



## County of Placer ANNUAL REPORT

January 20, 2014

**In Accordance with the Continuing Disclosure Certificate for  
Certificates of Participation in the Amount of \$34,850,000  
Issued December 1, 2007, by the County of Placer for  
Construction of a  
South Placer Justice Center Courthouse**

This Annual Report is provided in accordance with **Appendix G - Continuing Disclosure Certificate** for the December 1, 2007 Certificates of Participation issued by Placer County in the amount of \$34,850,000 to fund the construction of a South Placer Justice Center Courthouse. (Reference CUSIP numbers for the Certificate of Participation are listed on **Exhibit 1** of this Report.) Each of the required items in this Report is identified as set forth in Section 4 of the **Certificate**.

### REQUIRED INFORMATION

(a) The Audited Financial Statements of Placer County titled “**Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013, County of Placer, State of California**”, are hereby incorporated by reference into this Annual Information Report. The financial statements have been prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities by the Governmental Accounting Standards Board. Requests for copies of the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013 should be addressed to the Placer County Auditor-Controller, 2970 Richardson Drive, Auburn, CA 95603 or are available on the web at [www.placer.ca.gov/Departments/Auditor.aspx](http://www.placer.ca.gov/Departments/Auditor.aspx).

### SUPPLEMENTAL INFORMATION

(b) In addition to the information expressly required to be provided under paragraph (a) above, the following supplemental information, although not required, is provided to assure that the required statements are not misleading or to supplement the required information:

(b)(1) The Audited Financial Statements include the County's Adopted Final Budget, as of June 30, 2013, including any approved amendments thereto. The Adopted Final Budgets (prior to any approved amendments) for FY 2011-12, for FY 2012-13, and for FY 2013-14 are reflected on the following schedule. The Placer County Board of Supervisors adopted the Final Budget for FY 2013-14 on September 10, 2013.

**COUNTY OF PLACER  
 ADOPTED FINAL BUDGETS 2011-12, 2012-13 AND 2013-14**

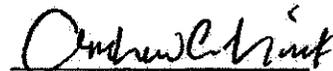
	<b>FY 2012-12 Adopted Final Budget</b>	<b>FY 2012-13 Adopted Final Budget</b>	<b>FY 2013-14 Adopted Final Budget</b>	<b>Change FY 11-12: FY 13-14</b>
<b>REVENUES &amp; SOURCES:</b>				
Taxes	\$ 149,774,363	\$ 149,857,018	\$ 158,691,186	\$ 8,916,823
Licenses & Permits	7,189,864	7,016,584	7,735,140	\$ 545,276
Fines & Forfeitures	14,960,565	12,948,765	12,734,370	\$ (2,226,195)
Use of Money & Property	3,322,255	2,916,857	3,031,735	\$ (290,520)
Intergovernmental Revenues	309,829,213	294,439,607	274,373,108	\$ (35,456,105)
Charges for Services	50,444,686	52,452,358	54,313,831	\$ 3,869,145
Misc Revenues & Financial Sources	<u>178,700,960</u>	<u>146,602,760</u>	<u>150,233,743</u>	<u>\$ (28,467,217)</u>
Total Revenues	\$ 714,221,906	\$ 666,233,949	\$ 661,113,113	\$ (53,108,793)
Fund Balance Carry Over/Canc'l. Reserves	<u>51,621,497</u>	<u>63,957,265</u>	<u>59,736,229</u>	<u>\$ 8,114,732</u>
<b>Total Budget Sources</b>	<b><u>\$ 765,843,403</u></b>	<b><u>\$ 730,191,214</u></b>	<b><u>\$ 720,849,342</u></b>	<b><u>\$ (44,994,061)</u></b>
<b>EXPENDITURES &amp; USES:</b>				
General Government	\$ 78,225,269	\$ 81,094,544	\$ 84,603,557	\$ 6,378,288
Capital Construction	84,317,960	77,405,237	83,313,568	\$ (1,004,392)
Public Protection	255,340,665	258,516,089	269,556,001	\$ 14,215,336
Public Ways - Maint., Oper. & Construction	144,123,972	120,760,650	80,967,198	\$ (63,156,774)
Health, Sanitation & Social Services	105,776,803	91,442,590	96,512,573	\$ (9,264,230)
Public Assistance	69,867,357	70,922,239	75,125,665	\$ 5,258,308
Education	6,229,688	6,477,679	6,646,201	\$ 416,513
Recreation, Cultural & Promotions	4,251,676	4,318,416	4,439,786	\$ 188,110
Debt Service	<u>4,358,569</u>	<u>4,356,603</u>	<u>4,347,027</u>	<u>\$ (11,542)</u>
Total Expenditures	\$ 752,491,959	\$ 715,294,047	\$ 705,511,576	\$ (46,980,383)
Contingencies & Additions to Reserves	13,351,444	14,897,167	15,337,766	\$ 1,986,322
<b>Total Budget Uses</b>	<b><u>\$ 765,843,403</u></b>	<b><u>\$ 730,191,214</u></b>	<b><u>\$ 720,849,342</u></b>	<b><u>\$ (44,994,061)</u></b>

**LISTED EVENTS**

Pursuant to the provisions of Section 5 of the Disclosure Certificate, a Notice of a Material Event was filed regarding changes to the ratings of this Certificate of Participation. A copy of this filing is included as Exhibit 2.

Respectfully submitted,

Date: January 20, 2014

  
Andrew C. Sisk,  
Auditor-Controller

AS:mg

Exhibit 1: Reference CUSIP Nos. for Subject COP's.

