004

	Investment Trust Funds
ADDITIONS:	
Net investment earnings	$ 455,526
Contributions to investment pool	55,162,494
Total Additions	55,618,020
DEDUCTIONS:	
Distributions from investment pool	47,114,178
CHANGE IN NET ASSETS	8,503,842
NET ASSETS, BEGINNING	24,901,336
NET ASSETS, ENDING	$ 33,405,178

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Note 1: Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The County of Amador (County), the primary government, is a political subdivision of the State of California. It is governed by an elected board of five County Supervisors. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board Statement No. 14.

The decision to include a component unit in the reporting entity was made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14. The basic criteria used in the determination of component units are financial accountability of the County for the component unit. Financial accountability is determined by the following:

- The County appoints a voting majority of a component unit's governing body.
- Ability of the County to impose its will on the component unit, including the ability to affect its day-to-day operations, to remove appointed members of the governing board at will, to modify or approve its budget, to modify its rates or fee charges, to veto, overrule, or modify the decisions of its governing body.
- There is a potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the County.
- Fiscal dependency of the component unit on the County, including the inability of the component unit to determine its own budget, levy, taxes, set rates or charges, or issue bonded debt without the approval of the County.

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

Note 1: **Summary of Significant Accounting Policies** (continued)

A. **Description of the Reporting Entity** (continued)

Based on the foregoing criteria, the following entities have been classified as blended component units of the County:

Amador Fire Protection District
Amador IHSS Public Authority
CSA's 5, 6 and 8

The above component units are legally separate entities which are governed by the County's Board of Supervisors; therefore, their financial data has been combined with the County's financial data and presented as blended component units.

During the fiscal year ended June 30, 2004, oversight for CSA 1 through 4 was transferred to the Amador County Water Agency, an independent nonrelated organization. Accordingly, these districts are no longer treated as blended component units. See footnote 14 for the adjustment to remove assets and liabilities from the County's financial statements.

Discretely Presented Component Units – There are no component units of the County which meet the criteria for discrete presentation.

B. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net assets 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. 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 demonstrates the degree to which program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Note 1: **Summary of Significant Accounting Policies** (continued)

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

Government-Wide Financial Statements (continued)

Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

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

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

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

- The *Social Service Fund* is used to administer social services that promote job-readiness and self-sufficiency of individuals and families.

- The *Road Fund* is used to account for the planning, design, construction, maintenance and administration of the County's roads and infrastructure.

- The *County Improvement Fund* is used to account for the acquisition and construction of County facilities.

Note 1: **Summary of Significant Accounting Policies** (continued)

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

Fund Financial Statements (continued)

- The *Water Development sinking Fund* is used to account for the development of new or additional water for Amador County.

The County reports the following major enterprise funds:

- The *Waste Management Fund* is used to provide for operations and maintenance of the County's closed landfill, the collection and disposal of household hazardous wastes, the development and implementation of recycling and waste reduction and recycling programs countywide.

- The *Airport Fund* is used to operate the County's airport for business and recreational use of County residents and visitors.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance and copy services provided to other departments or other governments and the County's self-insurance programs. 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. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for other governments. These funds represent the assets, primarily cash and investments, and the related liabilities of the County to disburse these monies on demand.

- The *Agency Funds* account for assets held by the County as an agent for various local governments.

C. **Basis of Accounting**

The government-wide, proprietary, and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Accounting** (continued)

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an annual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

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

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

D. **Non-Current Governmental Assets/Liabilities**

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net assets.

Note 1: **Summary of Significant Accounting Policies** (continued)

E. Cash and Investments

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

The County has implemented GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. Interest earned on investments is allocated to all funds on the basis of monthly cash and investment balances.

The County participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in derivatives and similar transactions. LAIF's investments are subject to credit risk with the full faith of the State of California collateralizing these investments. In addition, these derivatives and similar transactions are subject to market risk as to change in interest rates.

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's Investment Pool, to be cash equivalents.

G. Accounts Receivable and Deferred Revenues

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

The County reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available' criteria for recognition in the current period. Deferred revenues also arise when the County receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability of deferred revenue is removed from the financial statements and revenue is recognized.

Note 1: **Summary of Significant Accounting Policies** (continued)

H. Compensated Absences

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

I. Encumbrances

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

J. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the data contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, draining systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than $5,000 for equipment and $10,000 for buildings and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

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

The County has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control.

Note 1: **Summary of Significant Accounting Policies** (continued)

K. Interfund Transactions

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

L. Other Assets

Inventory: Inventory consists of expendable supplies held for consumption. In governmental funds, inventories are valued at cost. In proprietary funds, they are valued at lower of cost or market. Cost is determined by using either the weighted average or the first-in, first-out method. The consumption method of accounting of inventory is used for the governmental fund types and the proprietary fund types. The cost is recorded as an expenditure at the time individual inventory items are used. For the governmental fund types, the reserve for inventory indicates that a portion of the fund balance is not an available financial resource.

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

M. Property Tax Revenue

Property taxes attach as an enforceable lien on January 1. Taxes are levied on July 1 and payable in two installments, December 10 and April 10. All general property taxes are then allocated by the County Auditor-Controller's Office to various taxing entities per the legislation implementing Proposition 13. The method of allocation used by the County is subject to review by the State of California. County property tax revenues are recognized when levied in accordance with the alternative method (Teeter Plan) of recording property taxes.

Note 1: **Summary of Significant Accounting Policies** (continued)

N. Use of Estimates

The preparation of the general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and the reported amount of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

O. Change in Reporting Entity from Prior Years

Effective September 23, 2003, the County Services Areas 1 through 4 were closed and transferred to the Amador Water Agency.

Note 2: **Restatements of Fund Equity/Net Assets**

Prior Period Adjustments

Governmental Fund	Social Services Fund	$ 1,933,594	Recognize realignment revenues from prior years
	Mental Health Fund	851,508	Recognize realignment revenues from prior years
	Health Fund	1,401,902	Recognize realignment revenues from prior years
Enterprise Funds	CSA 1	(1,147	Correct for prior year revenues and expenses
	CSA 2	(1,533)	Correct for prior year revenues and expenses
	CSA 3 Water	604,692	Correct for prior year revenues and expenses
	CSA 3 Sewer	90,962	Correct for prior year revenues and expenses
	CSA 4 Sewer	9,607	Correct for prior year revenues and expenses
	CSA 5 Road	(105,666)	Correct for prior year revenues and expenses
Government-Wide		89,325	Correct beginning balance of governmental funds capital assets
		$ 4,873,244	

Note 3: **Cash and Investments**

The County maintains a cash and investment pool for the purpose of increasing interest income through pooled investment activities. This pool, which is available for use by all funds, is displayed on the basic financial statements as "Cash and Investments."

Cash and investments with the County Treasurer are invested pursuant to investment policy guidelines established by the County Treasurer. The objectives of the policy are, in order of priority, legality of investment, safety of principal, liquidity and yield.

Total County cash and investments are as follows:

Cash on hand	$ 625,387
Deposits	1,929,685
Investments	94,058,344
Total Cash in Treasury	96,613,416
Less: Outstanding Deposits	(3,742,261)
Total Cash and Investments	$ 92,871,155

Total County cash and investments are reported as follows:

Primary government	
Unrestricted	$ 47,157,722
Restricted for Closure-Postclosure Financial Assurances	1,349,903
Investment trust funds	33,904,832
Agency funds	10,458,698
Total Cash and Investments	$ 92,871,155

Deposits

Deposits are placed with financial institutions and are carried at cost. At year end, the carrying amount of the County's deposits was $1,929,685 and the bank balance was $1,108,673. The difference between the carrying amount and the bank balance is a result of transactions in transit. Financial institutions are required to maintain collateral for public demand deposits and certificates of deposit at 110% of all public deposits not covered by federal deposit insurance. Of the bank balance, $100,000 was covered by federal depository insurance and $1,008,673 was covered by collateral held in the pledging bank's trust department.

Note 3: **Cash and Investments** (continued)

Investments

The County's investments are categorized to give an indication of the level of custodial risk assumed by the County at year end. Category 1 includes investments that are insured or registered, or securities held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investment with securities held by the counterparty, or by the counterparty's safekeeping department or agent, but not in the County's name. All of the County's investments at June 30, 2004 were categorized as Category 1.

At June 30, 2004, investments included the following:

	Maturity Date	Stated Interest Rates	Carrying Amount	Fair Values	Par Values
Category 1:					
U.S. Treasury notes	10/15/06-11/15/06	3.50-6.50%	$ 1,575,452	$ 1,552,500	$ 1,500,000
Federal agencies	12/15/04-5/15/09	2.10-6.625%	50,114,393	49,576,691	49,810,000
Commercial paper	1/28/05	1.85%	1,977,887	1,877,857	2,000,000
Medium term notes	9/25/06-10/1/06	2.75-6.75%	1,049,810	1,034,300	1,000,000
			54,717,542	54,141,348	54,310,000
Non-Categorized:					
Cash in California Local Agency Investment Fund (L.A.I.F.)			38,248,011	38,186,209	38,248,011
Cash in California Asset Management Program (CAMP)			1,092,791	1,092,791	1,092,791
Total Investments			$ 94,058,344	$ 93,420,348	$ 93,650,802

Inasmuch as the fair values represent 99.3% of the carrying values, the difference has been deemed to be immaterial and hence no adjustment has been made pursuant to GASB No. 31 and carrying values are used for financial statement purposes. The County did not invest in any types of investments during fiscal year ended June 30, 2004, other than those owned as of June 30, 2004. Fair market values were obtained from custodial statements for all.

The Amador County Treasurer's Pool is not SEC-registered, but is invested in accordance with California State Government Code, and the Amador County Treasurer's Investment Policy. California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Oversight Committee reviews the monthly investment report prior to presentation to the Board of Supervisors and causes an audit of investments to occur annually.

Note 3: **Cash and Investments** (continued)

Investments (continued)

The Amador County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (L.A.I.F.), managed by the State Treasurer. This fund is not SEC-registered, but is required to invest according to California State Code. Participants in the pool include involuntary participants such as special districts and school districts for which there are legal provisions regarding their investment in the Amador County Treasury. L.A.I.F. is invested 100 percent in non-derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for L.A.I.F. The Board consists of five members as designated by State Statute. As of June 30, 2004, L.A.I.F. reported that 0% of the pooled portfolio was invested in asset-backed securities. There were no other derivative type investments.

In accordance with GASB 31, investments are marked to fair market values annually, if material, and an adjustment is made to each fund accordingly (no adjustment was required for current year). 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 done at market value. L.A.I.F. is the only outside pool utilized by the Amador County Treasurer's Investment Pool. Fair values for the pool shares were provided by LAIF.

In accordance with Government Code Section 53647, interest on all money deposited in the County Treasury belongs to the County unless otherwise directed by law or the County Board of Supervisors. The County has numerous funds in which the interest earned is deposited into the General Fund to comply with the above code section.

