

# Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2009



City of South Lake Tahoe  
California

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CITY OF SOUTH LAKE TAHOE  
CALIFORNIA

# Comprehensive Annual Financial Report

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For the fiscal year ended September 30, 2009

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Prepared by the Finance Department  
Christine Vuletich, Director of Finance



- ◆ Cover photographs: left – Parks and Recreation department, opening of the Bijou Dog Park in August, 2008; right – the new Lake Tahoe Airport runway celebrated its opening on November 14<sup>th</sup>, 2008.
- ◆ Printing by Redwood Printing, South Lake Tahoe, California.
- ◆ Printed on 50% post consumer paper.

**City of South Lake Tahoe**  
**Comprehensive Annual Financial Report**  
**For the Year Ended September 30, 2009**

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# City of South Lake Tahoe

*"making a positive difference now"*

**March 22, 2010**

## **To the Honorable Mayor and Members of the City Council, and Citizens of the City of South Lake Tahoe, California**

We are pleased to submit to you the City of South Lake Tahoe Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2009. This transmittal letter highlights the purpose and content of the CAFR. I invite you to review this comprehensive financial report and hope you enjoy reading it.

### **Report Purpose**

The purpose of this report is to comprehensively communicate the fiscal condition of the City of South Lake Tahoe. The report contains three major sections that present introductory, financial and statistical information about the City. Management assumes full responsibility for the completeness and reliability of the information provided in this report, including the accuracy of the data and fairness of presentation, including all footnotes and disclosures.

### **Audited Financial Statements**

Each year the City's financial records are audited by an independent Certified Public Accounting firm. The firm of Maze and Associates has completed the independent audit using Generally Accepted Accounting Principles and Generally Accepted Auditing Standards. The Independent Auditor's Report, including the audited financial statements, as of September 30, 2009, are included in the Financial Section of this report.

The Auditors have issued an ***unqualified opinion***, stating that the basic financial statements, present fairly, in all material respects, the financial position of the City of South Lake Tahoe as of September 30, 2009. An unqualified opinion is the best opinion an independent auditor can give and this is what we want and would expect to receive. The opinion pertains to the financial position of all governmental activities, business-type activities, each major fund, the aggregate remaining funds, the respective changes in the financial position and cash flow, where applicable, including the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Finance Department • 1901 Airport Road, Suite 210 • South Lake Tahoe, CA 96150-7048 • (530) 542-6041 FAX

## Financial Information

The City's overall financial position improved in 2009. Net assets city-wide totaled \$54.3 million at year end, an increase of \$9.1 million over the prior year. The increase resulted from various factors across all funds. Cash and investments decreased by \$3.1 million, but increases in capital assets primarily from the construction of basin and stream environment zone improvements, rehabilitation of streets and major equipment purchases (snow plow, wild land fire vehicles and street sweepers), totaled \$7.6 million, net of depreciation. Long-term debt and payables accrued at year end decreased \$2.8 million and \$3.2 million respectively.

Revenues totaled \$59.6 million, a decrease of \$13.9 million, and expenses totaled \$50.5 million, a decrease of \$2.2 million over the prior year. The City's General Fund unreserved fund balance decreased \$0.5 million to \$13.3 million.

A more detailed discussion of city-wide financial information and operating results, by major fund, including the General Fund, is provided in the **Management's Discussion and Analysis** portion of the *Financial Section* of this report. Historical financial information is presented in the *Statistical Section* of this report. The Statistical Section does not contain information on general obligation debt as the City has not issued any general obligation debt within the last ten-years.

## City Profile

The City of South Lake Tahoe is a general law city and was incorporated on November 30, 1965, governed by a Council/Manager form of government made up of five council members elected to four-year, overlapping terms. The City provides a wide range of services including: police and fire protection, snow removal, street maintenance, airport management, public transportation, parks and recreation, planning, building and safety, public improvements, and general administration. Recreational facilities include the South Tahoe Ice Arena, Recreation and Swimming Pool Complex, Campground by the Lake, Regan Beach, El Dorado Beach, Bijou Golf Course, and Senior Citizens Center.

The City encompasses an area of approximately nine square miles with an average elevation of 6,200 feet above sea level. A year round resort community, South Lake Tahoe had a permanent population of 23,896 in 2009. The City is located within the Lake Tahoe Basin, neighboring the State of Nevada, approximately 80 miles east of Sacramento, California, and 50 miles southwest of Reno, Nevada.

Most of the moisture received in the Tahoe Basin comes in the form of snow that generally falls from November through April, and averages 20 feet of accumulated snowfall annually. One of the largest and most popular ski areas in the western United States, Heavenly Valley, is located adjacent to the City. Temperatures are generally moderate with winter averages ranging from 40 degrees to lows in the 20's. Summer time highs average in the upper 70's with lows in the 50's.

The City works closely with various other local and regional governmental agencies, including El Dorado County, California, Douglas County, Nevada, the California Tahoe Conservancy, the Lahonton Regional Water Quality Control Board, the California Department of Forestry, the California Department of Transportation and the Tahoe Regional Planning Agency.

## **Economic Condition**

The City of South Lake Tahoe's largest revenue source in 2009 was grants, making up 26% of total revenues that funded a variety of capital and environmental improvement projects city-wide. Major projects included erosion control in the Sierra Tract, Al Tahoe and Bijou areas, and restoration of the Upper Truckee River stream environment zone. Grant also funded improvements at the South Y intersection and rehabilitation of Ski Run Boulevard.

Revenues from property taxes made up 23% of revenues city-wide. Property taxes increased \$0.4 million or 3%. Half of this increase was in incremental property taxes received within the South Tahoe Redevelopment Agency's (RDA) Project Area One boundaries. The City's property tax growth rate is expected to be a positive 1% in 2010, and a negative 4% in 2011, according to the El Dorado County Assessor's office due to the anticipated lower assessed values of a number of properties, resulting from the collapse of the housing and credit markets in October 2008 that deepened the effects of the most significant economic down-turn since the Great Depression of the 1930's.

As a world-class destination for skiing, outdoor recreation and entertainment, South Lake Tahoe's economy remains highly dependent upon its number one industry – tourism. However, the pro-longed economic recession has had a significant effect on tourism. Transient occupancy taxes (TOT), comprised 14%, while sales taxes made up 10% of total revenue in 2009.

Revenues from TOT decreased 18% or \$1.7 million city-wide in 2009. Slightly more than 50% of this decrease occurred from lodging facilities within the RDA Project Area One. Sales taxes decreased by 11%, or \$0.8 million city-wide. While both of these revenue sources were expected to decrease in 2009, as in many other cities, the depth of the recession was not yet known during budget preparation in the summer of 2008.

Revenues from service charges totaled 13% of city-wide revenue in 2009, and were \$0.8 million lower than the prior year city-wide. These charges include parks and recreation program fees, user fees for non-general government services such as engineering, planning and permitting. The affects of the recession are also being seen in service charges, especially those related to housing and construction.

While we have seen signs of economic improvement, a full economic recovery still remains fragile, and will likely take several years to accomplish. Unemployment is the biggest concern, with 8 million jobs having been lost nationwide during this recession and over 15 million Americans unemployed. The unemployment rate in the City of South Lake Tahoe is currently 16.5%, which is significantly higher than the State of California at 12.3% and the national rate of 10.1%.

As such the City has implemented cost containment measures to reduce budgeted expenses and is expecting overall revenues to be lower in 2010, with very modest revenue growth (less than 2% per year) over the next four years.

## **Major Initiatives**

Some of the City's major initiatives include:

- **Central Tahoe Community Improvement Plan** - The South Tahoe Redevelopment Agency is in the process of establishing Redevelopment Project Area No. 2, which could facilitate additional housing, infrastructure, environmental improvements and commercial development. In addition, this project could have the potential to create initial construction jobs and ongoing jobs in the City of South Lake Tahoe, which could be instrumental in reducing the unemployment rate and improving the overall economy in the City. The new project area will be going to the City Council for adoption in the spring of 2010.
- **General Plan Update** - This critical planning document will enable the implementation of key projects that will benefit the City's social, economic and natural environment. In December 2008 the City Council adopted the updated Housing Element. In June 2009, the City Council selected a preferred alternative for the General Plan update. The Draft EIR is currently being formulated. The final South Lake Tahoe General Plan will include both a Background Report and Policy Document.
- **Tahoe Valley Community Plan** – This specific plan initiative is for the revitalization of the Highway 50/Highway 89 entry corridor to the City. The environmental impact report for the plan's alternatives is in process.
- **Airport Runway Rehabilitation** - The City obtained grants from the Federal Aviation Administration for the Runway Reconstruction and RSA Improvement Project to reconstruct the existing, failing runway and remove the outer 13 feet on either side to be restored to a stream environmental zone. The first two phases of this project were completed in 2008 and 2009, with \$6.8 million in capital assets added in the Airport fund. Additional work to complete this project will be done in 2010, as will the engineering design of a commercial air ramp.
- **Convention Center** - The City's Redevelopment Agency entered into an owner participation agreement with Lake Tahoe Development Company, LLC to develop the convention center and the Chateau at Heavenly Village hotel/condominium, retail and commercial development project. To date the developer has acquired the land for the eleven acre project site, demolished the existing buildings, completed excavation and foundation work, and the installation of the underground utilities. Construction of the first phase of the project, which is in part dependent upon private financing, has been delayed for the last two years in the advent of the economic recession and credit crisis. In late 2009, the project's developer filed bankruptcy and

is currently in the process of restructuring his debt. The City will continue to work with the developer to move this project forward if possible.

- **Comprehensive Street Maintenance and Repair Program** - The City has completed a Pavement Management System study and corresponding Street Repair Plan which identified the need for higher annual funding levels to delay the decline in pavement condition. Over the last four years, the City has expended over \$2.7 million from its General Fund for street repairs. While more than \$1.3 million was budgeted for this project for 2009, budget reductions necessary due to the economic recession reduced this amount by almost one half. For 2010 the City has budgeted \$0.5 million for this project.
- **Highway 50 Improvement Project** - The California Transportation Commission has approved highway reconstruction and water quality improvements with the State Highway system from the limits of Trout Creek to Ski Run Blvd, on Route US Highway 50. Funding has been committed from the Commission and Tahoe Regional Planning Agency directly to Caltrans who will be constructing the project. The city has committed \$1 million from local share Regional Surface Transportation Program funding for behind the curb improvements. These streetscape improvements include walkways, lighting, and landscaping. The City will be responsible for maintaining the streetscape improvements. The project is scheduled to begin in the spring of 2011 and be completed by fall of 2014.
- **Comprehensive Storm Water Management Program** - The City completed a Storm Water Management Plan that included erosion control and Drainage Master Plan components. Implementation of these plans, including construction and ongoing maintenance is in process to plan, design and construct storm drainage facilities to implement activities and programs required by the City's Municipal National Pollutant Discharge Elimination Standards (NPDES) permit.
- **Lakeview Commons Project Conceptual Design** - The City and El Dorado County jointly selected a design team and appointed a committee to conduct a process of public meetings that culminated in a preferred conceptual design for this public recreation and lake access project. The design team completed their work, including obtaining the required permits, and the project will then be ready to be bid for construction. This project is being primarily funded through the California Tahoe Conservancy (CTC), which has invested \$2.0 million to date.
- **Other Post Employment Benefits (OPEB)** - An updated actuarial valuation of the City's accrued liability for retiree health care completed for the 2007-2008 fiscal year calculated the present value of benefits liability at \$36.6 million. The City has been setting aside monies to partially pre-fund this liability and established a separately administered investment trust for these monies along with the implementation of the related new financial reporting requirements under Governmental Accounting Standards Board statement No. 45 (GASB 45) in 2008.

## **Financial Management**

The City's comprehensive system of internal controls is designed to protect its assets and to sustain the integrity of its financial systems. Financial matters are conducted in compliance with the City Council's adopted Comprehensive Financial Policies, summarized below. Managers at all levels are responsible for implementing City financial policies and controls, and for regularly monitoring their effectiveness. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met while recognizing that the cost of a control should not exceed the benefits likely to be derived. The auditors have reviewed the City's internal control structure and have found no material weaknesses.

### *Budget*

The City Council legally adopts an annual budget. The City's Budget Policy requires that the City maintain a structurally balanced budget with current revenues sufficient to support current expenditures. The City complies with the annual appropriations limit in accordance with Article XIII B of the Constitution of the State of California and Government Code section 7900. Operating program appropriations not spent during the fiscal year do not automatically carry-over into the next fiscal year, and lapse at year-end. One-time revenues are appropriated for one-time expenditures only.

To determine the effect of current year decisions on the City's future, a five-year financial forecast projecting revenues and expenditures is developed during each year's budget process, and updated at mid-year.

The City Council receives a monthly budget and financial status report that includes an analysis of budgeted versus actual revenues, expenditures and receivables on a year-to-date basis. A mid-year budget analysis is presented to the Council for review. Budget amendments necessary for continued operations through the end of the fiscal year may be presented to the City Council at mid-year, but are not intended to provide additional avenues for departments to request funding for items not originally approved in the annual budget.

The City Council may make supplemental and emergency appropriations during the fiscal year. However, prior certification that revenues in excess of those currently budgeted are available is required. Appropriations may be reduced at any time during the fiscal year, if necessary. Only the City Council, by resolution, may transfer monies between funds and from un-appropriated balances or fund balances to any fund account.

### *Reserves*

The Reserve Policy requires the City to maintain an Undesignated General Fund reserve at a minimum of 25% of General Fund operating expenses. The reserve represents *one-time revenues* available to provide temporary financing for extraordinary cash needs such as costs related to a natural disaster, an economic recession, or an unexpected liability. Funds may be appropriated from this operating reserve upon demonstration to the City Council that the remaining balance is sufficient to offset potential downturns in revenue sources and to provide adequate cash for daily financial needs. Funds must be allocated each year in the budget process to replace any use of the reserve during the preceding fiscal year. To the

extent that funds accumulate in excess of the required reserve, these one-time funds may be transferred to the Capital Projects Fund upon completion of the annual audit.

### *Capital Improvement Plan*

The City Council adopts an annual Capital Improvement Plan (CIP). The CIP may include current year project budgets as well as planned future year projects where has not yet been secured or legally authorized. Funding allocations for future years of the CIP are therefore subject to change. Every CIP project has a project manager who is responsible for preparing the project proposal and ensuring required phases are completed on schedule. The project manager monitors project revenues and expenditures, and ensures that all regulations and laws are observed. Each approved CIP project is required to contain a statement of fiscal impact on the annual operating budget and the source of funding for this impact.

### *Preserving Capital Investments*

The City invests in capital assets such as property, equipment, facilities and infrastructure. The City also plans and budgets for ongoing maintenance, long-term renovation and/or replacement of capital assets as necessary. Capital assets are defined as having an initial cost of more than \$5,000 and an estimated life in excess of three years. Capital assets are depreciated using the straight-line method of depreciation.

### *Debt Management*

The City's Debt Management Policy provides operating guidelines for all major debt transactions of the City, the South Tahoe Joint Powers Financing Authority and the South Tahoe Redevelopment Agency. The City manages its debt to ensure high credit quality, access to credit markets and financial flexibility. Debt is issued only in those cases where public policy, equity and economic efficiency favor debt over cash (pay-as-you-go) financing. Whenever possible, the debt shall be self-supporting. Debt is used primarily to finance long-term capital projects, paying for facilities or equipment over their useful lives and concurrent with the stream of benefits from these facilities. The City maintains a central system for all debt-related records, adheres to all continuing disclosure requirements, and strives to maintain positive relationships with members of the investment community.