Exhibit 2: Notice of a Material Event Pursuant to Rule 15c2-12

To: DisclosureUSA

CC: Bank of New York Trust Company, N.A., Trustee  
Morgan Stanley & Co., Incorporated  
Placer County Public Financing Authority  
County Board of Supervisors  
County Departments:  
Treasurer-Tax Collector  
Auditor-Controller  
Facility Services  
County Counsel  
CEO

REFERENCE CUSIP NUMBERS FOR CERTIFICATES OF PARTICIPATION  
IN THE AMOUNT OF \$34,850,000 ISSUED DECEMBER 1, 2007, BY  
THE COUNTY OF PLACER FOR THE SOUTH PLACER JUSTICE CENTER  
COURTHOUSE FINANCING PROJECT

<u>REGISTRATION NUMBER</u>	<u>CERTIFICATE NUMBER</u>
R-1	725907DT3
R-2	725907DU0
R-3	725907DV8
R-4	725907DW6
R-5	725907DX4
R-6	725907DY2
R-7	725907DZ9
R-8	725907EA3
R-9	725907EB1
R-10	725907EC9
R-11	725907ED7
R-12	725907EE5
R-13	725907EF2
R-14	725907EG0
R-15	725907EH8
R-16	725907EJ4
R-17	725907EK1
R-18	725907EL9
R-19	725907EM7
R-20	725907EN5

**NOTICE OF A MATERIAL EVENT  
PURSUANT TO RULE 15c2-12**

In accordance with that certain Continuing Disclosure Certificate, dated December 6, 2007, executed by Placer County, California (the "County"), the County hereby provides notice of a material event relating to the following securities (the "Certificates"):

**\$34,850,000**

**CERTIFICATES OF PARTICIPATION  
(2007 South Placer Justice Center Courthouse Financing Project)  
Evidencing Direct, Undivided Fractional Interests of the  
Owners Thereof in Lease Payments to be Made by the  
COUNTY OF PLACER, CALIFORNIA  
As the Rental for Certain Property Pursuant to a  
Lease Agreement with the  
Placer County Public Financing Authority**

Maturity (December 1)	CUSIP Number
2013	725907 DY2
2014	725907 DZ9
2015	725907 EA3
2016	725907 EB1
2017	725907 EC9
2018	725907 ED7
2019	725907 EE5
2020	725907 EF2
2021	725907 EG0
2022	725907 EH8
2023	725907 EJ4
2024	725907 EK1
2025	725907 EL9
2026	725907 EM7
2027	725907 EN5

Moody's Investors Service ("Moody's") has downgraded to Aa3 from Aa2 its rating of the Certificates. Moody's rating action is attached.

# MOODY'S

## INVESTORS SERVICE

### Rating Action: Moody's downgrades Placer County, CA's COPs to Aa3; Affirms Aa1 Issuer Rating and Baa2 Special Tax rating

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Global Credit Research - 30 Aug 2013

**\$42.78 million of debt affected**

New York, August 30, 2013 – Moody's Investors Service has downgraded to Aa3 from Aa2 the rating on Placer County, CA's Lease Revenue Certificates of Participation. We have also affirmed the county's Aa1 Issuer Long Term Rating and Baa2 Special Tax rating.

#### RATINGS RATIONALE

The downgrade creates a two-notch rating distinction between the county's Lease Revenue and Issuer Rating which reflects the less secure pledge supporting lease revenue bonds compared to the county's general obligation pledge. We have revised our view of both the probability of default and loss given default of unsecured obligations relative to California general obligation bond pledge (represented by the Issuer rating) and have implemented a minimum two-notch rating distinction from the general obligation pledge for these unsecured obligations. The County's 2007 Lease Revenue Certificates of Participation are unsecured, absolute and unconditional obligations payable from any legally available funds. This pledge has a notable disparity to the special, unlimited tax general obligation pledge that provides a baseline for our estimate of the county's credit quality. The Aa3 rating continues to reflect the very minimal debt burden on General Fund finances and the expectation that the county will easily be able to make debt service payments.

The affirmation of the Aa1 Issuer Rating reflects the county's large tax base showing signs of recovery from the weakened economy, healthy reserves expected to remain stable, conservative management practices and a very minimal debt burden.

The affirmation of the Baa2 rating on the 2011 Special Tax Refunding Bonds issued by the county on behalf of the Community Facilities District No. 2001-1 (Dry Creek – West Placer) reflects the diverse and developed district with above average wealth levels, strong tax administration, as well as sound coverage and cash funded reserves.

#### STRENGTHS

- Minimal debt burden
- Conservative financial management
- Healthy reserves

#### CHALLENGES

- Fiscal pressure from increasing salary and benefits costs

#### WHAT COULD MOVE THE RATING UP

- Substantial increase in assessed values
- Significant increase in the county's reserves

#### WHAT COULD MOVE THE RATING DOWN

- Significant declines in county's assessed values
- Deterioration of the county's financial position

#### PRINCIPAL METHODOLOGY

The principal methodology used in the general obligation rating was General Obligation Bonds Issued by US Local Governments published in April 2013. An additional methodology used to rate the certificates of participation was The Fundamentals of Credit Analysis for Lease-Backed Municipal Obligations published in December 2011. The principal methodology used in the special tax rating was Moody's Outlines Approach to Analyzing Land Secured Debt Financings published in December 2008. Please see the Credit Policy page on [www.moody.com](http://www.moody.com) for a copy of these methodologies.

#### REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on [www.moody.com](http://www.moody.com).

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see [www.moody.com](http://www.moody.com) for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on [www.moody.com](http://www.moody.com) for additional regulatory disclosures for each credit rating.

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