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2004:

Statement of Net Assets	
Net assets held for pool participants	$ 92,871,155
Equity of external pool participants	$ 33,904,832
Equity of internal pool participants	58,966,323
Total Equity	$ 92,871,155

Note 3: **Cash and Investments** (continued)

Investments (continued)

Statement of Changes in Net Assets	
Investment earnings	$ 1,709,015
Investment expenses	(186,682)
Net contributions from pool participants	6,686,806
Increase in Net Assets	8,209,139
Net Assets at July 1, 2003	84,662,016
Net Assets at June 30, 2004	$ 92,871,155

Note 4: **Interfund Transactions**

Advances to/from other funds:

Receivable From	Payable Fund	Amount	Purpose
General Fund	Social Services Fund	$ 200,000	Initial deposit to establish department
	Landfill	500,000	Temporary cash flow assistance
		700,000	
County Improvement	Landfill	731,600	Project financing
		$ 1,431,600	

Transfers:

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenue. The following schedule briefly summarizes the County's transfer activities;

Transfer From	Transfer To	Amount
General Fund	Nonmajor Governmental Funds	$ 279,000
	Internal Service Funds	1,016,020
		$ 1,295,020

Note 5: **Capital Assets**

Capital asset activity for the year ended June 30, 2003, was as follows:

	Balance July 1, 2003	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2004
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 801,808	$ --	$ --	$ --	$ 801,808
Construction in progress	1,833,130	3,492,812	--	(1,477,952)	3,847,990
Total capital assets, not being depreciated	2,634,938	3,492,812	--	(1,477,952)	4,649,798
Capital assets, being depreciated:					
Infrastructure	39,807,056	--	--	--	39,807,056
Structures and improvements	16,594,778	--	--	1,477,952	18,072,730
Equipment	13,116,773	512,633	(140,213)	89,326	13,578,519
Total capital assets, being depreciated	69,518,607	512,633	(140,213)	1,567,278	71,458,305
Less accumulated depreciation for:					
Infrastructure	(29,372,590)	(713,280)	--	--	(30,085,870)
Structures and improvements	(7,288,188)	(366,688)	--	--	(7,645,224)
Equipment	(9,421,174)	(1,395,222)	130,510	14,705	(10,680,833)
Total accumulated depreciation	(46,081,952)	(2,475,190)	130,510	14,705	(48,411,927)
Total capital assets, being depreciated, net	23,436,655	(1,962,557)	(9,703)	1,581,983	23,046,378
Government activities capital assets, net	$26,071,593	$ 1,530,255	$ (9,703)	$ 104,031	$ 27,696,176
Business-Type Activities					
Capital assets, not being depreciated:					
Land	$ 2,082,288	$ --	$ (12,413)	$ --	$ 2,069,875
Construction in progress	452,705	156,724	(26,037)	--	583,392
Total capital assets, not being depreciated	2,534,993	156,724	(38,450)	--	2,653,267
Capital assets, being depreciated:					
Infrastructure	8,449,030	--	(7,412,508)	--	1,036,522
Structures and improvements	4,740,260	--	(3,406,543)	--	1,333,717
Equipment	271,000	--	(187,242)	--	83,758
Total capital assets, being depreciated	13,460,290	--	(11,006,293)	--	2,453,997
Less accumulated depreciation for:					
Infrastructure	(3,205,809)	(47,858)	2,655,929	--	(597,738)
Structures and improvements	(1,815,457)	(47,361)	1,475,345	--	(387,473)
Equipment	(181,688)	(6,407)	143,576	--	(44,519)
Total accumulated depreciation	(5,202,954)	(101,626)	4,274,850	--	(1,029,730)
Total capital assets, being depreciated, net	8,257,336	(101,626)	(6,731,443)	--	1,424,267
Government activities capital assets, net	$ 10,792,329	$ 55,098	$(6,769,893)	$ --	$ 4,077,534

Note 5: **Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

General government	$ 598,705
Public protection	803,656
Public ways	936,708
Health and sanitation	72,839
Public assistance	41,394
Education	21,334
Culture and recreation	554
	$ 2,475,190

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

Landfill	$ 11,553
Airport	90,073
	$ 101,626

Note 6: **Long-Term Debt**

Long-term liabilities at June 30, 2004 consisted of the following:

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2004
Governmental Activities						
Note payable *purchase of fire fighting equipment and fire trucks*	4/1/2002	4/1/2008	4.39%	$59,026 – $70,094	$ 378,750	$ 263,180
Total Governmental Activities					$ 378,750	$ 263,180
Business-Type Activities						
Notes payable	2001	2018	5.66%	$8,391 – $16,446	$ 194,000	$ 162,329
Total Business-Type Activities					$ 194,000	$ 162,329

Note 6: **Long-Term Debt** (continued)

The following is a summary of long-term liability transactions for the year ended June 30, 2004:

	Balance July 1, 2003	Additions	Deletions	Adjustment	Balance June 30, 2004	Amounts Due Within One Year
Governmental Activities:						
Note payable	$ 322,206	$ --	$ 59,026	$ --	$ 263,180	$ 61,617
Compensated absences	1,172,387	224,383	--	--	1,396,770	698,286
Liability for self-insurance	224,721	46,308	--	--	271,029	--
Total Governmental Activities	$ 1,719,314	$ 270,691	$ 59,026	$ --	$ 1,930,979	$ 759,903
Business-Type Activities:						
Airport						
Bonds payable	$ 170,720	$ --	$ 8,391	$ --	$ 162,329	$ 9,062
CSA #3 Water						
Bonds payable	776,827	--	39,202	(737,625)[a]	--	--
Compensated absences	--	1,230	--	--	1,230	615
Total Business-Type Activities	$ 947,547	$ 1,230	$ 47,593	$ (737,625)	$ 163,559	$ 9,677

[a]The total matured and unmatured bonds outstanding related to special assessment debt is $737,625 at June 30, 2004. In prior years, the debt was recorded on the County's financial statements. However, as of July 1, 2003, it was determined that the County is not liable in anyway for this debt.

As of June 30, 2004, annual debt service requirements of governmental activities to maturity are as follows:

	Governmental Activities		
	Notes Payable		
Year Ending June 30:	Principal	Interest	Total
2005	$ 61,617	$ 11,554	$ 73,171
2006	64,322	8,849	73,171
2007	67,147	6,024	73,171
2008	70,094	3,077	73,171
	$ 263,180	$ 29,504	$ 292,684

Note 6: **Long-Term Debt** (continued)

As of June 30, 2004, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities Notes Payable Principal	Interest	Total
2005	$ 9,062	$ 9,194	$ 18,256
2006	9,734	8,681	18,415
2007	10,405	8,129	18,534
2008	11,076	7,540	18,616
2009	11,747	6,913	18,660
2010-2014	68,807	23,823	92,630
2015-2017	41,498	4,333	45,831
	$ 162,329	$ 68,613	$ 230,942

Special Assessment Debt: The total matured and unmatured bonds outstanding related to special assessment debt is $737,625 at June 30, 2004. 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, they are not reflected in the accompanying basic financial statements. Cash held on deposit of $165,673 and corresponding amounts payable are reported in the Agency Fund.

Note 7: **Landfill Closure and Postclosure Maintenance Costs**

The Buena Vista Landfill, located in Amador County, is used as the County's landfill site. State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an estimated liability is being recognized based on the future closure and post closure maintenance costs that will be incurred near or after the date the landfill no longer accepts waste.

The recognition of the estimated liability for closure and post closure maintenance costs is based on the estimated remaining life of the landfill. The estimated liability of the County's landfill site for closure and postclosure maintenance costs was $1,197,457 for fiscal year 2004, and was based on approximately 93% usage (filled) of the landfill. It is estimated that an additional $94,043 liability will be recognized as closure and postclosure maintenance costs between the date of the balance sheet and the date the landfill is expected to be closed. The estimated total current cost of the landfill closure and post

Note 7: **Landfill Closure and Postclosure Maintenance Costs** (continued)

closure maintenance cost of $1,291,500 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfills were acquired as of the balance sheet date. However, the costs for landfill closure and post closure maintenance are based on yearly estimates, reviewed by the California Integrated Waste Management Board, as prepared by the County. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust fund to finance closure and post closure cost. The County is in compliance with these requirements, and at June 30, 2004, cash and investments of $1,349,903 are held for these purposes. These are reported as restricted assets on the Landfill Enterprise statement of net assets. The County expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined, these costs may need to be covered by charges to future landfill users. The County has incurred actual expenditures related to the first of three phases to close its landfill and these expenditures have not been charged to the restricted cash account.

Note 8: **Public Employee Retirement System**

Plan Description

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

Funding Policy

County employees are required by state statute to contribute 7% for miscellaneous employees and 7% to 9% for safety employees of their annual covered salary. The County makes the contributions required of County employees on their behalf and for their account which amounted to $1,250,439 for the year ended June 30, 2004.

Note 8: **Public Employee Retirement System** (continued)

Annual Pension Cost

For fiscal year 2003-2004, the County's annual pension cost of $450,395 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial assumptions included 8.25% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members and include an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/02	$ --	100%	$ --
06/30/03	143,347	100%	--
06/30/04	450,395	100%	--

Note 9: **Deferred Compensation**

Employees of the County of Amador may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the County. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is available for withdrawal upon termination, retirement, death, or in an emergency as defined by the plan.

Changes in the laws governing IRC Section 457 Plans and GASB Statement No. 32, required a change in the reporting of the County employees' deferred compensation plan. Previously, employee amounts deferred by the plan participants were required to be reported as assets of the employer. The new law prevents the employer's use of these funds and requires the funds to be held exclusively for the benefit of the participants. Accordingly, the County's deferred compensation plan was amended in December 1998 to

Note 9: **Deferred Compensation** (continued)

conform with the law. Therefore, the assets and associated participants' liability of the plan were removed from our financial statements and only the current deductions which have not been forwarded to the contract plan administrator are reported.

Note 10: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

The County maintains a risk management internal service fund (Self-Insurance Fund) to consolidate the County's fully insured Worker's Compensation program and the general liability, medical malpractice and property insurance programs that are partially self-insured. Fund revenues are primarily premium charges to other funds and are planned to equal workers' compensation premiums, estimated payments resulting from self-insurance programs, liability insurance coverage in excess of the self-insured amount and operating expenses.

The County maintains a self-insured retention (SIR) of $100,000 for its general liability program, $10,000 per occurrence for its medical malpractice program and $5,000 for its property program. A commercial insurance policy has been purchased, that covers all SIR related losses except for the first $10,000. Losses which exceed the SIR are covered by the excess insurance policy described above.

The Total claims liability of $271,029 at June 30, 2004, is based on the requirements of Governmental Accounting Standards Board (GASB) Statement No. 10, as amended by GASB Statement No. 30. These statements require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Note 10: **Risk Management** (continued)

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

Changes in the County's claims liabilities amount for the fiscal years ended June 30, 2003 and 2004, were as follows:

	2004	2003
Unpaid claims, beginning of year	$ 224,721	$ 248,360
Estimated claims incurred and adjustments	77,989	54,595
Claims payments	(31,681)	(78,234)
Unpaid claims, end of year	$ 271,029	$ 224,721

Note 11: **Net Assets/Fund Balances**

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

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

- *Restricted Net Assets* – This category presents 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.

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

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

Note 11: **Net Assets/Fund Balances** (continued)

As of June 30, 2004, reservations of fund balance are described below:

The term "reserved" is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County's management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans.

Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The County has "reserved" fund balances as follows:

- Reserve for Imprest Cash was created to represent the portion of the fund balance that is not available for expenditure because the County maintains various levels of revolving funds for daily operations.

- Reserve for Inventory was created to represent the portion of the fund balance that is not available for expenditure because the County expects to use these resources within the next budgetary period.

- Reserve for Encumbrances was created to represent encumbrances outstanding at the end of the fiscal year, based on purchase orders and contracts signed by the County but not completed as of the close of the fiscal year.

- Reserve for Loans and Advances was created to represent long-term receivables and interfund loans not available to finance current year expenditures.

- Reserve for General was created to represent the portion of fund equity the County expects to use for unpredicted future events.