### *Strengthening Financial Position*

The City takes proactive steps to strengthen and preserve its General Fund revenues. It seeks to promote a diversified economic base through commercial and industrial development and redevelopment opportunities. The City encourages the expansion of businesses that will provide opportunities for residents to work and live in the community. Consistent with the statutory goal of eliminating blight and the adopted Redevelopment Plan, the South Tahoe Redevelopment Agency leverages the use of available property tax increment and other redevelopment revenues in providing for long-term economic growth within its boundaries.

Grants from federal, state or private organizations are a means of enhancing available revenues, but they rarely provide a long-term, stable economic base. Requests to the City Council for approval of a grant acceptance must include all associated financial impacts such as long-term maintenance responsibilities, required City matching funds, and additional staff resources. The City administers grants in compliance with laws, regulations and the requirements of the granting agency or donor.

The City Code requires reimbursement to the General Fund for the reasonable cost of administrative functions performed by City staff paid out of General Fund revenues (e.g. Legal, Finance, Human Resources) for departments funded by fees, rates or other revenues. These costs are allocated based on the value of time spent on such services and may be adjusted from time to time as necessary to respond to changes in the cost of service.

The City provides certain services and enterprise fund activities to residents and businesses that are funded in whole or in part by user fees intended to cover all or a portion of the cost of providing such services. To the extent such user fees do not cover the entire cost of providing such services the General Fund subsidizes the additional expense. User fees are examined and adjusted periodically to ensure the stability of the General Fund.

The City maintains a uniform revenue collection program, the costs of which are passed on to delinquent customers as a penalty in the collection process. Property liens, special assessments, withholding entitlements and collection agency proceedings are employed when necessary to collect delinquent revenues due to the City.

### *Cash Handling*

The City's cash handling policy provides guidelines for the establishment, use and safeguarding of petty cash funds, cashiering operations and to strengthen the City's internal controls in these areas.

### *Investments*

The City's cash management system monitors expenditures and revenues, enabling the City to invest funds to the fullest extent possible. The City attempts to obtain the highest investment yield only after an investment meets the criteria established for safety and liquidity. The City's Investment Policy allows for investment in allowable securities in compliance with California Government Code Section 53601. It seeks to diversify its investment portfolio through a mix of various security types, issuers and maturities. Securities are purchased based on competitive bids from pre-authorized investment broker/dealers. Securities purchased are held in the City's name by third party safekeeping trust department.

### *Financial Reporting*

Accurate and understandable financial reporting provides accountability over the City's financial affairs and ensures compliance with applicable statutory and regulatory requirements. The City Council receives a Quarterly Investment Report as required under the California Government Code. The Finance Director submits a Monthly Financial Report to the City Council as required by City Code. Financial reports are available for public inspection, and are posted on the City's website.

### *Productivity*

The City monitors and reviews its methods of service delivery to ensure that services are delivered in the most cost-effective manner possible. This review process encompasses a wide range of productivity considerations, including technology, contracting for services, customer service, and training and performance measurement.

### *Risk Management*

To mitigate significant property losses and exposure to liability from third party injuries, the City has adopted a policy of professional and prudent management of risk exposures. Risk management objectives include providing adequate insurance, employee safety training and incentive program, third party indemnification and an Emergency Management Plan consistent with regional, state and federal requirements.

### *Meetings and Travel*

The City's policy regarding meetings and travel expense reimbursements is in compliance with Assembly Bill 1234, enacted by the California State Legislature in January 2006. While AB1234 applies primarily to elected officials and advisory body members, the City has extended the provisions of this law for travel, meeting and meal costs to all employees.

## **Finance Department**

The Finance Department provides the following centralized financial services for the City:

- **Finance Director/Accounting and Financial Services Division** provides for financial policies, budget management, debt management, financial analysis and reporting, general ledger accounting, financial audits, grant administration, payroll and accounts payable.
- **Revenue Division** is responsible for revenue collection, business and professions taxes, cash management, TOT auditing, and the vacation home rental program.
- **Purchasing Division** handles the City's procurement needs for equipment, supplies and services, including formal bids, and provides for surplus property sales.
- **Information Technology Division** provides technology services and computer network administration citywide, including the management of telecommunication services, special projects and new technologies, systems and software applications.

## **Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Lake Tahoe for its comprehensive annual financial report for the fiscal year ended September 30, 2008. This was the second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

There are a number of benefits to the City in participating in these programs beyond simply receiving recognition for our efforts. In striving to meet certification program standards and goals, we are able to produce reports that better communicate complex financial information. As part of the review process, other municipal finance professionals review our reports from a “fresh” perspective and provide comments for improvement. We believe that this results in continuous improvements in reporting and communicating the City’s financial results to elected officials, the public, and other interested parties.

## **Acknowledgements**

The dedicated efforts of the entire Finance Department have made the development of this report possible. Timely and efficient accounting practices and coordination with the City’s independent auditors were essential in producing this document. Thank you also to the City departments that contributed their statistical information for this report.

Special recognition goes to Debbie McIntyre, Accounting Division Manager; Olga Tikhomirova, Accountant; MaryAnne Brand, Revenue Division Manager; and Jenny Feliciano, Accountant; for their outstanding work in the publication of this report.

In addition, I would like to thank our auditors, Maze and Associates, for their assistance in the development and review of this document. Lastly, the vision and continued support of our City Manager, David Jinkens, and the City Council in providing for the professional operation of the City’s Finance Department is extremely important to our success.

Respectfully submitted,



Christine M. Vuletich,  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Lake Tahoe  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



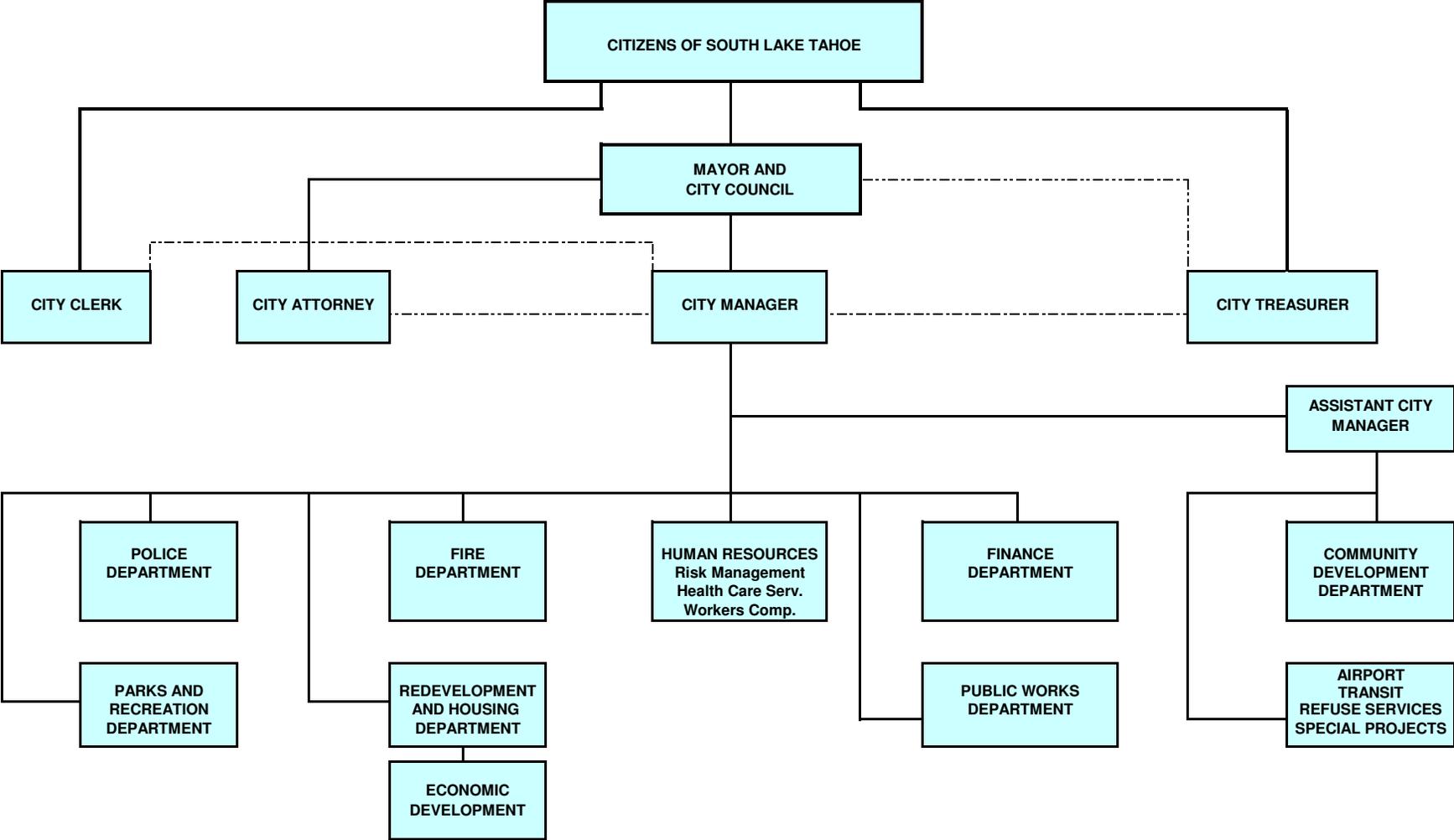
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Enner".

Executive Director

# Organization Chart



**CITY OF SOUTH LAKE TAHOE**  
**List of Principal Officials**  
**September 30, 2009**

**CITY COUNCIL**

Jerry Birdwell, Mayor

Kathay Lovell, Mayor Pro-Tem

Bill Crawford, Member

Hal Cole, Member

Bruce Grego, Member

**EXECUTIVE MANAGEMENT**

City Manager

David Jinkens

Assistant City Manager

Rick Angelocci

City Clerk

Susan Alessi

City Attorney

Patrick Enright

City Treasurer

Steve Wysong

Director of Finance

Christine Vuletich

Director of Redevelopment and Housing

Eugene Palazzo

Director of Public Works

John Greenhut

Director of Parks and Recreation

Gary Moore

Police Chief

Terry Daniels

Fire Chief

Lorenzo Gigliotti



## INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

To the Honorable Members of the City Council  
City of South Lake Tahoe, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Lake Tahoe (City) as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audit 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Lake Tahoe, California, as of September 30, 2009 and the respective changes in the financial position and cash flow, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2010 on our consideration of the City of South Lake Tahoe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory Section and Statistical Section listed in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly we express no opinion on them.

*Maze & Associates*

January 29, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section provides an analysis of the City of South Lake Tahoe's financial position and results of operations for the fiscal year 2009. It includes condensed financial data followed by the City's Basic Financial Statements along with the Notes to the financial statements, and supplemental information. The Basic Financial Statements include the City's Government-wide and Fund Financial statements. These two sets of financial statements provide two different views of the City's financial position.

### FINANCIAL HIGHLIGHTS

#### Changes over the Prior Fiscal Year:

- Total net assets of the City increased by \$9.1 million to \$54.3 million
- Program and general revenues totaled \$59.6 million, a decrease of \$13.9 million
- Governmental and business-type expenses totaled \$50.5 million, a decrease of \$2.2 million
- General Fund revenues decreased by \$2.1 million, or 7%
- General Fund expenses increased by \$1.2 million, or 5%
- General Fund total fund balance decreased \$1.9 million to \$19.2 million

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide a long-term view of the City's activities as a whole on a full accrual basis. The *Statement of Net Assets* presents the financial position of the City, including its capital assets and long-term liabilities. The *Statement of Activities* presents the City's revenues and expenses for each of the City's programs and explains in detail the change in net assets for the year. The amounts in these statements are separated into Governmental Activities and Business-type Activities as follows:

- *Governmental Activities:*  
Activities related to general government, public safety, public works, parks and recreation, and streets. These services are supported by general revenues such as taxes, and by specific program revenues such as user fees. The City's Governmental Activities also include the activities of a separate legal entity, the South Tahoe Redevelopment Agency and Housing Authority, because the City is financially accountable for this entity.
- *Business-type Activities:*  
The City's enterprise funds include the parking garage, airport, and transit operations. Unlike governmental activities, these services are supported by charges paid by users based on the amount of the service they use. The City's Business Type Activities also include the South Lake Tahoe Joint Powers Parking Finance Authority, a separate legal entity.

## NET ASSETS

The City's financial position improved in 2009, with net assets totaling \$54.3 million, an increase of \$9.1 million. Net assets associated with *Governmental Activities* totaled \$35.2 million, an increase of \$6.3 million during the year. The increase was due to several factors. Cash and investments decreased by \$3.3 million, while capital assets increased by \$4.7 million net of accumulated depreciation due primarily to completed construction in basin and stream environment zone and streets projects of \$10.2 million and the addition of \$1.9 million in furniture and equipment. Liabilities decreased by \$4.4 million, primarily in accounts payable, \$2.5 million at year end and in long-term debt, \$2.4 million.

The City's *Business-type Activities* net assets increased \$2.8 million during the year. Cash and investments increased \$0.3 million, while other assets, primarily accounts receivable and internal balances decreased by \$1.3 million. Capital assets increased by \$2.8 million net of accumulated depreciation resulting from construction in progress on the Airport Runway project. Liabilities decreased \$1.1 million, resulting from a decrease of \$0.7 million in accounts payable at year end and a decrease of \$0.4 million in long-term debt.

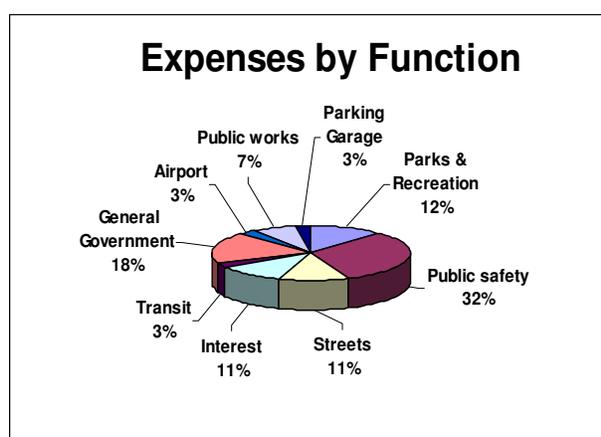
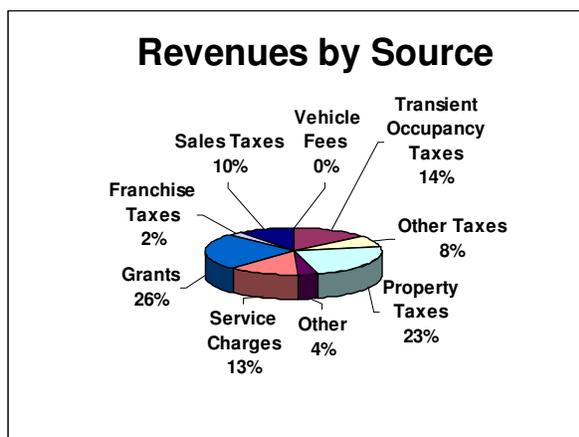
Net Assets	September 30 (in millions)			
	2009	2008	\$ Change	% Change
<b>Net Assets - Governmental Activities:</b>				
Cash and investments	\$47.5	\$ 50.8	(\$3.3)	-7%
Other assets	37.2	36.8	0.4	1%
Capital assets	70.6	65.9	4.7	7%
Total assets	\$155.3	\$153.4	\$1.9	1%
Long – term Debt outstanding	\$109.4	\$111.8	(\$2.4)	-2%
Other liabilities	10.7	12.7	(\$2.0)	-16%
Total liabilities	\$120.1	\$124.5	(\$4.4)	-4%
Invested in Cap Assets (net of debt)	\$13.2	\$8.6	\$4.6	53%
Restricted net assets	54.9	52.8	2.1	4%
Unrestricted net assets	(32.9)	(32.5)	0.4	1%
<b>Total Governmental Net Assets</b>	<b>\$35.2</b>	<b>\$28.9</b>	<b>\$6.3</b>	<b>22%</b>
<b>Net Assets - Business-type Activities:</b>				
Cash and investments	\$2.3	\$2.0	\$0.3	15%
Other assets	(0.9)	0.4	(1.3)	-333%
Capital assets	27.5	24.8	2.7	11%
Total assets	\$28.9	\$27.2	\$1.7	6%
Long-term Debt outstanding	\$8.5	\$8.9	(\$0.4)	-4%
Other liabilities	1.3	2.0	(0.7)	-35%
Total liabilities	\$9.8	\$10.9	(\$1.1)	-10%
Invested in capital assets, net of debt	\$18.6	\$15.7	\$2.9	19%
Restricted net assets	1.7	1.4	0.3	21%
Unrestricted net assets	(1.2)	(0.8)	(0.4)	50%
<b>Total Business-type Net Assets</b>	<b>\$19.1</b>	<b>\$16.3</b>	<b>\$2.8</b>	<b>17%</b>
<b>Total Net Assets</b>	<b>\$54.3</b>	<b>\$45.2</b>	<b>\$9.1</b>	<b>20%</b>

## REVENUES AND EXPENSES

The City's revenues totaled \$59.6 million in 2009, a decrease of \$13.9 million, or 19% over the prior year.

Program Revenues, which consist of charges for services and grants decreased by \$10.9 million overall. Revenue from service charges decreased \$0.8 million while revenues from grants decreased by \$10.1 million.

General Revenues, which consist of taxes, fees and other revenues totaled \$35.6 million overall, a decrease of \$3.5 million or 9%. Property taxes, which represented 23% of total revenues, increased \$0.4 million. Transient Occupancy Taxes decreased by \$1.7 million, or 18% and Sales Taxes were down \$0.8 million or 11% over the prior year. Together these two revenue sources comprise 24% of the City's total revenues and reflect its tourism based economy. Other taxes and revenues were \$1.0 million lower than the prior year. The decrease in revenue reflects the effects of the greatest economic downturn since the Great Depression of the 1930's.



### Revenues and Expenses

September 30 (in millions)

	2009	2008	\$ Change	% Change
<b>REVENUES</b>				
<b>Program Revenues:</b>				
<i>Governmental Activities</i>				
Charges for services	\$5.8	\$6.0	(\$0.2)	-3%
Operating grants	3.4	5.9	(2.5)	-42%
Capital grants	7.8	14.4	(6.6)	-46%
Total Governmental Activities	\$17.0	\$26.3	(\$9.3)	-35%
<i>Business-type Activities</i>				
Charges for services	\$1.8	\$2.4	(\$0.6)	-27%
Operating grants	0.7	0.8	(0.1)	-5%
Capital grants	3.2	4.1	(0.9)	-22%
Total Business-type Activities	\$5.7	\$7.3	(\$1.6)	-22%
Total Program Revenue	\$22.7	\$33.6	(\$10.9)	-32%

September 30 (in millions)

	2009	2008	\$ Change	% Change
<b>REVENUES (continued)</b>				
<b>General Revenues:</b>				
<i>Governmental Activities</i>				
Property taxes	\$13.8	\$13.4	\$0.4	3%
Sales taxes	6.1	6.9	(0.8)	-11%
Transient occupancy taxes	8.3	10.0	(1.7)	-18%
Franchise taxes	1.4	1.3	0.1	10%
Vehicle fees	0.1	0.1	-	-
Other taxes	5.0	5.2	(0.2)	-4%
Other revenue	2.3	3.1	(0.8)	-27%
Transfers	(0.5)	(0.9)	0.4	44%
<b>Total Governmental Activities</b>	<b>\$35.6</b>	<b>\$39.1</b>	<b>(\$3.5)</b>	<b>-9%</b>
<i>Business-type Activities</i>				
Other revenue	\$0.8	(\$0.1)	\$0.9	-1,223%
Transfers	0.5	0.9	(0.4)	-44%
<b>Total Business-type Activities</b>	<b>\$1.3</b>	<b>\$0.8</b>	<b>\$0.5</b>	<b>76%</b>
<b>Total General Revenues</b>	<b>\$36.9</b>	<b>\$39.9</b>	<b>(\$3.0)</b>	<b>-8%</b>
<b>Total Revenue</b>	<b>\$59.6</b>	<b>\$73.5</b>	<b>(\$13.9)</b>	<b>-19%</b>
<b>EXPENSES</b>				
<i>Governmental Activities:</i>				
General government	\$9.0	\$8.1	\$0.9	10%
Public safety	16.3	15.4	0.9	6%
Public works	3.6	9.0	(5.4)	-60%
Parks and recreation	5.8	5.8	-	-
Streets	5.8	4.1	1.7	41%
Interest on debt	5.8	5.5	0.3	5%
<b>Total expenses governmental activities</b>	<b>\$46.3</b>	<b>\$48.0</b>	<b>(1.7)</b>	<b>-4%</b>
<i>Business-type activities:</i>				
Transit	\$1.4	\$2.0	(\$0.6)	-28%
Airport	1.5	1.8	(0.2)	-13%
Parking Garage	1.3	1.0	0.3	24%
<b>Total business-type activities</b>	<b>\$4.2</b>	<b>\$4.8</b>	<b>(0.5)</b>	<b>-11%</b>
<b>Total Expenses</b>	<b>\$50.5</b>	<b>\$52.8</b>	<b>(\$2.2)</b>	<b>-4%</b>

The City's expenses for Governmental and Business-type Activities totaled \$50.5 million in 2009, a net decrease of \$2.2 million, or 4% over the prior year. The net decrease resulted primarily from reduced expenses in the Capital Projects, Airport and Transit Funds, which were offset by increases in other areas.

## CHANGE IN NET ASSETS

Change in Net Assets	September 30 (in millions)						
	2009	2008	\$ Change	% Change			
<b>Governmental Activities:</b>							
Revenues before transfers	\$53.1	\$67.2	(\$14.1)	-20%			
Expenses	46.3	48.0	(1.7)	-4%			
Excess/(Deficiency) before transfers	\$6.8	\$19.3	(\$12.5)	-65%			
Transfers	(0.5)	(0.9)	(0.4)	40%			
Change in Net Assets	\$6.3	\$18.3	(\$12.0)	-66%			
Beginning net assets:	\$28.9	\$11.5	\$17.4	151%			
<b>Ending net assets, Governmental</b>	<b>\$35.2</b>	<b>\$28.9</b>	<b>\$6.3</b>	<b>22%</b>			
<b>Business-Type Activities:</b>							
Revenues before transfers	\$6.5	\$7.2	(\$0.7)	-10%			
Expenses	4.2	4.7	(0.5)	-11%			
Excess/(Deficiency) before transfers	\$2.3	\$2.5	(\$0.2)	-8%			
Transfers	0.5	0.9	(0.4)	-44%			
Change in Net Assets	\$2.8	\$3.4	(\$0.6)	-17%			
Beginning net assets:	\$16.3	\$12.9	\$3.4	26%			
<b>Ending net assets, Business-Type</b>	<b>\$19.1</b>	<b>\$16.3</b>	<b>\$2.8</b>	<b>17%</b>			
<b>Ending Net Assets</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Total Governmental and Business-Type Activities</b>	<b>\$54.4</b>	<b>\$45.2</b>	<b>\$24.4</b>	<b>\$5.6</b>	<b>(\$12.4)</b>	<b>(\$21.6)</b>	<b>(\$35.6)</b>

The overall result of operations was that the City ended the year with total net assets of \$54.4 million, an increase of \$9.1 million, primarily due to increases in restricted net assets invested in capital and for redevelopment projects. Long term debt issued by the Redevelopment Agency to construct capital assets is segregated from the calculation of total net assets. These capital assets were contributed to developers and other agencies that are responsible for maintaining the assets. Capital assets were negative in 2003, 2004 and 2005, but became positive in 2006 when total revenues from all funds began to exceed total expenses.

## FUND FINANCIAL STATEMENTS

The Fund Financial Statements report the City's operations in more detail than the government-wide statements focusing primarily on the short-term activities of the City's General Fund and other Major Funds, including Proprietary Funds and Fiduciary Funds. Proprietary Funds consist of the City's business-type enterprise funds. Fiduciary or Agency Funds represent assets held by the City as an agent for individuals, private organizations or other governments. Descriptions of the City's Major Funds are provided in the Notes to the Basic Financial Statements.

The Fund Financial Statements are prepared on a modified accrual basis, measuring only current revenues, current expenses and fund balances. Capital assets, long-term debt and other long-term amounts are excluded. The activities of the City's Capital Projects, Debt Service and Special Revenue Funds are presented in the supplemental Combining Statements.

## MAJOR GOVERNMENTAL FUNDS

### General Fund

General fund assets totaled \$21.3 million at fiscal year end, a decrease of \$2.2 million. The decrease was due primarily to a reduction in cash and investments. General Fund liabilities totaled \$2.1 million, representing a reduction of \$0.3 million primarily due to a reduction in payables outstanding over the prior year.

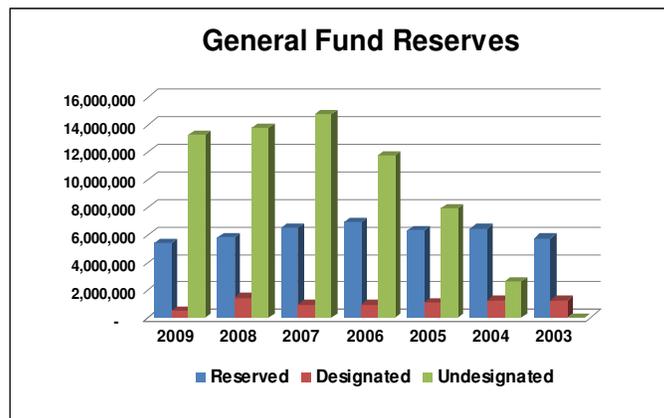
General Fund	September 30 (in millions)			
	2009	2008	\$ Change	% Change
Total Assets	\$21.3	\$23.5	(\$2.2)	-9%
Total Liabilities	\$2.1	\$2.4	(\$0.3)	-13%
Reserved Fund Balance	5.4	5.9	(0.5)	-8%
Designated Fund Balance	.5	1.4	(0.9)	-64%
Undesignated Fund Balance	13.3	13.8	(0.5)	-4%
Total Fund Balance	\$19.2	\$21.1	(\$1.9)	-9%
<b>Total Liabilities and Fund Balance</b>	<b>\$21.3</b>	<b>\$23.5</b>	<b>(\$2.2)</b>	<b>-9%</b>
Total Revenues	\$26.8	\$28.9	(\$2.1)	-7%
Total Expenses	25.5	24.3	1.2	5%
Excess/(Deficiency) Revenues over Expenses	\$1.3	\$4.6	(\$3.3)	-72%
Total Other Financing Sources/(Uses)	(\$3.2)	(\$5.8)	\$2.6	-45%
Net Change in Fund Balance	(\$1.9)	(\$1.2)	(\$0.7)	59%
Beginning Fund Balance	\$21.1	\$22.3	(\$1.2)	-5%
<b>Ending Fund Balance</b>	<b>\$19.2</b>	<b>\$21.1</b>	<b>(\$1.9)</b>	<b>-9%</b>

General Fund revenues decreased \$2.1 million, or 7% over the prior year. This was the first full year of impact from the most significant economic downturn since the Great Depression of the 1930's. Revenues declined in almost all categories, but the largest impact was a reduction of \$1.2 million in taxes and assessments, primarily in transient occupancy and sales taxes. Charges for community development and engineering services were also significantly impacted.

Expenses increased \$1.2 million, or 5% over the prior year, primarily in the areas of general government, public safety, and parks and recreation. The increase was largely due to required salary increases under labor agreements; and increases in health insurance premiums and workers compensation rates. Recognizing the deteriorating economic conditions, the City implemented cost containment efforts at mid-year, including the elimination of ten staff positions through layoffs and early retirements. Additionally, unfilled positions were frozen, and made reductions in other operating costs such as temporary labor, contracted services, training, and community marketing. The City also deferred \$1 million in capital improvement projects and utilized its contingency reserve.

Overall, the result at year end was a total fund balance of \$19.2 million in the General Fund, a decrease of \$1.9 million over the prior year. Of this amount, reserved fund balance totaled \$5.4 million, a decrease of \$0.5 million. The **reserved fund balance** consists primarily of long-term loans made to the Redevelopment Agency, and reserved balances for encumbrances. The long-term loans made to the Redevelopment Agency originally totaled \$7.0 million and \$4.2 million is currently outstanding on these loans from the Agency. The fund balance reserved for encumbrances decreased by \$0.1 million during the fiscal year.

The **designated fund balance** was \$.5 million, and decrease of \$0.9 million resulting primarily from the use of the budget contingency reserve. Per the City's Reserves Policies the designated reserve is intended for items such as litigation and revenue shortfalls due to economic uncertainties.

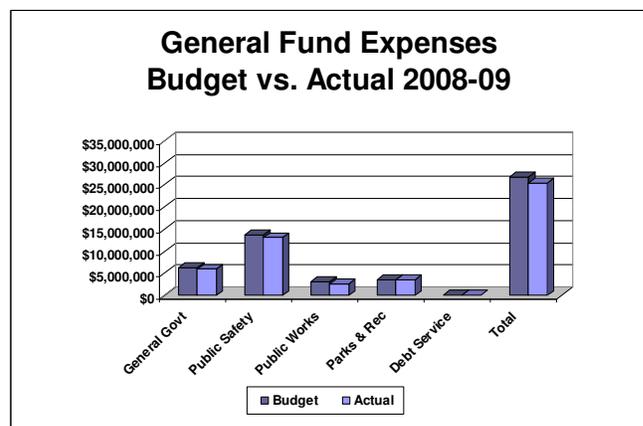
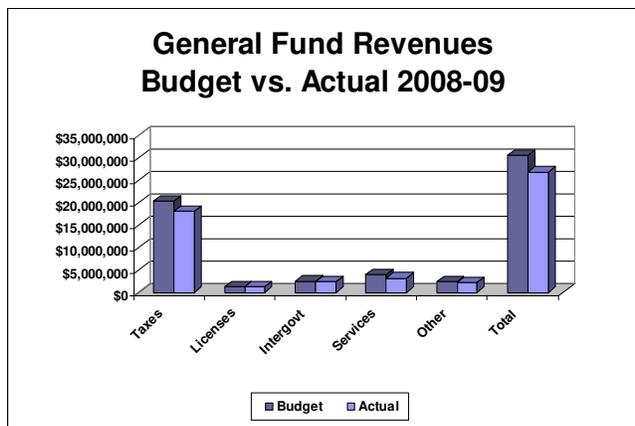


The **undesignated fund balance** ended the year at \$13.3 million, a decrease of \$0.5 million over the prior year. The undesignated fund balance includes a required General Fund reserve of 25% of annual operating expenses under the City's Reserves Policies.