Note 12: **Joint Venture**

Central Sierra Child Support Agency

The Central Sierra Child Support Agency (the Agency) acts as the local child support agency for Amador, Alpine and Calaveras counties. The Agency operates under a Joint Powers Agreement between Amador, Alpine and Calaveras counties and in compliance with the applicable standards and regulations set forth by the State of California. Central Sierra Child Support Agency has an independent governing board including members from the Board of Supervisors of Amador, Alpine and Calaveras counties. The Agency is a public agency, which is separate and apart from its constituent county. The Agency's financial statements include the accounts of all the Agency's operations. Financial statements for the Authority are produced annually and are available from the County of Amador.

Note 13: **Contingent Liabilities**

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

Note 14: **Special Item**

During the fiscal year ended June 30, 2004, oversight of CSA 1 through 4 was transferred to the Amador County Water Agency, an independent non-related organization. The transfer of County Service Area assets, net of liability resulted in a loss of $8,381,540 as follows:

	CSA 1	CSA 2	CSA 3 Sewer	CSA 3 Water	CSA 4	Total
Cash	$ 216,684	$ 154,427	$ 205,173	$ 481,084	$ 671,278	$ 1,728,646
Land	--	12,413	--	--	--	12,413
Construction in progress	--	--	26,037	--	--	26,037
Structures and improvements, net	433,336	626	136,305	1,300,814	60,744	1,931,825
Infrastructure, net	1,617,583	172,962	510,668	1,459,723	995,642	4,756,578
Equipment, net	215	--	25,515	13,235	4,076	43,041
	$ 2,267,818	$ 340,428	$ 903,698	$ 3,254,856	$ 1,731,740	$ 8,498,540

Note 15: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. Four of the new standards, GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3,* GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.* GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an amendment of NCGA Statement 1*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions* (OPEB), may have a significant impact on the County's financial reporting process.

GASB Statement No. 40 modifies previous custodial credit risk disclosure requirements and establishes more comprehensive disclosure requirements relating to other common risks of investments such as credit risk, concentration of credit risk and interest rate risk. GASB Statement No. 40 will be implemented in the financial statements for the year ending June 30, 2005.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. GASB No. 42 will be effective for the fiscal year ending June 30, 2006.

GASB Statement No. 44 guides the preparation of supplementary information included in the statistical section. This new statement provides specific requirements for the information presented in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and will enhance comparability among governments presenting a statistical section. GASB No. 44 will be effective for the fiscal year ending June 30, 2006.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2008.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF AMADOR

Required Supplementary Information
For the Fiscal Year Ended June 30, 2004

SCHEDULE OF FUNDING PROGRESS

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

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Asset Value	Underfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Underfunded Actuarial Liability as Percentage of Covered Payroll
SAFETY PLAN						
6/30/01	$ 18,264,526	$ 19,772,995	$ (1,508,469)	108.3%	$ 3,909,571	(38.6)%
6/30/02	19,909,217	18,633,363	1,276,154	93.6%	4,403,853	29.0%
6/30/03	21,990,994	19,106,171	2,884,823	86.9%	4,404,096	65.5%
MISCELLANEOUS PLAN						
06/30/01	47,537,937	59,939,152	(12,401,215)	126.1%	12,143,974	(102.1)%
06/30/02	52,055,859	57,365,686	(5,309,827)	110.2%	13,636,205	(38.9)%
06/30/03	59,092,222	58,142,724	949,498	98.4%	13,642,048	7.0%

COUNTY OF AMADOR

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 10,255,000	$ 10,255,000	$ 12,159,415	$ 1,904,415
Licenses and permits	318,250	318,250	378,329	60,079
Intergovernmental	9,216,524	9,545,412	9,440,213	(105,199)
Fines and forfeitures	915,505	915,505	1,050,125	134,620
Use of money and property	426,842	426,842	414,943	(11,899)
Charges for services	1,757,956	1,787,532	1,809,786	22,254
Other	752,575	771,703	780,300	8,597
Total Revenue	23,642,652	24,020,244	26,033,111	2,012,867
Expenditures:				
Current:				
General government	8,186,724	8,641,405	5,355,057	3,286,348
Public protection	17,489,889	18,490,730	16,974,690	1,516,040
Health and sanitation	1,372,782	1,427,014	1,182,512	244,502
Public assistance	101,451	101,451	89,313	12,138
Education	935,398	944,576	828,571	116,005
Recreation and cultural services	307,567	362,615	243,502	119,113
Capital outlay	--	--	73,842	(73,842)
Contingency	852,972	785,472	--	785,472
Total Expenditures	29,246,783	29,967,791	24,747,487	6,005,776
Excess (Deficiency) of Revenue Over (Under) Expenditures	(5,604,131)	(5,947,547)	1,285,624	8,018,643
Other Financing Sources (Uses):				
Transfers in	48,500	--	--	--
Transfers out	(1,931,906)	--	(1,295,020)	(1,295,020)
Total Other Financing Sources (Uses)	(1,883,406)	--	(1,295,020)	(1,295,020)
Change in Fund Balance	(7,487,537)	(5,947,547)	(9,396)	6,723,623
Fund Balance, Beginning of Fiscal Year	15,990,231	15,990,231	15,990,231	--
Prior Period Adjustments	--	--	--	--
Fund Balance, End of Fiscal Year	$ 8,502,694	$ 10,042,684	$ 15,980,835	$ 6,723,623

COUNTY OF AMADOR

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Social Services
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 6,507,676	$ 6,798,237	$ 5,959,410	$ (838,827)
Use of money and property	--	--	2,428	2,428
Other	50,000	50,000	607	(49,393)
Total Revenue	6,557,676	6,848,237	5,962,445	(885,792)
Expenditures:				
Current:				
Public assistance	6,557,676	6,837,190	6,340,679	496,511
Capital outlay	--	--	5,678	(5,678)
Total Expenditures	6,557,676	6,837,190	6,346,357	490,833
Change in Fund Balance	--	11,047	(383,912)	(394,959)
Fund Balance, Beginning of Fiscal Year	13,367	13,367	13,367	--
Prior Period Adjustments	1,933,594	1,933,594	1,933,594	--
Fund Balance, End of Fiscal Year	$ 1,946,961	$ 1,958,008	$ 1,563,049	$ (394,959)

COUNTY OF AMADOR

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Road
For the Year Ended June 30, 2004

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 1,097,000	$ 1,097,000	$ 1,165,471	68,471
Licenses and permits	--	--	40,783	40,783
Intergovernmental	2,394,957	2,394,957	1,991,543	(403,414)
Fines and forfeitures	22,000	22,000	61,827	39,827
Use of money and property	35,000	35,000	37,022	2,022
Charges for services	20,000	20,000	648,375	628,375
Other	1,157,000	1,185,188	--	(1,185,188)
Total Revenue	4,725,957	4,754,145	3,945,021	(809,124)
Expenditures:				
Current:				
Public Ways	5,031,733	5,809,726	4,576,634	1,233,092
Capital outlay	164,200	236,075	212,752	23,323
Total Expenditures	5,195,933	6,045,801	4,789,386	1,256,415
Change in Fund Balance	(469,976)	(1,291,656)	(844,365)	447,291
Fund Balance, Beginning of Fiscal Year	2,607,333	2,607,333	2,607,333	--
Fund Balance, End of Fiscal Year	$ 2,137,357	$ 1,315,677	$ 1,762,968	$ 447,291

COUNTY OF AMADOR

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2004

BUDGETARY BASIS OF ACCOUNTING

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

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

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

Budgets are adopted on a basis which materially conforms to generally accepted accounting principles. Unexpended appropriations lapse at year end.

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APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

Definitions

Set forth below are the definitions of certain of the terms used in the Facilities Lease, the Site Lease, Trust Agreement, the Assignment Agreement and this Official Statement.

"Acquisition and Construction Fund" means the fund by that name established pursuant to the Trust Agreement.

"Additional Certificates" means additional series of certificates of participation executed and delivered pursuant to the Trust Agreement.

"Additional Payments" means all amounts payable to the Authority or the Trustee from the County as additional payments pursuant to the Facilities Lease.

"Assignment Agreement" means that certain Assignment Agreement by and between the Authority and the Trustee, dated as of August 1, 2005.

"Authority" means (i) Amador County Public Facilities Financing Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the Law and the Bond Pooling Act; (ii) any surviving, resulting or transferee entity; and (iii) except where the context requires otherwise, any assignee of the Authority.

"Authorized Representative of the Authority" means the Chair, the Vice Chair, the Executive Director or the Secretary of the Authority, or any other officer of the Authority duly authorized by the Authority in writing to the Trustee for the purpose of taking actions or executing documents on behalf of the Authority.

"Authorized Representative of the County" means the Chairman or the Vice-Chairman of the Board, the County Administrator, or any other officer of the County duly authorized by the Board in writing to the Trustee for the purpose of taking actions or executing documents on behalf of the County.

"Base Rental Payment Fund" means the fund by that name established pursuant to the Trust Agreement.

"Base Rental Payment Schedule" means the schedule of Base Rental Payments payable to the Authority from the County pursuant to the Facilities Lease.

"Base Rental Payments" means the base rental payments with interest components and principal components payable to the Authority by the County under and pursuant to the Facilities Lease.

"Board" means the Board of Supervisors of the County or any successor thereto.

"Board of Directors" means the Board of Directors of the Authority or any successor thereto.

"Bond Pooling Act" means Chapter 5 of Division 7 of Title 1 of the Government Code of the State (commencing at Section 6584 of said Code).

"Business Day" means any day on which the Trustee is open for corporate trust business at its Principal Office.

"Capitalized Base Rental Payments" means the sum (which shall include the amount of a portion of the accrued interest received by the Trustee upon the sale of the Certificates) equal to a portion of the Base Rental Payments due from the County to the Authority from the time of delivery of the Certificates through and including October 1, 2006.

"Certificate Insurance Policy" means any policy or policies of insurance or financial guaranty bond insuring payment of the amounts of principal and interest represented by the Certificates and issued by a Certificate Insurer.

"Certificate Insurer" means any insurance company which has issued a Certificate Insurance Policy insuring payment of the amounts of principal and interest represented by the Certificates or any series or portion thereof. The Certificate Insurer with respect to the 2005 Certificates is Ambac Assurance Corporation.

"Certificate of Completion" means a Certificate of the County certifying that the Project has been completed, stating the date of such completion and stating that all of the Project Costs thereof and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition and Construction Fund is to be maintained in the full amount of such claims until such dispute is resolved).

"Certificate of the Authority" means an instrument in writing signed by an Authorized Representative of the Authority.

"Certificate of the County" means an instrument in writing signed by an Authorized Representative of the County.

"Certificate Payment Date" means, with respect to any Certificate, the October 1 designated therein, which is the date on which the principal component of the Base Rental Payments evidenced and represented thereby shall become due and payable.

"Certificate Reserve Fund" means the fund by that name established pursuant to the Trust Agreement.

"Certificate Reserve Fund Requirement" means the least of (i) the maximum amount of Base Rental Payments remaining to be made by the County pursuant to the Facilities Lease during any twelve-month period ending on October 1 of any year, (ii) 125% of the average of all such remaining annual Base Rental Payments, and (iii) 10% of the proceeds derived from the sale of Certificates; provided, however, that all or a part of such Certificate Reserve Fund Requirement may be provided by a policy of insurance issued by a municipal bond insurance company obligations insured by which have a rating by Moody's Investors Service and by Standard and Poor's Ratings Services which is in one of the two highest ratings then issued by said rating agencies or by a Letter of Credit issued by a Qualified Bank.

"Certificates; 2005 Certificates" The term "Certificates" means all certificates of participation executed and delivered by the Trustee pursuant to the Trust Agreement and then Outstanding, including the 2005 Certificates and any Additional Certificates executed and delivered pursuant to a Supplemental Trust Agreement entered into pursuant to the Trust Agreement.