The undesignated reserve was zero at the end of fiscal year 2002-2003. Since that time, through prudent fiscal management, the City has been able to increase the reserve. Any undesignated reserve available greater than 25% can be transferred to the Capital Projects Fund or otherwise be appropriated if approved by the City Council. In fiscal year 2008-2009, \$0.5 million of the undesignated reserve was utilized due to the economic recession, and an additional \$1.5 million has been appropriated in the 2009-10 Budget.

## General Fund Revenues, Expenses and Changes in Fund Balance

Budget and Actual Year Ended September 30, 2009 (in millions)	Original Budget	Final Budget	Actual Amounts	Variance to Final Budget
Revenues:				
Taxes and assessments	\$22.5	\$20.3	\$18.0	-11%
Licenses and permits	2.2	1.2	1.1	-6%
Fines and penalties	0.4	0.4	0.4	-4%
Use of money and property	1.1	1.0	0.7	-34%
Intergovernmental	0.7	2.5	2.3	-7%
Charges for services	2.4	4.1	3.2	-21%
Other	0.5	1.0	1.1	5%
<b>Total Revenues</b>	<b>\$29.8</b>	<b>\$30.5</b>	<b>\$26.8</b>	<b>-12%</b>
Expenses:				
General government	\$6.5	\$6.4	\$6.0	-6%
Public safety	13.8	13.7	13.1	-3%
Public works	2.8	3.0	2.7	-10%
Parks and recreation	3.6	3.6	3.6	-0.6%
Debt service	-	0.1	0.1	0.4%
<b>Total Expenses</b>	<b>\$26.7</b>	<b>\$26.8</b>	<b>\$25.5</b>	<b>-4%</b>
Excess/(Deficiency) Revenues over Expenses	\$3.1	\$3.7	\$1.3	-65%
Total Other Financing Sources/(Uses)	(\$4.9)	(\$4.0)	(\$3.2)	-19%
Excess/(Deficiency) Revenues & Other Financing Sources over Expenditures & Other Uses	(\$1.8)	(\$0.3)	(\$1.9)	608%
Beginning Fund Balance			21.1	
<b>Ending Fund Balance</b>			<b>\$19.2</b>	



## **Housing and Economic Development Fund**

The Housing and Economic Development Fund is used to account for the portion of Redevelopment Agency property tax increment required under California law to be set aside to fund low and moderate income housing expenditures. In addition, this fund's activities are funded with Community Development Block Grant (CDBG) and other state grant funds.

The Housing and Economic Development Fund ended the year with a fund balance of \$1.3 million, a decrease of \$1.1 million over the prior year. This decrease was due to an increase in accounts payable of \$0.8 million that is attributed to the final payment due to complete the new Kelly Ridge Senior Housing Project. The decrease in revenues and increase in expenses for 2009 is due to a large portion of the work on Kelly Ridge being completed during the 2008-2009 fiscal year, and most of the revenue for the project received in 2007-2008.

<b>Housing and Economic Development Fund</b>	<b>September 30</b>			
	<i>(in millions)</i>			
	<b>2009</b>	<b>2008</b>	<b>\$ Change</b>	<b>% Change</b>
Total Assets	\$30.1	\$26.1	\$4.0	15%
Total Liabilities	\$28.8	\$23.6	\$5.2	18%
Reserved Fund Balance	-	-	-	-
Unreserved - Designated Fund Balance	0.1	0.1	-	-
Unreserved - Undesignated Fund Balance	\$ 1.2	2.4	(\$1.2)	-48%
<b>Total Fund Balance</b>	<b>\$ 1.3</b>	<b>\$2.5</b>	<b>(\$1.2)</b>	<b>-48%</b>
Total Liabilities and Fund Balance	\$30.1	\$26.1	\$4.0	15%
Total Revenues	\$2.5	\$3.8	(\$1.3)	-34%
Total Expenses	4.8	4.3	0.5	13%
Excess (Deficiency) Revenues over Expenses	(\$2.3)	(\$0.5)	(\$1.8)	386%
Total Other Financing Sources/(Uses)	\$1.2	\$1.8	(\$0.6)	-34%
Net Change in Fund Balance	(\$1.1)	\$1.3	(\$2.4)	15%
Beginning Fund Balance	\$2.4	\$1.1	\$1.3	46%
<b>Ending Fund Balance</b>	<b>\$1.3</b>	<b>\$2.4</b>	<b>\$1.1</b>	<b>-47%</b>

The City's residential and commercial loan programs for low and moderate income residents and similar loans to developers of such housing are accounted for in this Fund. Outstanding balances of these loans at year end totaled \$28.0 million, an increase of \$4.3 million over the prior year.

Principal payments and in many cases interest payments are deferred on these low and moderate income loans until the property is sold or re-financed. Principal and interest on loans to developers of such properties typically are at below-market rates and payments are deferred for considerable periods of time to assist these organizations in their efforts to develop such housing. All these loans are secured by deeds of trust on the underlying property, and if the facilities constructed with these loans are not used for the purposes intended, the loans become due and payable immediately.

## City Capital Projects Fund

This fund accounts for a variety of capital projects constructed by the City. In fiscal year 2008-09 major funding sources for capital improvement projects included transfers-in from the City General Fund, and grants from the Federal Aviation Administration, California Tahoe Conservancy, US Forest Service, and Federal Housing and Urban Development HOME program.

Revenues in this fund totaled \$5.2 million, a decrease of \$6.6 million, primarily in intergovernmental grants. Expenses totaled \$5.7 million, a decrease of \$7.3 million over the prior year, in capital outlay for construction. The result was a deficiency of revenues over expenses of \$0.5 million. Other financing sources totaled \$0.1 million comprised of net transfers from the General Fund. The overall result was a net decrease in fund balance of \$0.4 million, and an ending fund balance of \$6.4 million.

The major capital project expenditures for the fiscal year included:

General Fund:

- Street Repair and Overlay - \$0.5 million
- Lake Tahoe Blvd. Repair - \$0.2 million
- Citywide Computer Servers Replacement - \$0.1 million

Grant Funded:

- Sierra Tract Erosion Control - \$0.5 million
- Upper Truckee River Restoration - \$0.6 million
- Al Tahoe Erosion Control – \$0.5 million
- Bijou Area Erosion Control Project – \$0.4 million
- South Y Intersection Improvements – \$1.2 million
- Ski Run Blvd. Roadway Rehabilitation – \$0.3 million
- Lakeview Commons Plan and Design - \$0.4 million

City Capital Projects Fund	September 30 (in millions)			
	2009	2008	\$ Change	% Change
Total Assets	\$7.2	\$10.5	(\$3.3)	-31%
Total Liabilities	\$0.9	\$3.7	(\$2.8)	-77%
Reserved Fund Balance	\$2.6	\$2.8	(\$0.2)	-6%
Unreserved - Designated Fund Balance				
Unreserved - Undesignated Fund Balance	3.8	4.1	(0.3)	-7%
Total Fund Balance	\$6.4	\$6.8	(0.4)	-7%
Total Liabilities and Fund Balance	\$7.2	\$10.5	(\$3.3)	-31%
Total Revenues	\$5.2	\$11.8	(\$6.6)	-56%
Total Expenses	5.7	13.0	(\$7.3)	-56%
Excess (Deficiency) Revenues over Expenses	(\$0.5)	(\$1.2)	\$0.7	-57%
Total Other Financing Sources/(Uses)	\$0.1	\$1.6	(\$1.5)	-97%
Net Change in Fund Balance	(\$0.4)	\$0.5	(\$9.0)	-202%
Beginning Fund Balance	6.8	6.4	4.0	7%
<b>Ending Fund Balance</b>	<b>\$6.4</b>	<b>\$6.8</b>	<b>\$0.5</b>	<b>-7%</b>

### **Redevelopment Special Revenue Fund**

The Redevelopment Special Revenue Fund accounts for the financial resources used for the Redevelopment Agency's administration costs. These costs include salaries and overhead, pass through costs associated with incremental property taxes, and mandated payments to the State's Educational Revenue Augmentation Fund.

This fund ended the year with total assets of \$0.5 million, an increase of \$0.1 million over the prior year. The fund ended the year with a deficiency of revenues over expenses of \$1.1 million that was mitigated by transfers in of \$1.1 from the Redevelopment Debt Service Fund.

<b>Redevelopment Special Revenue Fund</b>	<b>September 30</b>			
	<i>(in millions)</i>			
	<b>2009</b>	<b>2008</b>	<b>\$ Change</b>	<b>% Change</b>
Total Assets	\$0.5	\$0.4	\$0.1	23%
Total Liabilities	-	-	-	-
Unreserved - Designated Fund Balance	\$0.1	\$0.1	-	-
Unreserved – Undesignated Fund Balance	0.5	0.4	0.1	28%
<b>Total Liabilities and Fund Balance</b>	<b>\$0.5</b>	<b>\$0.4</b>	<b>0.1</b>	<b>28%</b>
Total Revenues	-	0.1	(\$0.1)	-100%
Total Expenses	1.1	1.0	0.1	16%
<b>Excess (Deficiency) Revenues over Expenses</b>	<b>(\$1.1)</b>	<b>(\$0.9)</b>	<b>(\$0.2)</b>	<b>25%</b>
Total Other Financing Sources/(Uses)	\$1.2	\$0.9	\$0.3	32%
Net Change in Fund Balance	\$0.1	-	\$0.1	100%
Beginning Fund Balance	\$0.4	\$0.4	-	-
<b>Ending Fund Balance</b>	<b>\$0.5</b>	<b>\$0.4</b>	<b>-</b>	<b>28%</b>

### **Other Governmental Funds**

These funds are not presented separately in the Basic Financial statements, but are individually presented as a Supplemental Information section.

## MAJOR BUSINESS-TYPE FUNDS

### *Transit Fund*

The Transit Fund accounts for the City's public transit activities. The fund ended the year with net assets of \$6.5 million, a decrease of \$0.1 million over the prior year.

Operating revenues in the Transit Fund totaled \$0.6 million and included \$0.1 million of one-time revenues from Tahoe Regional Planning Agency air quality mitigation fees to be used next fiscal year for the purchase of new buses. Overall, operating revenues decreased \$0.2 over the prior year due to reductions in service charges. Operating expenses totaled \$1.4 million, a decrease of \$0.5 million over the prior year. The resulting operating loss was \$0.8 million, a decrease of \$0.3 million over the prior year. The operating loss was mitigated by \$0.7 million in non-operating revenues from local transportation funds.

Transit Fund	September 30 (in millions)			
	2009	2008	\$ Change	% Change
Total Assets	\$7.0	\$7.0	(\$0.0)	-
Total Liabilities	\$0.4	\$0.4	(0.1)	123%
Net Assets:				
Invested in capital assets, net of debt	\$6.1	\$6.4	(\$0.3)	-5%
Unrestricted	0.4	0.2	0.2	121%
<b>Total Net Assets</b>	<b>\$6.5</b>	<b>\$6.6</b>	<b>(\$0.1)</b>	<b>-1%</b>
Operating Revenues	\$0.6	\$0.8	(\$0.2)	-29%
Operating Expenses	1.4	2.0	(0.6)	-30%
Operating Income/(Loss)	(\$0.8)	(\$1.2)	\$0.4	-33%
Non-operating Revenues/(Expenses)	\$0.7	\$0.8	(\$0.1)	-5%
Income/(Loss) before transfers	(\$0.1)	(\$0.4)	\$0.3	-74%
Net Transfers	-	-	-	-
Change in Net Assets and Restatements/Adjustments	(\$0.1)	(\$0.3)	\$0.2	-70%
Beginning Net Assets	6.6	7.0	(0.4)	-6%
<b>Ending Net Assets</b>	<b>\$6.5</b>	<b>\$6.6</b>	<b>(\$0.1)</b>	<b>-1%</b>

## Airport Fund

The Airport Fund accounts for the operation, development and maintenance of the South Lake Tahoe Airport. At the end of the fiscal year this fund had total assets of \$13.3 million, an increase of \$1.9 million over the prior year. The increase in assets resulted primarily from the Airport Runway reconstruction project that was funded with Federal Aviation Administration grants. Liabilities totaled \$1.0 million due primarily to a decrease in accounts payable related to the Airport runway rehabilitation project. Net assets totaled \$12.3 million and were primarily invested in capital assets.

The fund ended the year with an operating loss of \$0.8 million, a decrease of \$0.2 million over the prior year. Operating revenues totaled \$0.7 million, no change from the prior year. Operating expenses totaled \$1.5 million, a decrease of \$0.2 million, primarily in supplies and repairs and maintenance.

The Airport Fund received grant revenues primarily from the Federal Aviation Administration in the amount of \$ 3.2 million for runway rehabilitation project expenses. Net transfers from the General Fund to the Airport fund totaled \$0.5 million, a decrease of \$0.2 million over the prior year.

The Airport's ending net asset balance totaled \$12.3 million, an increase of \$2.9 million from last year.

Airport Fund	September 30 (in millions)			
	2009	2008	\$ Change	% Change
Total Assets	\$13.3	\$11.5	\$1.9	16%
Total Liabilities	\$1.0	\$2.0	(\$1.0)	-50%
Net Assets:				
Invested in capital assets, net of debt	\$12.6	\$9.5	\$3.1	33%
Restricted for debt service and operations		-		
Unrestricted	0.3	(0.1)	(0.4)	400%
<b>Total Net Assets</b>	<b>\$12.3</b>	<b>\$9.4</b>	<b>\$2.9</b>	<b>31%</b>
Operating Revenues	\$0.7	\$0.7	-	-
Operating Expenses	1.5	1.7	(0.2)	-12%
Operating Income/(Loss)	(\$0.8)	\$(1.0)	\$0.2	-19%
Non-operating Revenues/(Expenses)	-	(\$0.2)	(\$0.2)	-81%
Income/(Loss) before transfers	(\$0.8)	(\$1.2)	\$0.4	-28%
Net Transfers	3.7	4.9	(1.2)	-24%
Change in Net Assets and Restatements/Adjustments	\$2.9	\$3.7	(\$0.8)	-21%
Beginning Net Assets	9.4	5.7	3.7	66%
<b>Ending Net Assets</b>	<b>\$12.3</b>	<b>\$9.4</b>	<b>\$2.9</b>	<b>31%</b>

## **Parking Garage Fund**

The Parking Garage Fund accounts for the administration, operations, maintenance, capital improvements, and related debt financing service activities of the Heavenly Village parking garage. This was the sixth full year of operations for the parking garage, and the fund ended the year with net assets of \$0.3 million, an increase of \$0.1 million over the prior year.

The fund had operating revenues of \$1.3 million, up \$0.4 million from the prior year and results primarily from a transfer-in from Community Facilities District 2001 (Park Avenue) of \$0.3 million to fund capital improvements in the parking garage, including a retro-fit of lighting fixtures and the installation of an automated parking system.

Operating expenses increased by \$0.3 million, primarily in the areas of contracted services due to the capital improvements and in general expenses. Non-operating expenses which represent the net sum of interest expense on outstanding debt and supplemental revenues, totaled \$0.6 million an increase of \$0.1 million.

### **Parking Garage Fund**

**September 30**

*(in millions)*

	<b>2009</b>	<b>2008</b>	<b>\$ Change</b>	<b>% Change</b>
Total Assets	\$10.0	\$9.6	\$0.4	4%
Total Liabilities	\$ 9.7	\$9.3	0.4	4%
Net Assets:				
Invested in capital assets, net of debt	-	(\$0.2)	(\$0.2)	-100%
Restricted for debt service and operations	\$1.7	\$1.4	\$0.3	21%
Unrestricted	(\$1.4)	(\$0.9)	(\$0.5)	60%
<b>Total Net Assets</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>-</b>	<b>0%</b>
Operating Revenues	\$1.3	\$0.9	\$0.4	44%
Operating Expenses	\$0.7	\$0.4	0.3	66%
Operating Income/(Loss)	\$0.6	\$0.5	\$0.1	19%
Non-operating Revenues/(Expenses)	(\$0.6)	(\$0.5)	\$0.1	4%
Income/(Loss) before transfers	-	-	-	-
Net Transfers	-	-	-	-
Change in Net Assets and Restatements/Adjustments	-	-	-	-
Beginning Net Assets	\$0.2	\$0.3	(\$0.1)	-33%
<b>Ending Net Assets</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>(\$0.1)</b>	<b>33%</b>

## **Fiduciary Funds**

Fiduciary funds account for the assets of others held by the City as an agent. The financial activities of these funds are excluded from the City-wide financial statements. They are presented separately in the Fiduciary Fund financial statements.

## CAPITAL ASSETS

At the end of fiscal 2009, the City had \$98.2 million, net of depreciation, invested in a broad range of capital assets used in governmental and business-type activities. This is a net increase of \$7.5 million in capital assets over the prior year.

Assets invested in Governmental Activities increased \$4.8 million resulting from the net of a reduction of \$5.3 million in construction in process and increases of \$7.9 million in major erosion control projects, \$2.3 million in street improvements, and annual accumulated depreciation.

Assets invested in Business Type Activities increased \$2.8 million resulting from the net of an increase of \$3.8 in construction in progress for the Airport Runway, and annual accumulated depreciation.

For more detailed information about the City's capital assets please refer to Note 6 – Capital Assets in the Notes to the Basic Financial Statements.

Capital Assets	September 30 (in millions)			
	2009	2008	\$ Change	% Change
<b>Governmental Activities:</b>				
Land	\$13.9	\$13.9	-	-
Construction in progress	15.8	21.1	(5.3)	-25%
Buildings	15.1	15.1	-	-
Vehicles	2.2	2.1	0.1	5%
Furniture and Equipment	13.1	11.2	1.9	17%
Improvements other than buildings	0.6	0.5	0.1	16%
Bike Paths	2.9	2.9	-	-
Streets	25.4	23.1	2.3	10%
Streetscape	4.8	4.8	-	-
Basin and Stream Environment Zone Construction	18.7	10.7	8.0	74%
Less: Accumulated Depreciation	(41.9)	(39.6)	(2.3)	6%
Net Capital Assets – Governmental Activities	\$70.6	\$65.9	\$4.7	7%
<b>Business-type Activities</b>				
Land	\$4.3	\$4.3	-	-
Construction in progress	7.8	4.0	3.8	95%
Buses and Vehicles	1.9	1.9	-	-
Transit Center Buildings	6.5	6.5	-	-
Terminal Buildings	4.3	4.3	-	-
Runways	10.7	10.7	-	-
Machinery and Equipment	3.5	3.5	-	-
Parking Garage	7.8	7.8	-	-
Less: Accumulated Depreciation	(19.3)	(18.2)	(1.1)	6%
Net Capital Assets – Business Activities	\$27.5	\$24.8	\$2.7	10%
<b>Total Net Capital Assets</b>	<b>\$98.2</b>	<b>\$90.6</b>	<b>\$7.6</b>	<b>8%</b>

## LONG-TERM DEBT

*Governmental Activities* total debt outstanding at year end was \$112.2 million, a decrease of 2%.

Of this total, the Redevelopment Agency had \$108.2 million in debt outstanding at year end, a decrease of \$2.2 million. The decreased resulted from the regular annual repayment of debt service for the outstanding bonds.

The City's outstanding debt at year end totaled \$3.9 million, a decrease of \$0.1 million. The increase resulted from the net of a new capital lease in the amount of \$0.4 million for the purchase of street sweepers and the regular annual repayment of debt service on outstanding State Revolving Fund loans.

*Business-type Activities* total debt outstanding at year end was \$8.9 million, a decrease of \$0.4 million resulting from the regular annual repayment of debt service on the outstanding loans and bonds.

Total debt outstanding city-wide at year end was \$121.0 million. Each of the City's debt issues is discussed in detail in Note 7 to the Basic Financial Statements.

Long-term Debt	September 30 (in millions)			
	2009	2008	\$ Change	% Change
<b><i>Governmental Activities</i></b>				
Redevelopment Agency Obligations:				
Refunding Revenue Bonds	\$108.2	\$110.4	(\$2.2)	-2%
Lease Revenue Bonds	-	0.1	(0.1)	-67%
Subordinate Bond Anticipation Notes	-	-	-	-
Total Redevelopment Agency	\$108.2	\$110.5	(\$2.2)	-2%
City Obligations:				
State Revolving Fund Loans	\$1.8	\$1.9	(\$0.1)	-5%
Capital Lease Obligations	2.1	2.0	0.1	8%
Lease Revenue Bonds	-	0.1	(0.1)	-67%
Total City	\$3.9	\$4.0	(0.1)	-2%
Total Government Activities	\$112.2	\$114.5	(\$2.3)	-2%
<b><i>Business-type Activities</i></b>				
Airport State Loan	\$0.6	\$0.7	(\$0.1)	-17%
Airport Lease Revenue Bonds	0.0	0.1	(0.1)	-67%
Parking Structure Lease Revenue Bonds	8.2	8.5	(0.3)	-3%
Developer Advance	-	-	-	-
Total Business-type Activities	\$8.9	\$9.2	(\$0.3)	-3%
Total Long-Term Debt	\$121.0	\$123.7	(\$2.7)	-2%

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with an assessment of the City's financial position. Please direct any questions about this report to the City of South Lake Tahoe Finance Department, at 1901 Airport Road, Suite 210, South Lake Tahoe, CA 96150.



**CITY OF SOUTH LAKE TAHOE**

**STATEMENT OF NET ASSETS  
AND STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities summarize the City’s financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City’s assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City’s transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City’s total assets and the City’s total liabilities, including all the City’s capital assets and all its long-term debt. The Statement of Net Assets focuses the reader on the composition of the City’s net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the City’s Governmental Activities in a single column, and the financial position of all the City’s Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City’s Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City’s Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City’s Business Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City’s net assets. It is also prepared on the full accrual basis, which means it includes all the City’s revenues and all its expenses, regardless of when cash changes hands. This differs from the “modified accrual” basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City’s expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City’s general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the South Tahoe Redevelopment Agency, the South Tahoe Joint Powers Financing Authority, the South Lake Tahoe Joint Powers Parking Financing Authority, and the Housing Authority of the City of South Lake Tahoe, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.

CITY OF SOUTH LAKE TAHOE  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments available for City operations (Note 3)	\$31,390,154	\$635,376	\$32,025,530
Restricted cash and investments (Note 3)	16,063,542	1,693,932	17,757,474
Accounts receivable - net	5,383,036	419,557	5,802,593
Interest receivable	74,876		74,876
Internal balances (Note 4D)	1,349,648	(1,349,648)	
Inventory	331,765		331,765
Prepaid items	1,677,122		1,677,122
Loans receivable (Note 5)	27,929,979		27,929,979
Land held for redevelopment (Note 5E)	479,727		479,727
Capital assets (Note 6):			
Nondepreciable	29,671,968	12,084,439	41,756,407
Depreciable	40,974,069	15,432,929	56,406,998
	<u>155,325,886</u>	<u>28,916,585</u>	<u>184,242,471</u>
Total Assets			
<b>LIABILITIES</b>			
Accounts payable	2,603,698	544,943	3,148,641
Accrued expenditures	911,176		911,176
Deposits	221,163	31,337	252,500
Due to developers	510,940	1,352	512,292
Unearned revenue	5,162	348,380	353,542
Compensated absences (Note 1G):			
Due within one year	1,865,382	13,175	1,878,557
Uninsured losses payable (Note 10):			
Due within one year	933,551		933,551
Due in more than one year	871,609		871,609
Long-term debt (Note 7):			
Due within one year	2,750,428	355,427	3,105,855
Due in more than one year	109,416,906	8,497,650	117,914,556
	<u>120,090,015</u>	<u>9,792,264</u>	<u>129,882,279</u>
Total Liabilities			
<b>NET ASSETS (Note 8)</b>			
Invested in capital assets, net of related debt	<u>13,206,249</u>	<u>18,664,291</u>	<u>31,870,540</u>
Restricted for:			
Claims	750,000		750,000
Capital projects	6,491,087		6,491,087
Debt service and operations	16,249,527	1,693,932	17,943,459
Redevelopment projects	28,618,473		28,618,473
Special revenue projects	2,807,802		2,807,802
	<u>54,916,889</u>	<u>1,693,932</u>	<u>56,610,821</u>
Total Restricted Net Assets			
Unrestricted	<u>(32,887,267)</u>	<u>(1,233,902)</u>	<u>(34,121,169)</u>
Total Net Assets	<u>\$35,235,871</u>	<u>\$19,124,321</u>	<u>\$54,360,192</u>

See accompanying notes to financial statements

CITY OF SOUTH LAKE TAHOE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>							
General government	\$8,974,313	\$2,454,730	\$366,334	\$2,341,944	(\$3,811,305)		(\$3,811,305)
Public safety	16,315,707	761,850	1,521,446		(14,032,411)		(14,032,411)
Public works	3,562,448	11,301		5,491,026	1,939,879		1,939,879
Parks and recreation	5,821,494	1,784,705			(4,036,789)		(4,036,789)
Streets	5,793,417	761,850	1,521,446		(3,510,121)		(3,510,121)
Interest on long-term debt	5,784,474				(5,784,474)		(5,784,474)
<b>Total Governmental Activities</b>	<b>46,251,853</b>	<b>5,774,436</b>	<b>3,409,226</b>	<b>7,832,970</b>	<b>(29,235,221)</b>		<b>(29,235,221)</b>
<b>Business-type Activities:</b>							
Transit	1,412,907	332,411	740,321			(\$340,175)	(340,175)
Airport	1,533,655	673,750		3,204,922		2,345,017	2,345,017
Parking Garage	1,295,760	767,556				(528,204)	(528,204)
<b>Total Business-type Activities</b>	<b>4,242,322</b>	<b>1,773,717</b>	<b>740,321</b>	<b>3,204,922</b>		<b>1,476,638</b>	<b>1,476,638</b>
<b>Total</b>	<b>\$50,494,175</b>	<b>\$7,548,153</b>	<b>\$4,149,547</b>	<b>\$11,037,892</b>	<b>(29,235,221)</b>	<b>1,476,638</b>	<b>(27,758,583)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					6,270,926		6,270,926
Incremental property taxes					7,489,176		7,489,176
Sales taxes					6,124,288		6,124,288
Transient occupancy taxes					8,271,773		8,271,773
Franchise taxes					1,408,472		1,408,472
Other taxes					4,996,213		4,996,213
Motor vehicle in lieu, unrestricted					65,185		65,185
Use of money and property					727,006	18,813	745,819
Miscellaneous					729,725	783,356	1,513,081
Gain from sale of capital assets					15,784		15,784
Transfers (Note 4D)					(538,219)	538,219	
<b>Total general revenues and transfers</b>					<b>35,560,329</b>	<b>1,340,388</b>	<b>36,900,717</b>
<b>Change in Net Assets</b>					<b>6,325,108</b>	<b>2,817,026</b>	<b>9,142,134</b>
<b>Net Assets-Beginning</b>					<b>28,910,763</b>	<b>16,307,295</b>	<b>45,218,058</b>
<b>Net Assets-Ending</b>					<b>\$35,235,871</b>	<b>\$19,124,321</b>	<b>\$54,360,192</b>

See accompanying notes to financial statements



## MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2009. Individual non-major funds may be found in the Supplemental section.

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this Fund are sales taxes, property taxes, unrestricted revenues from the State, fines and forfeitures and interest income. Expenditures are incurred for public safety, most street work and the other services described above.

**Housing & Economic Development Fund** – Established by the Redevelopment Agency of the City of South Lake Tahoe to account for tax allocations set aside, CDBG, and HOME funds for the purpose of increasing or improving the City’s supply of low or moderate-income housing.

**City Capital Projects Fund** – Established to account for the construction and maintenance of the City projects.

**Redevelopment Debt Service Fund** – Established to account for the financing and construction activities in the redevelopment project areas.

CITY OF SOUTH LAKE TAHOE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
SEPTEMBER 30, 2009

	<u>General</u>	<u>Housing &amp; Economic Development</u>	<u>City Capital Projects</u>	<u>Redevelopment Debt Service</u>
<b>ASSETS</b>				
Cash and investments available for City operations (Note 3)	\$13,935,016	\$1,162,049	\$3,283,341	\$3,445,726
Restricted cash and investments (Note 3)				15,897,903
Accounts receivable - net	1,384,356	1,004,762	2,199,592	335,067
Interest receivable	74,876			
Due from other funds (Note 4B)	1,247,367			
Prepaid items	85,657			
Inventory	331,765			
Loans receivable (Note 5)		27,929,979		
Advances to other funds (Note 4C)	4,197,755		1,744,064	
Land held for redevelopment (Note 5E)				
Total Assets	<u>\$21,256,792</u>	<u>\$30,096,790</u>	<u>\$7,226,997</u>	<u>\$19,678,696</u>
<b>LIABILITIES</b>				
Accounts payable	\$421,470	\$874,803	\$858,623	
Accrued expenditures	911,176			
Due to other funds (Note 4B)				\$500,000
Deposits	217,663			
Due to developers	510,940			
Deferred revenue		27,929,979		
Advances from other funds (Note 4C)				2,929,169
Total Liabilities	<u>2,061,249</u>	<u>28,804,782</u>	<u>858,623</u>	<u>3,429,169</u>
<b>FUND BALANCES (Note 8)</b>				
Fund balance				
Reserved for:				
Prepaid items	85,657			
Construction			867,298	
Debt service				16,249,527
Encumbrances	30,011			
Inventory	331,765			
Advances to other funds	4,197,755		1,744,064	
Land held for redevelopment				
General liability claims	750,000			
Unreserved:				
Designated for:				
PERS savings	992	54,219		
Infrastructure				
Contingencies/litigation	466,243			
Undesignated, Reported in:				
General Fund	13,333,120			
Special Revenue Funds		1,237,789		
Capital Projects Funds			3,757,012	
Total Fund Balances	<u>19,195,543</u>	<u>1,292,008</u>	<u>6,368,374</u>	<u>16,249,527</u>
Total Liabilities and Fund Balances	<u>\$21,256,792</u>	<u>\$30,096,790</u>	<u>\$7,226,997</u>	<u>\$19,678,696</u>

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$4,483,647	\$26,309,779
103,731	16,001,634
458,807	5,382,584
	74,876
	1,247,367
1,441	87,098
	331,765
	27,929,979
1,113,572	7,055,391
479,727	479,727
<u>\$6,640,925</u>	<u>\$84,900,200</u>
\$443,021	\$2,597,917
	911,176
179,929	679,929
3,500	221,163
	510,940
	27,929,979
3,687,474	6,616,643
<u>4,313,924</u>	<u>\$39,467,747</u>
1,441	87,098
	867,298
	16,249,527
32,097	62,108
	331,765
1,113,572	7,055,391
479,727	479,727
	750,000
260,873	316,084
5,000	5,000
	466,243
	13,333,120
3,571,892	4,809,681
(3,137,601)	619,411
<u>2,327,001</u>	<u>45,432,453</u>
<u>\$6,640,925</u>	<u>\$84,900,200</u>



CITY OF SOUTH LAKE TAHOE  
 Reconciliation of the  
 GOVERNMENTAL FUNDS -- BALANCE SHEET  
 with the  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2009

Total fund balances reported on the governmental funds balance sheet \$45,432,453

Amounts reported for Governmental Activities in the Statement of Net Assets  
 are different from those reported in the Governmental Funds above because of the following:

**CAPITAL ASSETS**

Capital assets used in Governmental Activities are not current assets or financial resources and  
 therefore are not reported in the Governmental Funds. 70,646,037

**ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS**

Internal service funds are not governmental funds. However, they are used by management to  
 charge the costs of certain activities, such as insurance and central services and maintenance  
 to individual governmental funds. The net current assets of the Internal Service Funds are therefore  
 included in Governmental Activities in the following line items in the Statement of Net Assets.