The term "2005 Certificates" means the initial series of Certificates executed and delivered by the Trustee pursuant to the Trust Agreement and then Outstanding, the proceeds of which are for the acquisition and construction of the Project.

"Closing Date" means August 17, 2005, the date of execution and delivery of the 2005 Certificates.

"Code" means the Internal Revenue Code of 1986, as amended.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the County or the Authority and related to the authorization, execution and delivery of the Facilities Lease, the Site Lease, the Assignment Agreement and the Trust Agreement and the related sale of the Certificates, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee (including its counsel's legal fees), legal fees and charges, fees and disbursements of consultants and professionals, costs of publication of the notice of intention to sell the Certificates, title insurance premiums and recording fees and charges, fees and charges for preparation, execution and safekeeping of the Certificates, fees of the Authority, premiums for a Certificate Insurance Policy and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

"Costs of Issuance Fund" means the fund by that name established pursuant to the Trust Agreement.

"County" means Amador County, California, a political subdivision of the State.

"County Administrator" means the person who is the duly appointed and acting County Administrator of the County or any person designated in writing by the County Administrator.

"Event of Default" shall have the meaning specified in the Facilities Lease and in the Trust Agreement.

"Facilities Lease" or **"Lease"** means that certain lease, entitled "Facilities Lease," by and between the Authority and the County, dated as of August 1, 2005, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Facilities Lease and the Trust Agreement.

"Financial Newspaper" means *The Wall Street Journal* or *The Bond Buyer*, or any other newspaper or journal publishing financial news and selected by the Trustee that is printed in the English language, is customarily published on each business day and is circulated in San Francisco, California.

"Information Services" means (1) Financial Information, Inc.'s Financial Daily Called Bond Service, 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; (2) Moody's Municipal and Government, 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; (3) Kenny Information Service's Called Bond Service, 65 Broadway, 16th Floor, New York, New York 10006; (4) Standard & Poor's Called Bond Record, 25 Broadway, 3d Floor, New York, New York 10004, or such other Information Services or addresses as may be designated in a Certificate of the County.

"Interest Account" means the fund by that name established pursuant to the Trust Agreement.

“Interest Payment Date” means a date on which interest evidenced and represented by the Certificates becomes due and payable, being April 1 and October 1 of each year to which reference is made (commencing on April 1, 2006).

“Law” means Article I (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State.

“Leased Property” means the Site, and all improvements located thereon, including but not limited to the facilities and buildings included as the Project, together with parking, site development, landscaping, utilities, fixtures, improvements and appurtenant and related facilities, as such real property descriptions may be amended or modified (including removal or substitution of property as part of the Leased Property) in accordance with the Facilities Lease.

“Letter of Credit” means an irrevocable and unconditional letter of credit, a standby purchase agreement, a line of credit or other similar credit arrangement issued by a Qualified Bank to provide all or a portion of the Certificate Reserve Fund Requirement and submitted to and reviewed and approved by Moody’s Investors Service and Standard & Poor’s Ratings Services.

“Moody’s Investors Service” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s Investors Service” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the County or the Authority and satisfactory to and approved by the Trustee (who shall be under no liability by reason of such approval).

“Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of the Trust Agreement) all Certificates except --

(1) Certificates cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Certificates paid or deemed to have been paid within the meaning of the Trust Agreement; and

(3) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

“Owner” means any person who shall be the registered owner of any Outstanding Certificate.

“Payment Date” means each April 1 or October 1 on which a payment is due with respect to the Certificates.

“Permitted Investments” means any of the following to the extent then permitted by law:

(A) Permitted Investments for all purposes, including defeasance investment in refunding escrow accounts:

(1) Cash;

(2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGs");

(3) Direct obligations of the Treasury which have been stripped by the Treasury itself;

(4) Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable;

(5) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition;

(6) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

(i) U.S. Export-Import Bank (Eximbank) – Direct obligations or fully guaranteed certificates of beneficial ownership;

(ii) Farmers Home Administration (FmHA) – Certificates of beneficial ownership;

(iii) Federal Financing Bank;

(iv) General Services Administration – Participation certificates;

(v) U.S. Maritime Administration – Guaranteed Title XI financing;

(vi) U.S. Department of Housing and Urban Development (HUD) – Project Notes; Local Authority Bonds; New Communities Debentures – U.S. government guaranteed debentures; U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds.

(B) Permitted Investments for all purposes, other than defeasance investment in refunding escrow accounts:

(1) Direct 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) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following Federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities permitted only if they have been stripped by the agency itself):

a. Farmers Home Administration (FmHA) – Certificates of beneficial ownership

b. Federal Housing Administration Debentures (FHA)

c. General Services Administration – Participation certificates

d. Government National Mortgage Association (GNMA or "Ginnie Mae") – GNMA –guaranteed mortgage-backed bonds; GNMA – guaranteed pass-through obligations (participation certificates) (not acceptable for certain cash-flow sensitive issues.)

e. U.S. Maritime Administration – Guaranteed Title XI financing

f. U.S. Department of Housing and Urban Development (HUD) – Project Notes; Local Authority Bonds

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. Government agencies (stripped securities permitted only if they have been stripped by the agency itself):

a. Federal Home Loan Bank System – Senior debt obligations (Consolidated debt obligations)

b. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") – Participation Certificates (mortgage-backed securities); Senior debt obligations

c. Federal National Mortgage Association (FNMA or "Fannie Mae") – mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal.)

d. Student Loan Marketing Association (SLMA or "Sallie Mae") – Senior debt obligations

e. Resolution Funding Corp. (REFCORP) – Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable

f. Farm Credit System – Consolidated systemwide bonds and notes.

(4) 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 AAAm-G; AAAm; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2, including any funds for which the Trustee or any of its affiliates provides investment, management or other services.

(5) Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. CD's must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings bank

whose short term obligations are rated "A-1+" or better by S&P and "Prime-1" by Moody's.

The collateral must be held by a third party, and the Trustee on behalf of the Owners must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

(7) Investment Agreements approved in writing by the Certificate Insurer and supported by appropriate opinions of counsel.

(8) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P.

(9) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1+" by S&P.

(11) Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria:

a. <u>Repurchase Agreements must be between the Trustee and a dealer bank or securities firm</u>

(1) Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the SIPC and which are rated A or better by Standard & Poor's Ratings Group and Moody's, or

(2) Banks rated "A" or above by Standard & Poor's Ratings Group and Moody's Investor Services.

b. <u>The written repurchase agreements contract must include the following:</u>

(1) Securities that are acceptable for transfer <u>are</u>:

(a) Direct U.S. governments

(b) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

(2) The term of the repurchase agreement may be up to 30 days

(3) The collateral must be delivered to the municipal entity, trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities)

(4) The Trustee has a perfected first priority security interest in the collateral

(5) Collateral is free and clear of third-party liens and in the case of SIPC broker was not acquired pursuant to a repurchase agreement or reverse repurchase agreement

(6) Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate collateral

(7) Valuation of Collateral

a. The securities must be valued weekly, marked-to-market at current market price plus accrued interest

b. The value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

c. Legal opinion which must be delivered to the Trustee:

Repurchase agreement meets guidelines under state law for legal investment of public funds.

(12) The investment pool held and administered by the Treasurer of the County.

(13) Investment in the Local Agency Investment Fund (as that term is defined in Section 16429.1 of the California Government Code, as such Section may be amended or recodified from time to time).

(14) Any other investments in which the County directs the Trustee to invest and which are approved by the Certificate Insurer.

The value of the above investments shall be determined as follows:

"Value", which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup, Bear Stearns, or Lehman Brothers.

(b) As to certificates of deposit and bankers acceptances, the face amount thereof, plus accrued interest; and

(c) As to any investment not specified above, the value thereof established by prior agreement among the County, the Trustee and the Certificate Insurer.

"Prepayment Account" means the fund by that name established pursuant to the Trust Agreement.

"Principal Account" means the fund by that name established pursuant to the Trust Agreement.

"Principal Office" means, with respect to the Trustee, its corporate trust office in San Francisco, California, or such other principal business office as it may designate from time to time by notice to the parties listed in the Trust Agreement, provided that, for transfer, exchange, registration, surrender and payment of Certificates, the term "Principal Office" means the corporate trust office of the Trustee in St. Paul, Minnesota, or such other office as may be designated by the Trustee.

"Project" means the facilities to be constructed and improved with the proceeds of the 2005 Certificates and described in the Facilities Lease, together with parking, site development, landscaping, utilities, fixtures, furnishings, equipment, improvements and appurtenant and related facilities.

"Project Costs" means all costs of acquisition and construction of the Project and of expenses incident thereto (or for making reimbursements to the Authority or the County or any other person, firm or corporation for such costs theretofore paid by such person, firm or corporation), including, but not limited to, architectural and engineering fees and expenses, interest during construction, furnishings and equipment, tests and inspection, surveys, land acquisition, insurance premiums, losses during construction not insured against because of deductible amounts, costs of accounting, feasibility, environmental and other reports, inspection costs, permit fees, and charges and fees in connection with the foregoing.

"Qualified Bank" means a state or national bank or trust company or savings and loan association or a foreign bank with a domestic branch or agency which is organized and in good standing under the laws of the United States or any state thereof or any foreign country, which has a capital and surplus of $25,000,000 or more, which has an uncollateralized unsecured short term debt rating by Moody's Investors Service of at least "P-1" and by Standard & Poor's Ratings Services of at least "A-1+" and which has an uncollateralized unsecured long term debt rating by Moody's Investors Service of at least "Aa" and by Standard & Poor's Ratings Services of at least "AA" at the time of issuance of the Letter of Credit.

"Rebate Fund" means the fund by that name established pursuant to the Trust Agreement.

"Rebate Funds" means the Rebate Fund and subsequent rebate funds established in Supplemental Trust Agreements entered into in connection with the execution and delivery of Additional Certificates.

"Representations Letter" means the blanket letter of representations to The Depository Trust Company, New York, New York, from the County and the Trustee.

"Securities Depositories" means The Depository Trust Company, or such other Securities Depositories as may be designated in a Certificate of the County.

"Site" means that certain real property and all improvements thereon situated in Amador County, State of California, described in the Facilities Lease, as such real property descriptions may be amended or modified (including removal or substitution of property as part of the Site) in accordance with the Facilities Lease; subject, however, to any conditions, reservations, and easements of record or known to the County.

"Site Lease" means that certain lease, entitled "Site Lease," by and between the County and the Authority, dated as of August 1, 2005, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Site Lease and of the Trust Agreement.

"Standard & Poor's Ratings Services" means Standard & Poor's Ratings Services, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Standard & Poor's Ratings Services shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

"State" means the State of California.

"Supplemental Trust Agreement" means an agreement amending or supplementing the terms to the Trust Agreement.

"Tax Certificate" means the certificate relating to Section 103 of the Code, executed by the County on the date of delivery of the 2005 Certificates to the Purchaser, as originally delivered and as it may be amended from time to time.

"Trust Agreement" means the Trust Agreement by and among the Trustee, the Authority and the County, dated as of August 1, 2005, pursuant to which the Trustee will execute and deliver the 2005 Certificates, as originally executed or as it may from time to time be supplemented, modified or amended by a Supplemental Trust Agreement entered into pursuant to the provisions of the Trust Agreement.

"Trustee" means U.S. Bank National Association, appointed as trustee pursuant to the Trust Agreement, and any successor appointed under the Trust Agreement.

"2005 Purchaser" means Stone & Youngberg LLC, as the original purchaser of the 2005 Certificates.

"Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by an Authorized Representative of the Authority.

"Written Request of the County" means an instrument in writing signed by or on behalf of the County by an Authorized Representative of the County.

The Facilities Lease

The following is a summary of certain provisions of the Facilities Lease. Reference is hereby made to the actual Facilities Lease for a complete recital of its terms.

Lease of Leased Property. The Authority leases to the County and the County leases from the Authority the Leased Property, subject, however, to all easements, encumbrances, and restrictions that exist at the time of the commencement of the term of the Facilities Lease. The County agrees and covenants during the term of the Facilities Lease that, except as therein provided, it will use the Leased Property for public and County purposes so as to afford the public the benefits contemplated by the Facilities Lease.

The leasing by the County to the Authority of the Site shall not effect or result in a merger of the County's leasehold estate pursuant to the Facilities Lease and its fee estate as lessor under the Site Lease, and the Authority shall continue to have and hold a leasehold estate in the Site pursuant to the Site Lease throughout the term thereof and the term of the Facilities Lease. As to the Site, the Facilities Lease shall be deemed and constitute a sublease.

Term; Occupancy. The term of the Facilities Lease shall commence on the date of recordation of the Facilities Lease in the office of the County Recorder of the County, and shall end on October 1, 2025, unless such term is extended or sooner terminated as therein provided. If on October 1, 2025, the Certificates shall not be fully paid, or if the rental shall have been abated at any time and for any reason, then the term of the Facilities Lease shall be extended until ten (10) days after all Certificates shall be fully paid, except that the term of the Facilities Lease shall in no event be extended beyond October 1, 2035. If prior to October 1, 2035 all Certificates shall be fully paid, or provision therefor made, the term of the Facilities Lease shall end ten (10) days thereafter or ten (10) days after written notice by the County to the Authority, whichever is earlier.

Substitution. (A) The County and the Authority may substitute real property for all or part of the Leased Property for purposes of the Site Lease and the Facilities Lease, but only after the County shall have filed with the Authority and the Trustee the written consent of the Certificate Insurer, together with all of the following:

(i) Executed copies of the Site Lease and the Facilities Lease or amendments thereto containing the amended description of the Leased Property.

(ii) A Certificate of the County with copies of the Site Lease and the Facilities Lease, if needed, or amendments thereto containing the amended description of the Leased Property stating (1) that such documents have been duly recorded in the official records of the County Recorder of the County, (2) that the estimated useful life of the substituted property extends at least to the date on which the final Base Rental Payment becomes due and payable and (3) that the substituted property serves the public purposes of the County and that the County is permitted to lease the substituted property under the laws of the State.

(iii) A Certificate of the County, accompanied by a written appraisal, from a qualified appraiser, who may but need not be an employee of the County, evidencing that the annual fair rental value of the Leased Property which will constitute the Leased Property after such substitution will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending October 1 and in any subsequent year ending October 1 in which Base Rental Payments become due.

(iv) A leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Leased Property after such substitution in an amount at least equal to the amount of such insurance provided with respect to the Leased Property prior to such substitution, each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such substituted property subject only to such exceptions as do not substantially interfere with the County's right to use and occupy such substituted property and as will not result in an abatement of Base Rental Payments payable by the County under the Facilities Lease.

(v) A Certificate of the County stating that the County has beneficial use and occupancy of the Leased Property.

(vi) An Opinion of Counsel stating that such amendment or modification (i) is authorized or permitted by the Constitution and laws of the State and the Facilities Lease; (ii) complies with the terms of the Constitution and laws of the State and of the Facilities Lease; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the County in accordance with its terms; and (iv) will not cause the interest represented by the Certificates to be included in gross income for federal income tax purposes.

(B) The County and the Authority agree that the Leased Property or the portion thereof for which other real property is substituted shall be released from the Site Lease and the Facilities Lease and shall no longer be encumbered at such time as the County shall have caused said substitution.

(C) The County shall provide written notification of the substitution of property to Moody's Investors Service and Standard & Poor's Ratings Service.

Base Rental Payments. The County agrees to pay to the Authority, as Base Rental Payments for the use and occupancy of the Leased Property (subject to the provisions of the Facilities Lease) annual rental payments with principal and interest components, the interest components being payable semi-annually, in accordance with the Rental Payment Schedule. Base Rental Payments shall be calculated on an annual basis, for the twelve-month periods commencing on October 2 and ending on October 1 (except for the Base Rental Payments due for the period between the Closing Date and April 1, 2006, which shall be calculated for such period), and each annual Base Rental Payment shall be divided into two interest components, due on April 1 and October 1 of each rental payment period (commencing on April 1, 2006), and one principal component, due on October 1 of each rental payment period (commencing on October 1, 2007). Each Base Rental Payment installment shall be payable on or before the fifth Business Day immediately preceding its April 1 or October 1 due date, and any interest or other income with respect thereto accruing prior to such due date shall belong to the County and shall be credited to the County on the next succeeding April 1 or October 1 of each year. The interest components of the Base Rental Payments shall be paid by the County as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the County under the Facilities Lease, computed on the basis of a 360-day year composed of twelve 30-day months. Each annual payment of Base Rental (to be payable in installments as aforesaid) shall be for the use of the Leased Property.

Additional Payments. The County shall also pay such amounts as shall be required by the Authority for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Facilities Lease or any assignment thereof, the Trust Agreement, its interest in the Leased Property and the lease of the Leased Property to the County, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Leased Property, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Certificates or of the Trust Agreement; but not including in Additional Payments amounts required to pay the principal or interest represented by the Certificates.

Fair Rental Value. Base Rental Payments for each rental period during the term of the Facilities Lease shall constitute the total rental of the Lease Property for said rental period and shall be paid by the County in each rental payment period for and in consideration of the right of use and occupancy of, and continued quiet use and enjoyment of, the Leased Property. The parties to the Facilities Lease have agreed and determined that such total rental payable for each twelve-month period represents the fair rental value of the Leased Property for each such period. In making such determination, consideration has been given to costs of the Leased Property, other obligations of the parties under the Facilities Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the County and the general public.

Appropriations Covenant. The County covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments in its annual budgets, to make necessary annual appropriations for all such Base Rental Payments and Additional Payments as shall be required to provide funds in such year for such Base Rental Payments and Additional Payments. The covenants on the part of the County in the Facilities Lease shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in the Facilities Lease agreed to be carried out and performed by the County.

The Authority and the County understand and intend that the obligation of the County to pay Base Rental Payments and Additional Payments shall constitute a current expense of the County and shall not in any way be construed to be a debt of the County in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the County, nor shall anything contained in the Facilities Lease constitute a pledge of the general tax revenues, funds or moneys of the County. Base Rental Payments and Additional Payments shall be payable only from current funds which are budgeted and appropriated or on deposit in the Base Rental Payment Fund, the Capitalized Base Rental Payment Fund or the Certificate Reserve Fund for the purpose of paying Base Rental Payments and Additional Payments or other payments as consideration for use of the Leased Property. The Facilities Lease shall not create an immediate indebtedness for any aggregate payments which may become due in the event that the term of the Facilities Lease is continued. The County has not pledged the full faith and credit of the County, the State of California or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due under the Facilities Lease.

Rental Abatement. Except to the extent the Trustee holds amounts in the Base Rental Payment Fund, the Capitalized Base Rental Payment Fund or the Certificate Reserve Fund or otherwise holds funds available for payments in respect of the Certificates, the Base Rental Payments shall be abated during any period in which by reason of any damage or destruction (other than by condemnation, which is hereinafter provided for) there is substantial interference with the use and occupancy of the Leased Property by the County to the extent that the annual fair rental value of the portion of the Leased Property that is not rendered unusable by the County, if any, is less than the amount of Base Rental Payments due in any year during such potential period of abatement. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facilities Lease shall continue in full force and effect and the County waives the right to terminate the Facilities Lease by virtue of any such damage or destruction.

Capitalized Base Rental Payments. In consideration for the agreements and covenants of the Authority in the Facilities Lease and in accordance with the Trust Agreement, the County agrees to pay to cause the 2005 Purchaser to pay the Trustee on the Closing Date the amount prescribed by the Trust Agreement, from which the Trustee is required by the Trust Agreement to deposit an amount equal to the Capitalized Base Rental Payments into the Interest Account within the Base Rental Payment Fund. The County agrees to cause the Trustee to maintain the Interest Account within the Base Rental Payment Fund and to apply the moneys on deposit therein for payment of the Capitalized Base Rental Payments.

Certificate Reserve Fund. In further consideration for the agreements and covenants of the Authority in the Facilities Lease, the County further agrees to cause the Trustee to establish a Certificate Reserve Fund, to be funded with cash from the amount received by the Trustee on the Closing Date pursuant to the Trust Agreement or with a surety bond or other permissible instrument, in an amount equal to the Certificate Reserve Fund Requirement. The moneys or security on deposit in the Certificate Reserve Fund from time to time shall be applied as provided by the Trust Agreement. The County agrees to cause the Trustee to maintain the Certificate Reserve Fund during the term of the Facilities Lease and to apply the moneys or security on deposit therein as provided by the Trust Agreement.

Maintenance and Utilities. During such time as the County is in possession of the Leased Property, all maintenance and repair, both ordinary and extraordinary, of the Leased Property shall be the responsibility of the County, which shall at all times maintain or otherwise arrange for the maintenance of the Leased Property in first class condition, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Leased Property. In exchange for the rental, the Authority agrees to provide only the Leased Property.

Fire and Extended Coverage Insurance. The County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Facilities Lease, insurance against loss or damage to any structures constituting any part of the Leased Property by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance, sprinkler system leakage insurance and earthquake insurance, if available on the open market from reputable insurance companies at a reasonable cost, as determined by the County. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Leased Property, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed $500,000), or, in the alternative, shall be in an amount and in a form sufficient (together with moneys in the Certificate Reserve Fund), in the event of total or partial loss, to enable all Certificates then Outstanding to be prepaid. Such insurance may be part of a joint-purchase insurance program.

In the event of any damage to or destruction of any part of the Leased Property, caused by the perils covered by such insurance, the County, except as hereinafter provided, shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Leased Property, and the Trustee shall hold said proceeds separate and apart from all other funds, in a special fund to be designated the "Insurance and Condemnation Fund," to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Leased Property to at least the same good order, repair and condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall permit withdrawals of said proceeds from time to time upon receiving the Written Request of the County, stating that the County has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred, and containing the additional information required to be included in a Written Request of the County prepared pursuant to the Trust Agreement. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be treated by the Trustee as Base Rental Payments. Alternatively, the County, at its option, with the written consent of the Authority, and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to prepay an aggregate principal amount represented by Outstanding Certificates, equal to the amount of Outstanding Certificates attributable to the portion of the Leased Property so destroyed or damaged (determined by reference to the proportion which the construction cost of such portion of the Leased Property bears to the construction cost of the Leased Property), may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property and thereupon shall cause said proceeds to be used for the prepayment of Outstanding Certificates pursuant to the provisions of the Trust Agreement.

The Authority and the County shall promptly apply for Federal disaster aid or State of California disaster aid in the event that the Lease Property is damaged or destroyed as a result of an earthquake occurring at any time. Any proceeds received as a result of such disaster aid shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Leased Property, or at the option of the County and Authority, to prepay Outstanding Certificates if such use of such disaster aid is permitted.