Cash and investments available for City operations	\$5,080,375	
Restricted cash and investments	61,908	
Prepaid net OPEB asset	1,590,024	
Accounts receivable - net	452	
Advances to other funds	344,319	
Accounts payable	(5,781)	
Unearned revenues	(5,162)	
Interfund balance	(857)	
Uninsured losses payable	(1,771,609)	
Compensated absences	<u>(43,511)</u>	
		5,250,158

**ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES**

Revenues which are deferred on the Fund Balance Sheets because they are not available currently  
 are taken into revenue in the Statement of Activities. 27,929,979

**LONG-TERM ASSETS AND LIABILITIES**

The assets and liabilities below are not due and payable in the current period and therefore are not  
 reported in the Funds:

Long-term debt		(112,167,334)
Non-current portion of compensated absences		(1,821,871)
Non-current portion of general liability claims		<u>(33,551)</u>

**NET ASSETS OF GOVERNMENTAL ACTIVITIES**

\$35,235,871

See accompanying notes to financial statements

CITY OF SOUTH LAKE TAHOE  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General	Housing & Economic Development	City Capital Projects	Redevelopment Debt Service
<b>REVENUES</b>				
Taxes and assessments	\$18,042,408			\$10,145,429
Licenses, permits and impact fees	1,147,020			
Fines and penalties	370,959			
Use of money and property	662,085	\$2,758	\$27,444	210,062
Intergovernmental revenue	2,310,756	2,426,616	5,041,214	
Charges for current services	3,186,619	65,110	50,561	
Developer reimbursements (Note 5F)				
Other revenue	1,091,698		102,942	
<b>Total Revenues</b>	<b>26,811,545</b>	<b>2,494,484</b>	<b>5,222,161</b>	<b>10,355,491</b>
<b>EXPENDITURES</b>				
Current:				
General government	5,993,267	4,821,620		204,037
Public safety	13,130,530			
Public works	2,707,150			
Parks and recreation	3,619,260			
Streets				
Capital outlay			5,527,332	
Debt service:				
Principal	56,460		159,365	2,225,178
Interest and fiscal charges	14,079		50,561	5,555,440
<b>Total Expenditures</b>	<b>25,520,746</b>	<b>4,821,620</b>	<b>5,737,258</b>	<b>7,984,655</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,290,799</b>	<b>(2,327,136)</b>	<b>(515,097)</b>	<b>2,370,836</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of property	15,784			
Proceeds from debt issuance (Note 7)				
Transfers in (Note 4A)	1,780,024	1,189,746	665,815	245,420
Transfers (out) (Note 4A)	(5,006,375)		(613,493)	(2,401,124)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,210,567)</b>	<b>1,189,746</b>	<b>52,322</b>	<b>(2,155,704)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,919,768)</b>	<b>(1,137,390)</b>	<b>(462,775)</b>	<b>215,132</b>
<b>BEGINNING FUND BALANCES</b>	<b>21,115,311</b>	<b>2,429,398</b>	<b>6,831,149</b>	<b>16,034,395</b>
<b>ENDING FUND BALANCES</b>	<b>\$19,195,543</b>	<b>\$1,292,008</b>	<b>\$6,368,374</b>	<b>\$16,249,527</b>

See accompanying notes to financial statements

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$2,375,702	\$30,563,539
178,147	1,325,167
11,941	382,900
156,866	1,059,215
2,195,784	11,974,370
1,764,878	5,067,168
30,941	30,941
988,241	2,182,881
7,702,500	52,586,181
1,197,583	12,216,507
1,658,815	14,789,345
940,948	3,648,098
1,564,950	5,184,210
4,444,314	4,444,314
1,013,311	6,540,643
227,160	2,668,163
164,394	5,784,474
11,211,475	55,275,754
(3,508,975)	(2,689,573)
363,548	15,784
4,522,757	363,548
(2,179,072)	8,403,762
2,707,233	(10,200,064)
(801,742)	(1,416,970)
3,128,743	(4,106,543)
\$2,327,001	49,538,996
\$2,327,001	\$45,432,453

CITY OF SOUTH LAKE TAHOE  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$4,106,543)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.  
 The capital outlay and other expenditures are therefore added back to fund balance 7,626,396  
 Depreciation expense is deducted from the fund balance (2,843,235)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.  
 Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.  
 Repayment of debt principal is added back to fund balance 2,668,163  
 Proceeds from Debt Issuance (363,548)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):  
 Deferred revenue 4,306,923  
 Compensated absences (34,982)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds.  
 The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.  
 Change in Net Assets - All Internal Service Funds (928,066)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$6,325,108

See accompanying notes to financial statements

CITY OF SOUTH LAKE TAHOE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes and assessments	\$22,483,214	\$20,320,325	\$18,042,408	(\$2,277,917)
Licenses, permits, and impact fees	2,151,010	1,222,200	1,147,020	(75,180)
Fines and penalties	446,000	385,500	370,959	(14,541)
Use of money and property	1,059,236	1,005,400	662,085	(343,315)
Intergovernmental revenue	665,575	2,486,029	2,310,756	(175,273)
Charges for current services	2,447,100	4,052,360	3,186,619	(865,741)
Other revenue	547,725	1,037,770	1,091,698	53,928
	<u>29,799,860</u>	<u>30,509,584</u>	<u>26,811,545</u>	<u>(3,698,039)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	6,530,042	6,395,601	5,993,267	402,334
Public safety	13,730,352	13,663,005	13,130,530	532,475
Public works	2,837,586	3,020,855	2,707,150	313,705
Parks and recreation	3,610,643	3,641,087	3,619,260	21,827
Debt Service:				
Principal		57,641	56,460	1,181
Interest and fiscal charges		12,599	14,079	(1,480)
	<u>26,708,623</u>	<u>26,790,788</u>	<u>25,520,746</u>	<u>1,270,042</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>3,091,237</u>	<u>3,718,796</u>	<u>1,290,799</u>	<u>(2,427,997)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of property			15,784	15,784
Transfers in	1,577,820	1,880,048	1,780,024	(100,024)
Transfers (out)	(6,451,852)	(5,869,776)	(5,006,375)	863,401
	<u>(4,874,032)</u>	<u>(3,989,728)</u>	<u>(3,210,567)</u>	<u>779,161</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u>(\$1,782,795)</u>	<u>(\$270,932)</u>	<u>(1,919,768)</u>	<u>(\$1,648,836)</u>
<b>BEGINNING FUND BALANCE</b>			<u>21,115,311</u>	
<b>ENDING FUND BALANCE</b>			<u>\$19,195,543</u>	

See accompanying notes to financial statements

CITY OF SOUTH LAKE TAHOE  
HOUSING & ECONOMIC DEVELOPMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$24,420	\$29,420	\$2,758	(\$26,662)
Intergovernmental revenue	\$2,285,365	3,381,031	2,426,616	(954,415)
Charges for services	652,664	647,664	65,110	(582,554)
Total Revenues	2,962,449	4,058,115	2,494,484	(1,563,631)
EXPENDITURES:				
Current:				
General government	4,245,494	6,709,651	4,821,620	1,888,031
Total Expenditures	4,245,494	6,709,651	4,821,620	1,888,031
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,283,045)	(2,651,536)	(2,327,136)	324,400
OTHER FINANCING SOURCES (USES)				
Transfers in	1,679,837	1,539,967	1,189,746	(350,221)
Transfers (out)	(40,000)	(40,000)	(40,000)	40,000
Total other financing sources (uses)	1,679,837	1,499,967	1,189,746	(310,221)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$396,792	(\$1,151,569)	(1,137,390)	\$14,179
BEGINNING FUND BALANCE			2,429,398	
ENDING FUND BALANCE			\$1,292,008	

See accompanying notes to financial statements

## MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

**Transit Fund** – Established for the activities associated with the operations and maintenance of the City’s public transit activities and has particular emphasis on serving the elderly and the handicapped.

**Airport Fund** - Established for the operation, development and maintenance of the South Lake Tahoe Airport.

**Parking Garage Fund** – Established for all activities necessary to provide administration, operations, capital improvements, maintenance, financing and related debt service of parking garages.

CITY OF SOUTH LAKE TAHOE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2009

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Transit	Airport	Parking Garage	Totals	
<b>ASSETS</b>					
Current Assets:					
Cash and investments available for City operatio	\$562,502	\$24,156	\$48,718	\$635,376	\$5,080,375
Restricted cash and investments (Note 3)			1,693,932	1,693,932	61,908
Accounts receivable - net	309,635	109,922		419,557	452
<b>Total Current Assets</b>	<b>872,137</b>	<b>134,078</b>	<b>1,742,650</b>	<b>2,748,865</b>	<b>5,142,735</b>
Non-Current Assets:					
Prepaid net OPEB asset (Note 9C)					1,590,024
Advances to other funds (Note 4C)					344,319
Capital assets (Note 6):					
Nondepreciable	1,315,373	9,116,793	1,652,273	12,084,439	
Depreciable	4,802,601	4,080,324	6,550,004	15,432,929	
<b>Total Noncurrent Assets</b>	<b>6,117,974</b>	<b>13,197,117</b>	<b>8,202,277</b>	<b>27,517,368</b>	<b>1,934,343</b>
<b>Total Assets</b>	<b>6,990,111</b>	<b>13,331,195</b>	<b>9,944,927</b>	<b>30,266,233</b>	<b>7,077,078</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	91,631	377,375	75,937	544,943	5,781
Due to other funds (Note 4B)			566,581	566,581	857
Unearned revenue	348,380			348,380	5,162
Deposits		31,337		31,337	
Due to developers		1,352		1,352	
Current portion of long-term debt (Note 7)		140,427	215,000	355,427	
Compensated absences (Note 1G)		13,175		13,175	43,511
Uninsured losses payable (Note 10)					900,000
<b>Total Current Liabilities</b>	<b>440,011</b>	<b>563,666</b>	<b>857,518</b>	<b>1,861,195</b>	<b>955,311</b>
Long-Term Liabilities:					
Advance from other funds (Note 4C)			783,067	783,067	
Uninsured losses payable (Note 10)					871,609
Long-term debt (Note 7)		467,650	8,030,000	8,497,650	
<b>Total Long-Term Liabilities</b>	<b></b>	<b>467,650</b>	<b>8,813,067</b>	<b>9,280,717</b>	<b>871,609</b>
<b>Total Liabilities</b>	<b>440,011</b>	<b>1,031,316</b>	<b>9,670,585</b>	<b>11,141,912</b>	<b>1,826,920</b>
<b>NET ASSETS (NOTE 8)</b>					
Invested in capital assets, net of related debt	6,117,974	12,589,040	(42,723)	18,664,291	
Restricted for debt service and operations			1,693,932	1,693,932	
Unrestricted	432,126	(289,161)	(1,376,867)	(1,233,902)	5,250,158
<b>Total Net Assets</b>	<b>\$6,550,100</b>	<b>\$12,299,879</b>	<b>\$274,342</b>	<b>\$19,124,321</b>	<b>\$5,250,158</b>

See accompanying notes to financial statements

CITY OF SOUTH LAKE TAHOE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Transit	Airport	Parking Garage		
<b>OPERATING REVENUES</b>					
Charges for current services	\$303,572	\$43,170	\$767,556	\$1,114,298	\$4,833,532
Rental and reimbursements	28,839	630,580		659,419	344,183
Other income	237,562		545,794	783,356	
<b>Total Operating Revenues</b>	<b>569,973</b>	<b>673,750</b>	<b>1,313,350</b>	<b>2,557,073</b>	<b>5,177,715</b>
<b>OPERATING EXPENSES</b>					
Salaries and wages		331,732		331,732	604,845
Payroll expenses	82,723	218,505	20,159	321,387	347,850
Contracted services	970,989	92,783	392,098	1,455,870	2,634
Supplies	21,830	252,433	48,200	322,463	68,318
Communication		8,989	2,144	11,133	2,712
Repairs and maintenance		60,397		60,397	39,081
Advertising and printing		2,699	220	2,919	148
Insurance	3,110			3,110	
Claims					4,311,887
General expenses	7	29,218	8,486	37,711	2,072,454
Depreciation (Note 6)	334,248	499,019	196,553	1,029,820	
<b>Total Operating Expenses</b>	<b>1,412,907</b>	<b>1,495,775</b>	<b>667,860</b>	<b>3,576,542</b>	<b>7,449,929</b>
<b>Operating Income (Loss)</b>	<b>(842,934)</b>	<b>(822,025)</b>	<b>645,490</b>	<b>(1,019,469)</b>	<b>(2,272,214)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest expense		(37,880)	(627,900)	(665,780)	
Investment earnings	4,999	1,928	11,886	18,813	86,065
Local transportation funds	740,321			740,321	
<b>Total Nonoperating Revenues (Expenses)</b>	<b>745,320</b>	<b>(35,952)</b>	<b>(616,014)</b>	<b>93,354</b>	<b>86,065</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(97,614)</b>	<b>(857,977)</b>	<b>29,476</b>	<b>(926,115)</b>	<b>(2,186,149)</b>
Capital grants and contributions		3,204,922		3,204,922	
Transfers in (Note 4A)		538,219		538,219	1,258,083
<b>Net Contributions and Transfers</b>		<b>3,743,141</b>		<b>3,743,141</b>	<b>1,258,083</b>
<b>Change in net assets</b>	<b>(97,614)</b>	<b>2,885,164</b>	<b>29,476</b>	<b>2,817,026</b>	<b>(928,066)</b>
<b>BEGINNING NET ASSETS</b>	<b>6,647,714</b>	<b>9,414,715</b>	<b>244,866</b>	<b>16,307,295</b>	<b>6,178,224</b>
<b>ENDING NET ASSETS</b>	<b>\$6,550,100</b>	<b>\$12,299,879</b>	<b>\$274,342</b>	<b>\$19,124,321</b>	<b>\$5,250,158</b>

See accompanying notes to financial statements

CITY OF SOUTH LAKE TAHOE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Transit	Airport	Parking Garage	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$370,219	\$1,671,285	\$1,313,350	\$3,354,854	\$5,178,635
Payments to suppliers	(915,075)	(1,305,303)	(421,364)	(2,641,742)	(2,193,030)
Payments to employees	(82,723)	(549,000)	(20,159)	(651,882)	(574,376)
Claims paid					(4,040,278)
Cash Flows from Operating Activities	(627,579)	(183,018)	871,827	61,230	(1,629,049)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Repayment of interfund balances			496,182	496,182	
Collection of interfund balances			37,289	37,289	30,027
Transfers in		538,219		538,219	1,258,083
Grant revenues	740,327			740,327	
Cash Flows from Noncapital Financing Activities	740,327	538,219	533,471	1,812,017	1,288,110
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital grants		3,204,922		3,204,922	
Capital asset additions		(3,607,783)	(188,657)	(3,796,440)	
Principal payments on debt		(161,646)	(210,000)	(371,646)	
Interest paid		(37,880)	(627,900)	(665,780)	
Cash Flows from Capital and Related Financing Activities		(602,387)	(1,026,557)	(1,628,944)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	4,999	1,928	11,886	18,813	86,065
Cash Flows from Investing Activities	4,999	1,928	11,886	18,813	86,065
Net Cash Flows	117,747	(245,258)	390,627	263,116	(254,874)
Cash and investments at beginning of period	444,755	269,414	1,352,023	2,066,192	5,397,157
Cash and investments at end of period	\$562,502	\$24,156	\$1,742,650	\$2,329,308	\$5,142,283
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>					
Operating income (loss)	(\$842,934)	(\$822,025)	\$645,490	(\$1,019,469)	(\$2,272,214)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	334,248	499,019	196,553	1,029,820	
Change in assets and liabilities:					
Receivables, net	(199,754)	996,183		796,429	(77)
Other assets					401,141
Accounts payable and other accrued expenses	80,861	(856,195)	29,784	(745,550)	242,101
Cash Flows from Operating Activities	(\$627,579)	(\$183,018)	\$871,827	\$61,230	(\$1,629,049)

See accompanying notes to financial statements

<b>FIDUCIARY FUNDS</b>
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**RETIREEES HEALTH SAVINGS PLAN TRUST FUND**

This fund accounts for accumulation of resources to be used for retirement healthcare benefits.