As an alternative to providing the above required insurance, or any portion thereof, the County may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the County. Before such other method or plan may be provided by the County, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of the Facilities Lease, there shall be filed with the Trustee a certificate of an actuary, insurance consultant or other qualified person (who may, but need not be, an employee of the County), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Facilities Lease and, when effective, would afford reasonable coverage for the risks required to be insured against, within appropriate cost constraints. There shall also be filed a Certificate of the County setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the County under the Facilities Lease shall be limited to the amounts in the self-insurance reserve fund or funds created under such method.

Liability Insurance. The County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Facilities Lease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Leased Property, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$200,000 for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the County.

As an alternative to providing the required liability insurance, or any portion thereof, the County may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the County. Before such other method or plan may be provided by the County, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of the Facilities Lease, there shall be filed with the Trustee a certificate of an actuary, independent insurance consultant or other qualified person (who may, but need not be, an employee of the County), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Facilities Lease and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a Certificate of the County setting forth the details of such substitute method or plan.

Rental Interruption or Use and Occupancy Insurance. The County shall procure or cause to be procured and maintain or cause to be maintained, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Leased Property as the result of any of the hazards covered by the fire and extended coverage insurance, in an amount not less than the maximum Base Rental Payments payable during any 24-month period under the Facilities Lease, except that such insurance may be subject to a deductible clause of not to exceed fifty thousand dollars ($50,000). Any proceeds of such insurance shall be used by the Trustee for the following purposes in the following order of priority, with each purpose to be fully satisfied before proceeds may be used for the succeeding purpose: (1) first, to pay for any shortfall in Base Rental Payments caused by the abatement, and (2) second, to reimburse the County for any Base Rental Payments theretofore paid by the County under the Facilities Lease attributable to such structure for a period of time during which the payment of Base Rental Payments under the Facilities Lease is abated.

Title Insurance. The County shall deliver to the Trustee a copy of a CLTA policy of title insurance issued in an amount equal to the aggregate initial principal component of Base Rental Payments (less the Certificate Reserve Fund Requirement) by a title insurance company acceptable to the Authority with respect to the Site. No self-insurance will be permitted with respect to the above requirements for title insurance.

Defaults and Remedies. (a) If the County shall fail to pay any rental when the same becomes due, time being expressly declared to be of the essence of the Facilities Lease, or the County shall fail to keep, observe or perform any other term, covenant or condition contained in the Facilities Lease to be kept or performed by the County for a period of thirty (30) days after notice of the same has been given to the County by the Authority or the Trustee or for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, or upon the happening of any of the events specified in subsection (b), below, (any such case above being an "Event of Default"), the County shall be deemed to be in default under the Facilities Lease and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to the Facilities Lease. Upon any such default, the Authority shall have the option (1) to collect each installment of rent as it becomes due and enforce any other terms or provision of the Facilities Lease to be kept or performed by the County, regardless of whether or not the County has abandoned the Leased Property, or (2) to exercise any right of re-entry or re-possession of the Leased Property, including re-letting the Leased Property; provided that under no circumstances shall the exercise of any such remedy by the Authority result in a termination of the Facilities Lease. The County shall remain liable and agrees to keep or perform all covenants and conditions in the Facilities Lease contained to be kept or performed by the County and to pay the full amount of the rent to the end of the term of the Facilities Lease and further agrees to pay said rent punctually at the same time and in the same manner as hereinabove provided for the payment of rent thereunder (without acceleration). The remedy of terminating the Facilities Lease shall not be available to the Authority during such time as any Certificates remain Outstanding.

(b) If (1) the County's interest in the Facilities Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as hereinafter provided for, or (2) the County or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the County asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the County's debts or obligations, or offers to the County's creditors to effect a composition or extension of time to pay the County's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the County's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the County, or if a receiver of the business or of the property or assets of the County shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the County shall make a general or any assignment for the benefit of the County's creditors, or if (3) the County shall abandon or vacate the Leased Property, then the County shall be deemed to be in default under the Facilities Lease.

(c) The Authority shall in no event be in default in the performance of any of its obligations under the Facilities Lease or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the County to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the County shall be entitled to pursue any remedy provided by law.

(d) Upon the occurrence of an event of default as described in the Facilities Lease, the Authority shall be entitled to proceed to protect and enforce the rights vested in the Authority by the Facilities Lease or by law. The provisions of the Facilities Lease and the duties of the County and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority shall have the right to bring the following actions:

(1) Accounting. By action or suit in equity to require the County and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the County (and its board, officers and

employees) and to compel the County to perform and carry out its duties and obligations under the law and its covenants and agreements with the County as provided in the Facilities Lease.

Eminent Domain. If the whole of the Leased Property or so much thereof as to render the remainder unusable for the purposes for which it was used by the County shall be taken under the power of eminent domain, the term of the Facilities Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Leased Property shall be taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the County at the time of such taking, then the Facilities Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial reduction of the rental in an amount equivalent to the amount by which the annual payments of principal and interest represented by Certificates then Outstanding will be reduced by the application of the award in eminent domain to the prepayment of Outstanding Certificates. So long as any of the Certificates shall be Outstanding, any award made in eminent domain proceedings for taking the Leased Property or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the to the County.

Assignment and Subleasing. Neither the Facilities Lease nor any interest of the County thereunder shall be mortgaged, pledged, assigned or transferred by the County by voluntary act or by operation of law or otherwise, except with the prior written consent of the Authority and the Certificate Insurer; provided, however, the County may sublease all or any portion of the Leased Property or may grant concessions to others involving the use of any portion of the Leased Property, whether such concessions purport to convey a leasehold interest or a license to use a portion of the Leased Property, provided such use shall not affect the tax-exempt status of the interest components of the Base Rental Payments payable by the County. No such mortgage, pledge, assignment, sublease, concession or transfer shall in any event affect or reduce the obligation of the County to make the Base Rental Payments and Additional Payments required under the Facilities Lease.

The foregoing covenant shall not restrict the ability of the County to issue bonds or other obligations payable from the revenues of the Leased Property.

Title to Leased Property. During the term of the Facilities Lease, the County shall hold title to the Site, and the Authority shall hold a leasehold interest in the Lease Property and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the County and which may be removed without damaging the Leased Property.

Upon the termination or expiration of the Facilities Lease (except as otherwise provided in the Facilities Lease), title to the Leased Property shall vest in the County pursuant to the Site Lease and the Facilities Lease. Upon any such termination or expiration, the Authority shall executed such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Tax Covenants. The County and the Authority will not make any use of the proceeds of the obligations provided in the Facilities Lease or any other funds of the County or the Authority which will cause such obligations to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code. The County and the Authority will not make any use of the proceeds of the obligations provided in the Facilities Lease or any other funds of the County or the Authority which will cause such obligations to be “federally guaranteed” and subject to inclusion in gross income for federal income tax purposes by reason of Section 149(b) of the Code. To that end, so long as any rental payments are unpaid, the County and the Authority, with respect to such proceeds and such other funds, will comply with all requirements of such Sections 148 and 149(b) and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect.

The County further covenants that it will not use or permit the use of the Leased Property by any person not an "exempt person" within the meaning of Section 141(a) of the Code or by an "exempt person" (including the County) in an "unrelated trade or business", in such manner or to such extent as would result in the inclusion of interest received under the Facilities Lease in gross income for federal income tax purposes under Section 103 of the Code.

The Site Lease

The following is a summary of certain provisions of the Site Lease. Reference is hereby made to the actual Site Lease for a complete recital of its terms.

Term. The term of the Site Lease is coterminous with the term of the Facilities Lease. See **"The Facilities Lease - Term"** under this caption.

Default. In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the County may exercise any and all remedies granted by law, except that no merger of the Site Lease and of the Facilities Lease shall be deemed to occur as a result thereof; provided, however, that the County shall have no power to terminate the Site Lease by reason of any default on the part of the Authority if such termination would affect or impair any assignment or sublease of all or any part of the Site then in effect between the Authority and any assignee or subtenant of the Authority (other than the County under the Facilities Lease). So long as any such assignee or subtenant of the Authority shall duly perform the terms and conditions of the Site Lease and of its then existing sublease (if any), such assignee or subtenant shall be deemed to be and shall become the tenant of the County thereunder and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any Certificates are outstanding and unpaid in accordance with the terms of the Trust Agreement, the rentals or any part thereof payable to the Trustee shall continue to be paid to the Trustee.

The Trust Agreement

The following is a summary of certain provisions of the Trust Agreement not summarized elsewhere herein. Reference is hereby made to the actual Trust Agreement for a complete recital of its terms.

Payment of the Certificates. The principal amount of, premium, if any, and interest represented by the Certificates are payable solely from the Base Rental Payments as provided in the Facilities Lease and the Trust Agreement; and the Base Rental Payments, when, as and if received by the Trustee, are to be held in trust for the payment of the principal of, premium, if any, and interest represented by the Certificates.

Prepayment. The Certificates are subject to prior prepayment as described in "THE CERTIFICATES — Prepayment."

Use of Moneys in the Acquisition and Construction Fund. All moneys in the Acquisition and Construction Fund shall be held by the Trustee in trust and applied by the Trustee to the payment of Project Costs and of expenses incident thereto (or for making reimbursements to the Authority or the County or any other person, firm or corporation for such costs theretofore or thereafter paid by such person, firm or corporation). The County and the Authority pledge and grant a lien on and a security interest in the Acquisition and Construction Fund to the Trustee in order to secure the County's obligation to pay the Base Rental Payments in the event of a default under the Facilities Lease.

When the Project has been completed, a Certificate of Completion shall be delivered to the Trustee by the County stating that all such costs of construction and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition and Construction Fund is to be maintained in the full amount of such claims until such dispute is resolved). Upon the receipt of the Certificate of Completion for the Project, the Trustee shall transfer any remaining balance in the Acquisition and Construction Fund and not needed for Acquisition and Construction Fund purposes (but less the amount of any such retention) to the Certificate Reserve Fund established under the Facilities Lease to the extent necessary to make the amount on deposit therein equal the Certificate Reserve Fund Requirement (as such term is defined in the Facilities Lease) and shall transfer any excess to the Base Rental Payment Fund. Thereafter, the Acquisition and Construction Fund shall be closed.

Execution and Delivery of Additional Certificates. In addition to the 2005 Certificates, the County, the Authority and the Trustee may, with the written consent of the Certificate Insurer, by Supplemental Trust Agreement provide for the execution and delivery of Additional Certificates representing Base Rental Payments, and the Trustee may execute and deliver to or upon the Written Request of the Authority, such Additional Certificates, in such principal amount as shall reflect the additional principal component of the Base Rental Payments, but only upon compliance by the County and the Authority with the provisions of the Trust Agreement, and subject to the following specific conditions, which are hereby made conditions precedent to the execution and delivery of any such Additional Certificates:

(a) The County and the Authority shall not be in default under the Trust Agreement or any Supplemental Trust Agreement or under the Site Lease or under the Facilities Lease.

(b) Said Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Certificates shall be applied (i) if necessary, for the completion of the Project, or (ii) for the refunding or repayment of any Certificates then Outstanding, including the payment of costs and expenses of and incident to the authorization and sale of such Additional Certificates. Said Supplemental Trust Agreement may also provide that a portion of such proceeds shall be applied to the payment of the interest components due or to become due with respect to said Additional Certificates during the estimated period of any construction and for a period of not to exceed twelve months thereafter.

(c) Said Supplemental Trust Agreement shall provide, if necessary, that from such proceeds or other sources an amount shall be deposited in the Certificate Reserve Fund so that following such deposit there shall be on deposit in the Certificate Reserve Fund an amount at least equal to the Certificate Reserve Fund Requirement.

(d) The Additional Certificates shall be payable as to principal and interest components as specified in such Supplemental Trust Agreement, or as provided in the Trust Agreement.

(e) The aggregate principal amount of Certificates executed and delivered and at any time Outstanding under the Trust Agreement shall not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.

(f) The Facilities Lease shall have been amended, if necessary, so that the Base Rental Payments payable by the County thereunder shall equal the principal and interest components represented by such Additional Certificates and all other Certificates to be Outstanding after such Additional Certificates are executed and delivered, payable at such times and in such manner as may be necessary to provide for the payment of the principal and interest represented by such Certificates.

(g) Said Supplemental Trust Agreement shall provide for Certificate Payment Dates and for mandatory prepayments of Certificates in amounts sufficient to provide for payment of the Certificates when principal and interest components of Base Rental are due.

Pledge of Base Rental Payments; Base Rental Payment Fund. The Base Rental Payments are irrevocably pledged to and shall be used for the punctual payment of the interest and principal represented by the Certificates (including Additional Certificates delivered pursuant to the Trust Agreement), and the Base Rental Payments shall not be used for any other purpose while any of the Certificates (including Additional Certificates) remain Outstanding. This pledge shall constitute a first and exclusive lien on the Base Rental Payments in accordance with the terms of the Trust Agreement.

Deposit of Base Rental Payments. The Trustee shall deposit the Base Rental Payments contained in the Base Rental Payment Fund at the times and in the manner hereinafter provided in the following respective funds, each of which the Trustee hereby agrees to establish and maintain so long as any Certificates are Outstanding, and the moneys in each of such funds shall be disbursed only for the purposes and uses hereinafter authorized.

(a) Interest Account. The Trustee shall deposit in the Interest Account that amount of moneys received from the County representing the portion of each Base Rental Payments which is designated as the interest component coming due on the corresponding Interest Payment Date. Moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest represented by the Certificates when due and payable.

(b) Principal Account. The Trustee shall deposit in the Principal Fund that amount of moneys received from the County representing the portion of each Base Rental Payments which is designated as the principal component coming due on the corresponding Certificate Payment Date. Moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal represented by the Certificates when due and payable, including the mandatory prepayment of any Certificates representing the principal components of Base Rental payable in more than one year.

(c) Prepayment Account. The Trustee, on the prepayment date specified in the Written Request of the County filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Facilities Lease, shall deposit in the Prepayment Account that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Moneys in the Prepayment Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest and principal and any applicable premium represented by the Certificates to be prepaid.

Application of Rebate Fund. The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Trust Agreement designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be specified in a Written Request of the County to be necessary in order to comply with the terms and requirements of the Tax Certificate.

Investments. Upon the Written Request of the County, any moneys held by the Trustee in the funds and accounts established and maintained by the Trustee pursuant to the Trust Agreement shall be invested as directed by the County in such Written Request by the Trustee in Permitted Investments which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement under the Trust Agreement or under the Facilities Lease.

Tax Covenants. The County shall not use or permit the use of any proceeds of the Certificates or any funds of the County, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any Certificates to be an "arbitrage bond" within the meaning of Section 148 of the Code, "private activity bond" within the meaning of Section 141(a) of the Code, or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder. The County shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The County shall comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the Certificates. In the event that at any time the County is of the opinion that it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the County shall so instruct the Trustee under the Trust Agreement in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Action on Default. If an Event of Default (as that term is defined in the Facilities Lease) occurs, then such Event of Default shall constitute a default under the Trust Agreement, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount represented by the Certificates at the time Outstanding shall be entitled, upon notice in writing to the County and the Authority, to exercise the remedies provided to the Authority in the Facilities Lease and to the Trustee in the Assignment Agreement.

Consent of the Certificate Insurer Upon Default. Anything in the Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Certificate Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Certificates insured by the Certificate Insurer or the Trustee for the benefit of the Owners of the Certificates insured by the Certificate Insurer under the Trust Agreement.

Amendment or Supplement. The Trust Agreement and the rights and obligations of the Authority and the County and the Owners and the Trustee thereunder may be amended or supplemented at any time by an amendment thereof or supplement thereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in the Trust Agreement, are filed with the Trustee. No such amendment or supplement shall (1) change the fixed Certificate Payment Date of any Certificate or reduce the rate of interest represented thereby or extend the time of payment of such interest or reduce the amount of principal represented thereby without the prior written consent of the Owner of the Certificate so affected, or (2) reduce the percentage of Owners whose consent is required for the execution of any amendment thereof or supplement thereto, or (3) modify any of the rights or obligations of the Trustee without its prior written consent thereto, or (4) amend the Trust Agreement without the prior written consent of the Owners of all Certificates then Outstanding.

The Trust Agreement and the rights and obligations of the Authority and the County and the Owners and the Trustee thereunder may also be amended or supplemented at any time by an amendment or supplement which shall become binding upon execution without the written consents of any Owners, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel and only for any one or more of the following purposes --

(a) to add to the agreements, conditions, covenants and terms required by the Authority or the County to be observed or performed under the Trust Agreement. other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the County, or to surrender any right or power reserved to or conferred on the Authority or the County, and which in either case shall not materially adversely affect the interests of the Owners; or

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision or in regard to questions arising which the Authority or the County may deem desirable or necessary and not inconsistent therewith, and which shall not materially adversely affect the interests of the Owners; or

(c) to modify, amend or supplement the Trust Agreement or any agreement supplemental in such manner as to permit qualification under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Certificates for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Trust Agreement or any agreement supplemental thereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute; or

(d) to make any modifications or changes necessary or appropriate in the Opinion of Counsel to preserve or protect the exclusion from gross income of interest represented by the Certificates for federal income tax purposes; or

(e) to make any modifications or changes necessary or appropriate in connection with the execution and delivery of Additional Certificates, including without limitation provisions which would allow such Additional Certificates to be issued in the form of term Certificates in addition to serial Certificates; or

(f) to provide for the requirements of any Certificate Insurer in connection with the issuance of any Certificates Insurance Policy or any entity providing a policy of municipal bond insurance or letter of credit or similar financial instrument for deposit in the Certificate Reserve Fund established pursuant to the Facilities Lease to satisfy all or a portion of the Certificate Reserve Fund Requirement, so long as such alterations, amendments or modifications are not materially adverse to the interests of the Owners; or

(g) to make any other amendments or modifications not materially adverse to the interests of the Owners.

Discharge of Certificates and Trust Agreement. (a) If the County shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Certificates the interest, principal and premium, if any, represented thereby at the times and in the manner stipulated in the Trust Agreement and therein, then such Owners shall cease to be entitled to the pledge of and lien on the Base Rental Payments, and all agreements and covenants of the Authority, the County and the Trustee to such Owners shall thereupon cease, terminate and become void and shall be discharged and satisfied except only as provided in subsection (b) below.

(b) Any Outstanding Certificates shall be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this Section if there shall be on deposit with the Trustee moneys or securities of the category specified in clauses (A)(1) or (A)(2) of the definition of the term Permitted Investments contained in the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the increment, earnings and interest on such securities) to pay the interest and principal and premium, if any, represented by such Certificates payable on their Payment Dates or on any dates of prepayment prior thereto, except that the Owners thereof shall be entitled to the principal, premium and interest represented by such Certificates, and the County shall remain liable for such Base Rental Payments, but only out of such moneys or securities deposited with the Trustee as aforesaid for such payment.

Consent of Certificate Insurer in Addition to Owner Consent. The Certificate Insurer's consent shall be required in addition to Owner consent, when required, for the following purposes: (i) execution and delivery of any supplemental or any amendment, supplement or change to or modification of the Trust Agreement or Facilities Lease; (ii) removal of the Trustee and selection and appointment of any successor trustee; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Owner consent.

The Assignment Agreement

The following is a summary of certain provisions of the Assignment Agreement. Reference is hereby made to the actual Assignment Agreement for a complete recital of its terms.

Assignment. The Authority unconditionally grants, transfer and assign to the Trustee without recourse (i) all of the Authority's right, title and interest as site lessee under the Site Lease and as lessor under the Facilities Lease, (ii) all its rights to receive the Base Rental Payments scheduled to be paid by the County under and pursuant to the Facilities Lease for the benefit of the owners of the Certificates, (iii) all rents, profits, products and offspring from the Leased Property to which the Authority has any right or claim whatsoever, (iv) the security interest granted by the County in the Capitalized Base Rental Payment Fund and the Certificate Reserve Fund, (v) the right to take all actions and give all consents under the Site Lease and Facilities Lease, (vi) the right of access more particularly described in the Site Lease and Facilities Lease, (vii) all other right, title, and interest of the Authority in, to and under the Facilities Lease and the Site Lease and (viii) all right, title and interest of the Authority in the funds and accounts established pursuant to the Trust Agreement or the Facilities Lease. The Authority acknowledges that upon the execution and delivery of the Assignment Agreement, it shall have no right, title, or interest in or to the Base Rental Payments, the Facilities Lease or the Site Lease.

Payment of Rentals. Upon payment or provision for payment to the Trustee in full of all base rental payments as described in the Facilities Lease and of all other amounts, including any additional rental owed by the County under the Facilities Lease, the Assignment Agreement shall become and be void and of no effect with respect to the Facilities Lease and the Site Lease, and the Trustee shall execute any and all documents or certificates reasonably requested by the Authority to evidence the termination of the Assignment Agreement with respect to the Facilities Lease and the Site Lease.

APPENDIX C

PROPOSED FORM OF SPECIAL COUNSEL OPINION

[Date of Delivery]

County of Amador
Jackson, California

County of Amador
<u>2005 Certificates of Participation</u>
(Final Opinion)

Ladies and Gentlemen:

We have acted as special counsel in connection with the execution and delivery of $9,090,000 aggregate principal amount of 2005 Certificates of Participation (the "Certificates"). In such connection, we have reviewed a site lease, dated as of August 1, 2005 (the "Site Lease"), between the County of Amador (the "County") and the Amador County Public Facilities Financing Authority (the "Authority"), a facilities lease, dated as of August 1, 2005 (the "Facilities Lease") between the County and the Authority, a trust agreement, dated as of August 1, 2005 (the "Trust Agreement"), among the County, U.S. Bank National Association, as trustee (the "Trustee") and the Authority, a tax certificate of the County, dated as of the date hereof (the "Tax Certificate"), opinions of counsel to the County, the Authority and the Trustee, certificates of the County, the Trustee, the Authority and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Facilities Lease or the Trust Agreement.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement, the Facilities Lease, the Site Lease, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Certificates) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Certificate or the interest portion of any Base Rental Payment if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Certificates has concluded with their execution and delivery and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the first paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Facilities Lease, the Site Lease, the Trust Agreement and the Tax Certificate including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the interest portion of Base Rental Payments to be included in gross income for federal income tax purposes.

In addition, we call attention to the fact that the rights and obligations under the Certificates, the Facilities Lease, the Site Lease, the Trust Agreement and the Tax Certificate and their enforceability are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Facilities Lease, the Site Lease or the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or scope of remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Certificates and express no opinion with respect thereto.
Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1.The Facilities Lease, the Site Lease and the Trust Agreement have been duly executed and delivered by, and constitute valid and binding obligations of, the County.

2.The obligation of the County to make the Base Rental Payments during the term of the Facilities Lease constitutes a valid and binding obligation of the County, payable from funds of the County lawfully available therefor.

3.Assuming due authorization, execution and delivery of the Trust Agreement and the Certificates by the Trustee, the Certificates are entitled to the benefits of the Trust Agreement.