**AGENCY FUNDS**

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF SOUTH LAKE TAHOE  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 SEPTEMBER 30, 2009

	<u>Retiree Health Savings Plan Trust Fund</u>	<u>Agency Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments available for operations (Note 3)		\$2,746,547	\$2,746,547
Restricted cash and investments (Note 3)		1,167,996	1,167,996
Mutual funds (Note 3)	<u>\$3,319,154</u>		<u>3,319,154</u>
<b>Total Assets</b>	<u><u>\$3,319,154</u></u>	<u><u>\$3,914,543</u></u>	<u><u>\$7,233,697</u></u>
<b>LIABILITIES</b>			
Accounts payable		(\$757)	(\$757)
Deposits and other accruals		2,646,457	2,646,457
Due to developers		<u>1,268,843</u>	<u>1,268,843</u>
<b>Total Liabilities</b>		<u><u>\$3,914,543</u></u>	<u><u>3,914,543</u></u>
<b>NET ASSETS</b>			
Held in trust for OPEB benefits	<u><u>\$3,319,154</u></u>		<u><u>\$3,319,154</u></u>

See accompanying notes to financial statements

CITY OF SOUTH LAKE TAHOE  
 RETIREE HEALTH SAVINGS PLAN TRUST FUND  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Retiree Health Savings Plan Trust Fund
<b>ADDITIONS</b>	
Employer Contributions	\$1,798,083
Net investment income	(89,264)
Total Additions	1,708,819
<b>DEDUCTIONS</b>	
Administrative expenses	14,844
Premiums paid	1,258,083
Total deductions	1,272,927
Change in Net Assets	435,892
<b>NET ASSETS HELD IN TRUST FOR OPEB BENEFITS</b>	
Beginning of year	2,883,262
End of year	\$3,319,154

See accompanying notes to financial statements



**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The City of South Lake Tahoe is a year-round resort community with a permanent estimated population of 23,896. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, airport management, transportation, recreation, planning and zoning, public improvements and general administration.

**A. Reporting Entity**

The City is governed by a five member council elected by City residents. The City is legally separate and fiscally independent which means it can issue debt, set and modify budgets and fees and sue or be sued. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

**PRIMARY GOVERNMENT**

The financial statements of the City of South Lake Tahoe include the activities of the City and blended component units discussed below. While these component units are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blending") with those of the City in the accompanying financial statements.

**BLENDED COMPONENT UNITS**

**The South Tahoe Redevelopment Agency** was established to assist in the clearance and rehabilitation of City areas determined to be in a declining condition. The Agency has the same governing board as the City, and all accounting and administrative functions are performed by City staff and consultants. The financial activities of the Agency have been included in the Housing and Economic Development and Low/Moderate Income Housing Special Revenue Funds, the Redevelopment Debt Service Fund, and the Redevelopment Capital Projects Fund.

**The South Lake Tahoe Joint Powers Financing Authority** was formed by the City and Agency to finance the acquisition of public improvements. The City Council sits as the Authority's Board and the Authority's debt service expenditures are financed by the City and Agency. Financial activities have been included in the City and Redevelopment Debt Service Funds.

**The South Lake Tahoe Joint Powers Parking Financing Authority** was formed by the City and Agency to finance the acquisition of certain public capital improvements, including parking facilities to aid the Agency's redevelopment plan. The City Council sits as the Authority's Board and the Authority's debt service expenditures are financed by the City and Agency. Financial activities have been included in the Parking Enterprise Fund.

**The Housing Authority of the City of South Lake Tahoe, California**, was established to provide housing for the City's low and moderate income residents. The City Council sits as the Authority's Board and all accounting and administrative functions are performed by City staff. The financial activities of the Authority have been included in the Housing & Economic Development Special Revenue Fund.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**The Retiree Health Savings Plan Trust** is governed by the City's Resolutions 2008-10 & 2008-11 and is used to account for contributions and investment income restricted to pay medical and dental benefits. Benefit and contribution provisions are established by the City Council. Eligibility, actuarial interest rates, administration and certain other tasks are the responsibility of the Council established by the above Resolution. The financial activities of the Plan have been included in these financial statements in the Retiree Health Savings Plan Trust Fund.

Component unit financial statements for the Redevelopment Agency may be obtained from the City of South Lake Tahoe at 1901 Airport Road, Suite 210, South Lake Tahoe, CA 96150.

**B. Basis of Presentation**

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

**Government-wide Statements:** The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City 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 City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City'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 individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the 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.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Major Funds**

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this Fund are sales taxes, property taxes, transient occupancy taxes, unrestricted revenues from the State, fines and forfeitures and interest income. Expenditures are incurred for public safety, most street work and the other services described above.

**Housing & Economic Development Fund** – Established by the Redevelopment Agency of the City of South Lake Tahoe to account for tax allocations set aside, CDBG, and HOME funds for the purpose of increasing or improving the City’s supply of low or moderate-income housing.

**City Capital Projects Fund** – Established to account for the construction and maintenance of the City projects.

**Redevelopment Debt Service Fund** – Established to account for the financing and construction activities in the redevelopment project areas.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

**Transit Fund** – Established for the activities associated with the operations and maintenance of the City’s public transit activities and has particular emphasis on serving the elderly and the handicapped.

**Airport Fund** - Established for the operation, development and maintenance of the South Lake Tahoe Airport.

**Parking Garage Fund** – Established for all activities necessary to provide administration, operations, capital improvements, maintenance, financing and related debt service of parking garages.

The City also reports the following fund types:

**Internal Service Fund** – The Health, Vision, and Dental Self Insurance, Workers’ Compensation, and Motor Pool Internal Service Funds; all of which are provided to other departments on a cost-reimbursement basis.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fiduciary Funds** – Fiduciary funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statement, but are presented in separate Fiduciary Fund financial statements and consist primarily of funds held as an agent for various special assessment districts, other organizations, and the South Tahoe Basin Waste Management Authority, as well as the City of South Lake Tahoe Health Benefits Trust, which accounts for accumulation of resources to be used for retirement healthcare benefits.

**D. Basis of Accounting**

The government-wide, and proprietary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual are sales taxes and interest revenue. Forfeitures, licenses, permits and miscellaneous revenue are not susceptible to accrual because they are not measurable until received in cash. Grant funding received in advance of the related expenditure is accounted for as deferred revenue.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and accumulated unpaid vacation, sick pay and other employee amounts, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors issued on or before November 30, 1989, in accounting for its business-type activities, unless those pronouncements conflict with Government Accounting Standards Board pronouncements.

**E. *Materials, Parts and Supplies***

Materials, parts and supplies are held for consumption and are valued at cost on a first-in, first-out basis. General fund supplies are recorded as an expenditure at the time individual supply items are used.

**F. *Property Tax***

El Dorado County assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

**G. *Compensated Absences***

Compensated absences comprise unused vacation leave, vested sick pay and certain compensated time off, which are accrued as earned. The City's liability for compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absences is determined annually. For all governmental funds, amounts representing permanent liquidations are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Assets.

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$1,853,222	\$11,938	\$1,865,160
Increase	2,007,310	25,688	2,032,998
Decrease	(1,995,150)	(24,451)	(2,019,601)
Ending Balance	<u>\$1,865,382</u>	<u>\$13,175</u>	<u>\$1,878,557</u>
Current Portion	<u>\$1,865,382</u>	<u>\$13,175</u>	<u>\$1,878,557</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. *New Fund***

The City created the Vacation Home Rental Programs Special Revenue Fund in fiscal year 2009 to administer and enforce the vacation home rental requirement for approximately 1,330 vacation homes subject to the ordinance. Work includes issuing new and renewing permits, receiving and responding to public complaints, and collection of TOT and permit fees.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

**A. *Budgeting Procedures***

The City follows these procedures in establishing the budgetary data on a modified accrual basis, reflected in the accompanying financial statements:

1. The department heads prepare a budget request based upon the previous year's expenditures and current year estimates for the fiscal year commencing the following October 1;
2. The City Manager submits his proposed City budget the first week in September each year to the City Council, who make decisions regarding department budgets;
3. The budget is legally enacted through passage of an appropriation resolution at the first regular City Council meeting in October;
4. The approved budget is placed in the City accounting system and monitored by the Accounting Division of the General Services Department;
5. Department Heads are authorized to transfer budgeted amounts between expenditure categories within the department. Revisions that alter the total expenditures of any department must be approved by the City Manager and Finance Director; the legally adopted budget requires that expenditures not exceed total appropriations at the fund level, unless approved by resolution of the City Council;
6. Budgets for governmental funds, except for the Equipment Capital Projects Fund, City Capital Project Fund, and Redevelopment Capital Project Fund, are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted and as further amended by the City Council;
7. Capital projects budgets are primarily "long-term" in nature; however, the budgets are established on a year-by-year basis, except City Capital Projects Fund; and
8. Appropriations lapse at the close of the fiscal year to the extent they have not been expended or encumbered.

Encumbrance accounting requires that purchase orders, contracts and other commitments for the expenditures of monies be recorded in the books in order to reserve that portion of the applicable appropriation. The City's encumbrance accounting is an extension of the formal budgetary process. It reports encumbrances outstanding at year end as reservations of fund balance, since they are not expenditures. Unencumbered appropriations lapse at year end.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

**B. Excess of Expenditures over Appropriations**

The funds below incurred expenditures in excess of its budget in the amount below as the result of unanticipated expenses. Sufficient resources were available within the following fund to finance these excesses:

Fund	Amount
Special Revenue Funds:	
Gas Tax	19,878
Ski Run Business Improvement	1,260

**NOTE 3 – CASH AND INVESTMENTS**

The City pools cash from all sources and all funds except Cash and Investments with fiscal agents so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

**A. Policies**

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

***B. Classification***

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments comprised the following at September 30, 2009:

Cash and investments	\$32,025,530
Restricted cash and investments	<u>17,757,474</u>
Total City cash and investments	<u>49,783,004</u>
Cash and investments available for operations in Fiduciary Funds (separate statement)	2,746,547
Restricted cash and investments in Fiduciary Funds (separate statement)	<u>4,487,150</u>
Total cash and investments	<u>\$57,016,701</u>

Cash and Investments Available for Operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**C. Investments Authorized by the California Government Codes and the City's Investment Policy**

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed
Certificates of Deposit	No Limit	AAA	5%, not to exceed \$500,000
Bankers' Acceptances	180 days	No Limit	20% and \$1,000,000 per institution
Securities of the U.S. Government or its agencies	No Limit	No Limit	No Limit
Repurchase Agreements	30 days	No Limit	\$1,000,000 per institution
Commercial Paper	270 days	AAA	25% and \$1,000,000 per institution
Medium-Term Corporate Notes	5 years	A	30% and \$1,000,000 per institution
Local Agency Investment Fund (State Pool)	No Limit	No Limit	\$40 million
Negotiable Certificates of Deposit	No Limit	No Limit	No Limit
Passbook Savings Account Demand Deposit	10 working days	No Limit	No Limit

**D. Investments Authorized for the Retiree Health Savings Plan Trust**

The authorized investments for the Retiree Health Savings Plan Trust were established pursuant to the Declaration of Trust. The Trust has elected to invest assets in a mutual fund, however the Trust is authorized to invest in time deposits, shares of common and preferred stock, mortgages, bonds, leases, notes, debentures, equipment or collateral trust certificates, rights, warrants, convertible or exchangeable securities and other corporate, individual or government securities or obligations, annuity, retirement or other insurance contracts, mutual funds, or in units of any other common, collective or commingled trust fund.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

*E. Investments Authorized by Debt Agreements*

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed
U.S. Treasury Bonds	No Limit	None	No Limit
Government National Mortgage Bonds	No Limit	None	No Limit
Federal National Mortgage Bonds	No Limit	None	No Limit
Demand Deposits	No Limit	A-1 or better	No Limit
Repurchase Agreements	No Limit	None	No Limit
Bankers' Acceptances	270 days	None	No Limit
Commercial Paper	180 days	A or higher	10%
Bonds, Warrants or Other Indebtedness	No Limit	A or higher	No Limit
Local Agency Investment Fund (State Pool)	No Limit	None	No Limit
Money Market Funds	No Limit	A or better	No Limit

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**F. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

Investment Type	12 Months or less	13 to 24 Months	More Than 24 Months	Total
U.S. Government Agencies				
Callable		\$1,028,438		\$1,028,438
Non-callable	\$74,446			74,446
California Local Agency Investment Fund	32,950,940			32,950,940
OPEB Trust - Mutual Funds	3,319,154			3,319,154
Money Market Funds	16,194,436			16,194,436
Corporate Obligations			\$1,041,255	1,041,255
Total Investments	<u>\$52,538,976</u>	<u>\$1,028,438</u>	<u>\$1,041,255</u>	54,608,669
Cash with Trustee				1,859,204
Cash in Banks and on Hand				<u>548,828</u>
Total Cash and Investments				<u>\$57,016,701</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At September 30, 2009, these investments matured in an average of 234 days.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**G. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of September 30, 2009 for each investment type as provided by Standard and Poor's.