4.The portion of each Base Rental Payment designated as and constituting interest paid by the County under the Facilities Lease and received by the registered owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the accrual or receipt of such interest or the ownership or disposition of the Certificates.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D

AMADOR COUNTY

GENERAL DEMOGRAPHIC INFORMATION

General and Location

Amador County (the "County"), is located in the Sierra Nevada foothills about 45 miles southeast of Sacramento. The County was incorporated in 1850 as one of the original 27 California counties. The County encompasses an area of approximately 593 square miles. The County is bordered on the west by Sacramento and San Joaquin Counties, on the north by El Dorado County, on the east by Alpine County, and on the south by Calaveras County. Amador County is named after a native Californian - Jose Maria Amador, a wealthy rancher before the gold rush. A scenic foothills area known for its Gold Rush beginnings, Amador County also thrived during the deep-rock mining era of the early 1900s. Today, Amador County is emerging as a wine growing region and as a tourist destination.

Population

As of January 1, 2005 the County's population was approximately 37,574, which represents an 1.0% increase above the January 1, 2004 population estimate. The historic population estimates for the County as of January 1 of the years 2001 through 2005 are listed below.

County of Amador
Population Estimates
As of January 1

Calendar Year	County of Amador	State of California
2001	35,618	34,441,561
2002	36,305	35,088,671
2003	36,843	35,691,442
2004	37,216	36,271,091
2005	37,574	36,810,358

Source: California State Department of Finance

Personal Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County of Amador, the State and the United States for the period 1999 through 2003.

County of Amador
Effective Buying Income
1999 through 2003

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
1999	Amador County	$ 514,066	$37,013
	California	590,376,663	39,492
	United States	4,877,786,658	37,233
2000	Amador County	$ 582,917	$40,866
	California	652,190,282	44,464
	United States	5,230,824,904	39,129
2001	Amador County	$ 505,127	$32,355
	California	650,521,407	43,532
	United States	5,303,481,498	38,365
2002	Amador County	$ 633,530	$39,274
	California	647,379,427	42,484
	United States	5,340,682,818	38,035
2003	Amador County	$ 669,460	$40,709
	California	674,721,020	42,924
	United States	5,466,880,008	38,201

Source: Sales & Marketing Management Survey of Buying Power.

Taxable Transactions

A summary of historic taxable sales within the County during the past five years for which data is available is shown in the following table.

AMADOR COUNTY
Taxable Transactions
(figures in thousands)

Business	1999	2000	2001	2002	2003
Apparel stores group	$ 2,417	$ 2,413	$ 2,973	$ 3,002	$ 3,099
General merchandise group	48,144	53,367	58,889	61,396	60,163
Food stores group	31,583	34,338	33,100	34,858	36,902
Eating & drinking group	25,688	26,249	36,735	27,093	28,421
Household group	12,411	13,990	12,900	14,542	15,917
Building material group	19,645	24,282	36,831	29,033	31,963
Automotive group	61,298	74,102	72,332	75,577	82,096
Service stations	11,801	13,131	14,120	15,872	20,268
Other retail stores	21,211	24,241	24,915	29,812	32,305
Retail Stores Total	234,198	266,113	272,795	291,185	311,134
All Other Outlets	88,123	99,303	93,055	91,744	97,303
TOTAL ALL OUTLETS	$322,321	$365,416	$365,850	$382,929	$408,437

Source: California State Board of Equalization

Industry and Employment

According to the 2004 annual average employment statistics, government, services, and retail trade are the largest industries in Amador County. Government accounts for 39 percent of the County's total employment with a majority of the jobs in local government. Services provide 21 percent of the total employment. Retail trade accounts for 21 percent of the County's employment. The fastest growing sector over the next 10 years will likely be services, followed by the public sector and retail trade.

The following chart presents the major employers in the County as of January 1, 2005.

County of Amador
Major Employers
As of January 1, 2005

Employer	Product/Service
Albertson's	Grocery Stores
Amador County Sheriff	Sheriff
Amador Toyota	Automobile Dealer
Clemintine's Bed 7 Breakfast	Bed & Breakfast Accommodation
Ione Elementary School	Public School District
Ione Minerals	Refractory
Jackson Rancheria	Casino
Jackson Rancheria Casino Hotel	Casino
John McCormak Co Ranch	Fruits/Vegetables Grower
Kit Carson Nursing & Rehabilitation	Hospital
Kmart	Department Store
Mule Creek State prison	State Gov. Correctional Institution
Preston Youth Correctional	Correctional Institution- Private
Prospect Motors Inc.	Automobile Dealer
Safeway	Retail Grocery
Sierra Pine	Lumber manufacturer
Sutter Amador Hospital	Hospital
United Home Care	Home Health Service
Volcano Communications Repair	Television- Cable & CATV
Volcano Internet Provider	Internet Service
Volcano Long Distance	Long Distance telephone Service
Volcano Telephone Co.	Telephone Company
Volcano Vision	Television/Cable & CATV
WalMart	Department Store
Youth Authority Dept.	State Gov. Correctional Institution

Source: California Employment Development Department.

The table below summarizes the labor force, employment and unemployment figures from 2000 through 2004 for Amador County and compares the unemployment rates for the County and the State of California for such period.

AMADOR COUNTY
Labor Force, Employment and Unemployment Rates
Yearly Averages for Years 2000 to 2004

	2000	2001	2002	2003	2004
Civilian Labor Force	15,310	16,170	16,590	16,510	17,110
Employment	14,530	15,370	15,670	15,540	16,180
Unemployment	780	800	920	970	930
County Unemployment Rate	5.1%	4.9%	5.5%	5.9%	5.4%
State Unemployment Rate					

Source: California Employment Development Department.

Industry

The table below lists employment by industry group for Amador County for the years 2000 through 2004.

AMADOR COUNTY
Annual Average Labor Force
Employment by Industry Group

Type of Employment	2000	2001	2002	2003	2004
Total Farm	260	300	330	370	380
Natural Resources & Mining	90	90	110	160	210
Construction	360	400	470	470	510
Manufacturing	760	780	780	720	690
Transportation & Public Utilities	1,850	2,020	2,010	2,060	2,050
Wholesale Trade	220	230	230	210	160
Retail Trade	1,540	1,600	1,630	1,720	1,760
Information	230	220	220	200	200
Financial Activities	410	400	410	440	460
Professional & Business Services	1,110	1,140	890	430	480
Educational & Health Services	1,140	1,120	1,150	1,180	1,200
Leisure & Hospitality	1,040	1,030	1,000	960	1,050
Federal Government	130	100	100	100	100
State & Local Government	3,730	4,220	4,500	4,640	4,880
Total All Industries (1)	11,240	11,980	12,120	11,860	12,340

(1) Totals may not add due to independent rounding.
Source: State of California, Employment Development Department.

Construction Trends

Provided below are the building permits and valuations for the County of Amador for calendar years 2000 through 2004.

AMADOR COUNTY
Construction Permits

	2000	2001	2002	2003	2004
Permit Valuation					
New Single-family	$34,562.2	$29,485.2	$35,888.4	$46,087.2	$51,865.4
New Multi-family	804.1	443.1	409.2	1,646.9	11,878.2
Res. Alterations/Additions	4,351.8	4,172.5	4,910.4	6,082.8	6,855.5
Total Residential	39,718.1	34,100.9	41,208.0	53,816.8	70,599.1
New Commercial	2,883.3	2,214.8	553.9	232.1	0.0
New Industrial	244.1	229.2	0.0	110.3	0.0
New Other	5,375.7	4,841.0	615.4	9,434.8	12,693.9
Com. Alterations/Additions	1,099.4	1,291.4	471.6	5,039.2	2,032.9
Total Nonresidential	9,602.5	8,576.4	1,640.9	14,816.3	14,726.8
New Dwelling Units					
Single Family	264	235	311	381	367
Multiple Family	10	4	4	22	174
TOTAL	274	239	315	403	541

Source: Construction Industry Research Board, Building Permit Summary

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the COUNTY OF AMADOR (the "County") and U.S. BANK NATIONAL ASSOCIATION, Dissemination Agent, in connection with the issuance of $9,090,000 2005 Certificates of Participation (the "Certificates"). The Certificates are being issued pursuant to Trust Agreement dated as of August 1, 2005 between the County and U.S. Bank National Association (the "Trustee") (the "Trust Agreement"). The County and the Dissemination Agent covenant and agree 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 Certificates and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"*Dissemination Agent*" shall mean the U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

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

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, as they may be designated from time to time pursuant to the Rule. Any filing under this Disclosure Certificate with a National Repository may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

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

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

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

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

Section 3. Provision of Annual Reports.

(a) The Dissemination Agent shall, not later than nine (9) months after the end of the County's fiscal year (which currently would be April 1), commencing with the report for the 2004-05 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the County shall provide the Annual Report to the Dissemination Agent. 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 date required above for the filing of the Annual Report 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 Listed Event under Section 5(c).

(b) If the Dissemination Agent is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; 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, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(a) 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 time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the County for the fiscal year to which the Annual Report relates:

(1) Number of County employees.

(2) County contribution to Public Employees Retirement System (PERS) for miscellaneous and safety employees.

(3) General and Special Revenue Funds Balance Sheet and General and Special Revenue Funds Summary of Revenues and Expenditures in substantially the format displayed in the Official Statement.

(4) Assessed value, property taxation, collections and delinquency rate.

(5) Teeter Plan Fund Balance requirement, and benefit (or loss) to the County's general fund from the operation of the Teeter Plan.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the County shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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

Section 5. Reporting of Significant Events.

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

(1) Principal and interest payment delinquencies.
(2) Non-payment related defaults.
(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 or events affecting the tax-exempt status of the security.
(7) Modifications to rights of security holders.
(8) Contingent or unscheduled bond calls.
(9) Defeasances.
(10) Release, substitution, or sale of property securing repayment of the securities.
(11) Rating changes.

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

(c) If the County determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the County shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository, or cause the Dissemination Agent file such notice. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates pursuant to the Trust Agreement.

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

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage an alternate Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent, or may act as its own Dissemination Agent.

Section 8. 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 Certificates, 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 Certificates, 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 Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

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 financial information 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 the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information 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 the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

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

Section 10. Default. In the event of a failure of the County or Dissemination Agent to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Certificates 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 Trust Agreement, 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the 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 obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Trustee, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Date: _____________, 2005

COUNTY OF AMADOR

By: ___________________________________

Title: _________________________________

U.S. BANK NATIONAL ASSOCIATION, as
Dissemination Agent

By: ___________________________________

Title: _________________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Amador, California
Name of Issue: $_______________ 2005 Certificates of Participation
Date of Issuance: _______________, 2005

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Certificates as required by the _____________ dated August 1, 2005 between the County and _____________________ The County anticipates that the Annual Report will be filed by _____________.

Dated:____________, 2005

U.S. BANK NATIONAL ASSOCIATION

By: ________________________________

Title: _______________________________

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor: Policy Number:

Obligations: Premium:

Ambac Assurance Corporation **(Ambac)**, a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

Robert J. Genader
President

AMBAC ASSURANCE CORPORATION CORPORATE SEAL WISCONSIN

Anne G. Gill
Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Noraida Lauro
Authorized Officer of Insurance Trustee

Form No.: 2B-0012 (1/01)

Ambac

Ambac Assurance Corporation
c/o CT Corporation Systems
44 East Mifflin Street, Madison, Wisconsin 53703
Administrative Office:
One State Street Plaza, New York, New York 10004
Telephone: (212) 668-0340

Endorsement

Policy for:

Attached to and forming part of Policy No.:

Effective Date of Endorsement:

In the event that Ambac Assurance Corporation were to become insolvent, any claims arising under the Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

Ambac Assurance Corporation

AMBAC ASSURANCE CORPORATION CORPORATE SEAL WISCONSIN

President

Secretary

Authorized Representative

Form No.: 2B-0015 (7/97)