Investment Type	AAA	AA+	Total
<i>Available for Operations:</i>			
U.S. Government Agencies			
Callable	\$1,028,438		\$1,028,438
Non-callable	74,446		74,446
Corporate Obligations		\$1,041,255	1,041,255
<i>Restricted:</i>			
Money Market Mutual Funds	16,194,436		16,194,436
Totals	\$17,297,320	\$1,041,255	18,338,575
<i>Not Rated:</i>			
OPEB Trust - Mutual Funds			3,319,154
California Local Agency Investment Fund			32,950,940
<i>Exempt from Credit Rating Disclosures:</i>			
Cash with Trustee			1,859,204
Cash in Banks and on Hand			548,828
Total Investments			\$57,016,701

**NOTE 4 – INTERFUND TRANSACTIONS**

**A. Transfers Between Funds**

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund, which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 4 – INTERFUND TRANSACTIONS (Continued)**

Transfers between funds during the fiscal year ended September 30, 2009 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	Reason for transfer
<b>General Fund</b>	City Capital Projects Fund	\$570,896	B
	Redevelopment Debt Service Fund	489,802	A&C
	Non-Major Governmental Funds	719,326	A&B
<b>Housing &amp; Economic Development</b>	Non-major Governmental Funds	1,189,746	A
<b>City Capital Projects Fund</b>	General Fund	665,815	D
<b>Redevelopment Debt Service Fund</b>	General Fund	245,420	E
<b>Airport Fund</b>	General Fund	538,219	A&D
<b>Internal Service Funds</b>	General Fund	1,258,083	F
<b>Non-Major Governmental Funds</b>	General Fund	2,298,838	A, B & D
	City Capital Projects Fund	42,597	A
	Redevelopment Debt Service Fund	1,911,322	A
	Non-Major Governmental Funds	270,000	D
Total Interfund Transfers		<u>\$10,200,064</u>	

Reason for Transfer

- (A) To fund operations.
- (B) To reimburse administrative expenses
- (C) To fund Park & Recreation scholarships.
- (D) To fund capital projects/capital items
- (E) To transfer Mello Roos collected by the City
- (F) To fund operations. Employee medical account.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 4 – INTERFUND TRANSACTIONS (Continued)**

**B. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid the next fiscal year. The General Fund was owed by the following Funds:

Funds	Amount
Special Revenue Funds:	
Ski Run Business Improvement	\$2,258
Boat Patrol	49,148
Domestic Violence Grant	54,213
DUI/Traffic Safety Grant	74,234
Safe Haven Grant	76
	179,929
Redevelopment Debt Service Fund	500,000
Enterprise Funds:	
Parking Garage	566,581
Internal Service Funds:	
Motorpool	857
	1,247,367

**C. Long-Term Interfund Balance**

At September 30, 2009 the funds below had made advances which were not expected to be repaid within the next year.

Fund Receiving Advance	Fund Making Advance	Amount of Advance
Redevelopment Capital Projects Fund	General Fund	\$3,687,474
Redevelopment Debt Service Fund	General Fund	1,010,281
	Vehicle Replacement Special Revenue Fund	330,505
	Workers Compensation Internal Service Fund	344,319
	City Capital Projects Fund	1,744,064
	Less current balance reflected as Due From other Funds	(500,000)
	Long-Term Portion	6,616,643
Parking Garage Enterprise Fund	Redevelopment Capital Projects Fund	783,067
	Total	\$7,399,710

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 4 – INTERFUND TRANSACTIONS (Continued)**

A Loan and Repayment Agreement was signed between the City and the Agency on March 16, 2004 under which the Agency agreed to reimburse the City for the costs and expenses related to the implementation of the South Tahoe Redevelopment Plan. The loans bear interest at the lesser of the applicable LAIF rate or ten percent per annum. In the fiscal year, the Agency made a payment of \$500,000 to the City. As of September 30, 2009, the long-term principal and accumulated interest were to \$4,417,129 and \$455,450, respectively.

The Agency repays the City for debt service related to certain State Revolving Loans which the City owes to the State. These loans were used to finance erosion control projects completed as part of Redevelopment activities. The balance of the advance was \$1,744,064 at September 30, 2009.

The Redevelopment Capital Projects Fund is owed \$783,067 from the Parking Garage Enterprise Fund which bears 5% simple interest per year beginning October 1, 2003 and is repayable after parking garage revenues have exceeded bond payment obligations and operating expenses for the year and after the garage has been operational for a minimum of two full years from operation commencement. As of September 30, 2009 the principal and accumulated interest was \$585,000 and \$198,067, respectively.

**D. Internal Balances**

Internal balances are presented in the government-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

**NOTE 5 – REDEVELOPMENT AGREEMENTS, LOANS RECEIVABLE AND DEFERRED REVENUE**

The Redevelopment Agency engages in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, home-owners or developers who agree to spend these funds in accordance with the Agency's terms. Although these notes are expected to be repaid in full, their balance has been offset in the fund financial statements by deferred revenue as they are not expected to be repaid during the subsequent fiscal year. These loans receivable comprised the following at September 30, 2009:

Loan Program	Balance at September 30, 2008	Additions to Principal	Interest Accrued	Collections	Balance at September 30, 2009
Housing Rehabilitation Loans	\$1,146,943	\$275,091		(\$63,618)	\$1,358,416
Interest on loans	89,954		\$15,372		105,326
First-Time Homebuyer Loans	2,943,180	696,382			3,639,562
Interest on loans	371,486		74,064		445,550
Moderate Income Loans	539,000	506,273			1,045,273
Interest on loans	5,293		18,549		23,842
Business Loans	285,423	55,000		(48,061)	292,362
Interest on loans	14,764		14,196	(14,764)	14,196
Projects Loans	16,902,226	2,409,852			19,312,078
Interest on loans	1,320,622		372,752		1,693,374
<b>Total</b>	<b>\$23,618,891</b>	<b>\$3,942,598</b>	<b>\$494,933</b>	<b>(\$126,443)</b>	<b>\$27,929,979</b>

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 5 – REDEVELOPMENT AGREEMENTS, LOANS RECEIVABLE AND DEFERRED REVENUE (Continued)**

**A. *Housing Rehabilitation Loans***

The Redevelopment Agency administers a housing rehabilitation loan program using State Housing Community Development funds and Redevelopment Low & Moderate Income Housing funds. Under the Program, individuals with incomes below a certain level are eligible to receive low interest, thirty year loans, secured by deeds of trust, for rehabilitation work on their homes. The loan repayments may be amortized over the life of the loans, deferred or a combination of both.

**B. *First Time Home-Buyer Loans***

The Agency engages in a first time home-buyer program designed to encourage home ownership among low income persons. This program is funded by Community Development Block Grant, HOME, and Redevelopment Low- & Moderate-Income Housing Funds and is designed to make homes affordable for first-time homebuyers by providing low-interest, deferred payment second mortgages to eligible low-income persons. The deferred loans bear interest at 2% - 3%, require no monthly payments, are not due until the property is sold, transferred or rented and are collateralized by second deeds of trust.

**C. *Business Loans***

The Agency engages in business loan programs designed to provide assistance to small businesses located within the City to increase job creation and retention. Under this program, loans are provided for a period up to ten years with interest rates determined based on the business' financial needs. As of September 30, 2009, the Agency made loans to twelve business owners. All loans are secured by deeds of trust.

**D. *Projects Loans***

The Agency provides loans funded by HOME, CDBG and Redevelopment Low-&-Moderate Housing Funds to assist recipients in the rehabilitation and operation of affordable housing in the City. These loans are collateralized by deeds of trust with interest rates up to 3%. As of September 30, 2009, the Agency made twelve loans to seven organizations.

**E. *Land Held for Redevelopment***

The Redevelopment Agency owns parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment areas. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer. As of September 30, 2009, balance of land held for redevelopment amounted to \$479,727. The Agency expects to resale the lands in the current future for redevelopment purposes.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 5 – REDEVELOPMENT AGREEMENTS, LOANS RECEIVABLE AND DEFERRED REVENUE (Continued)**

**F. Project 3**

In fiscal 2005-2006, the Agency entered into an Owner Participation Agreements with a developer which provides for the acquisition, development and construction of Convention Center/Hotel/Condominium/Retail project. The project will be constructed on an 11.36 acre site located near Stateline and includes: a main facility condominium hotel with 130 rooms, a second condominium hotel with 46 rooms, a 93,000 square foot Convention Center with 50,000 square feet of useable space, 57,000 square feet of retail space and a pedestrian underpass under Highway 50.

While the developer is responsible for the costs of site acquisition and construction, the Agency is obligated to reimburse the developer up to \$55 million for the costs of the Convention Center and related public improvements. Reimbursements are to be made from a future Surplus Tax Increment revenues on the project remaining after payment of debt service on tax increment bonds. Up to one-half of Transient Occupancy Tax revenues generate from the project in excess of 2003-2004 TOT revenue levels will also be used for repay debt service on these bonds.

The Agency has agreed to issue or sponsor the issuance of the following debt issues:

- ❖ \$21.1 million Tax Increment Bonds to be issued after project completion repayable from Tax Increment Revenues,
- ❖ \$27.4 million in Mello-Roos Bonds, and
- ❖ \$21 million in non-reimbursable Mello Roos Bonds.

The Agency is obligated to assist the developer in acquiring the site. The Agency deposited a total of \$8,174,877 of developer cash in the State Condemnation Fund, which were for site acquisition. As of September 30, 2009, all sites have been acquired, utility relocation and groundwork is complete, and excavation and concrete pours for the underground parking site is complete. During fiscal 2008-2009 the developer reimbursed \$30,941 for costs the Agency incurred on behalf of the developer.

**NOTE 6 – CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

All capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 6 – CAPITAL ASSETS (Continued)**

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives and capitalization thresholds listed below to capital assets:

	<u>Life</u>	<u>Threshold</u>
Buildings	30-40	\$50,000
Vehicles	3-6	5,000
Furniture, machinery, and equipment	3-10	5,000
Buses	10	5,000
Transit center buildings	30-40	50,000
Terminal buildings	30-40	50,000
Streets	30-40	123,000
Bike paths	20	123,000
Streetscape	30-40	123,000

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 6 – CAPITAL ASSETS (Continued)**

**A. Capital Asset Additions and Retirements**

Capital assets at September 30 comprise:

	Balance at September 30, 2008	Additions	Retirements	Transfers	Balance at September 30, 2009
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$13,884,729				\$13,884,729
Construction in progress	21,103,122	\$5,034,804	(\$3,000)	(\$10,347,687)	15,787,239
Total capital assets not being depreciated	34,987,851	5,034,804	(3,000)	(10,347,687)	29,671,968
Capital assets being depreciated:					
Buildings	15,094,512	1,189		48,156	15,143,857
Vehicles	2,088,701	142,230	(35,502)		2,195,429
Furniture and equipment	11,168,984	2,451,173	(536,565)		13,083,592
Improvements other than buildings	540,546			85,605	626,151
Bike paths	2,923,097				2,923,097
Streets	23,109,058			2,302,550	25,411,608
Streetscape	4,844,069				4,844,069
Basin and stream environment Zone Construction	10,739,716			7,911,376	18,651,092
Total capital assets being depreciated	70,508,683	2,594,592	(572,067)	10,347,687	82,878,895
Less accumulated depreciation for:					
Buildings	(11,206,450)	(300,486)			(11,506,936)
Vehicles	(1,586,688)	(254,806)	35,502		(1,805,992)
Furniture and equipment	(9,538,250)	(544,767)	536,565		(9,546,452)
Improvements other than buildings	(54,055)	(61,608)			(115,663)
Bike Paths	(545,434)	(146,155)			(691,589)
Streets	(14,557,461)	(772,947)			(15,330,408)
Streetscape	(922,721)	(161,705)			(1,084,426)
Basin and stream environment zone Construction	(1,222,599)	(600,761)			(1,823,360)
Total accumulated depreciation	(39,633,658)	(2,843,235)	572,067		(41,904,826)
Net capital assets being depreciated	30,875,025	(248,643)		10,347,687	40,974,069
Governmental activity capital assets, net	\$65,862,876	\$4,786,161	(\$3,000)		\$70,646,037

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 6 – CAPITAL ASSETS (Continued)**

	Balance at September 30, 2008	Additions	Retirements	Balance at September 30, 2009
<i>Business-type activities</i>				
Capital assets not being depreciated:				
Land	\$4,288,170			\$4,288,170
Construction in progress	3,999,835	\$3,796,434		7,796,269
Total capital assets not being depreciated	8,288,005	3,796,434		12,084,439
Capital assets, being depreciated:				
Buses and vehicles	1,905,558			1,905,558
Transit center buildings	6,512,815			6,512,815
Terminal buildings	4,318,678			4,318,678
Runways	10,721,820			10,721,820
Machinery and equipment	3,491,784		(\$3,000)	3,488,784
Parking garage	7,753,050			7,753,050
Total capital assets being depreciated	34,703,705		(3,000)	34,700,705
Less accumulated depreciation for:				
Buses and vehicles	(1,754,762)	(69,876)		(1,824,638)
Transit center buildings	(1,517,020)	(264,373)		(1,781,393)
Terminal buildings	(1,981,626)	(179,129)		(2,160,755)
Runways	(9,574,478)	(201,961)		(9,776,439)
Machinery and equipment	(2,395,695)	(117,927)	3,000	(2,510,622)
Parking garage	(1,017,375)	(196,554)		(1,213,929)
Total accumulated depreciation	(18,240,956)	(1,029,820)	\$3,000	(19,267,776)
Total capital assets being depreciated, net	16,462,749	(1,029,820)		15,432,929
Business-type activity capital assets, net	\$24,750,754	\$2,766,614		\$27,517,368

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 6 – CAPITAL ASSETS (Continued)**

**B. Depreciation Allocation**

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

<i><b>Governmental Activities</b></i>	
General government	\$132,301
Public safety	344,812
Public works	716,075
Parks and recreation	460,051
Streets	<u>1,189,996</u>
Current Year Depreciation Expense	<u><u>\$2,843,235</u></u>
<i><b>Business-Type Activities</b></i>	
Transit	\$334,248
Airport	499,019
Parking Garage	<u>196,553</u>
Current Year Depreciation Expense	<u><u>\$1,029,820</u></u>

**NOTE 7 - LONG-TERM DEBT**

The City and Agency generally incurs long-term debt to finance projects or purchase assets which have useful lives equal to or greater than the related debt.

In governmental fund types, debt discounts and issuance costs are recognized in the current period. Debt discounts and issuance costs incurred by proprietary fund types are amortized over the term of the debt using the bonds-outstanding method, which approximates the effective interest method.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 7 - LONG-TERM DEBT (Continued)**

**A. Current Year Transactions and Balances**

	Balance at September 30, 2008	Additions	Retirements	Balance at September 30, 2009	Current Portion
<b>Governmental Activities</b>					
Redevelopment Agency Obligations					
Refunding Revenue Bonds, 1999 Series A, 4.0% - 5.375%, due serially until 10/1/2030	\$8,530,000		\$105,000	\$8,425,000	\$110,000
Refunding Revenue Bonds, 2003 Series A, 2.0% - 5.45%, due serially until 10/1/2033	10,755,000		30,000	10,725,000	35,000
Refunding Revenue Bonds, 2004 Series A, 2.0% - 5.0%, due serially until 10/1/2034	12,025,000		180,000	11,845,000	185,000
Refunding Revenue Bonds, 2005 Series A, 5.0%, due serially until 10/1/2035	37,005,000		850,000	36,155,000	890,000
Refunding Revenue Bonds, 2006 Series A, 3.75% - 5.125% due serially until 10/1/2025	21,715,000		840,000	20,875,000	875,000
Refunding Revenue Bonds, 2007 Series A 4.0%-5.0%, due serially until 10/1/2038	20,360,000		169,999	20,190,001	180,000
Lease Revenue Bonds, Series 2001-2 3.0% - 5.0%, due serially until 12/1/2020	74,507		50,179	24,328	12,164
Subtotal Redevelopment	110,464,507		2,225,178	108,239,329	2,287,164
Lease Revenue Bonds, Series 2001-2, 3.0% - 5.0%, due serially until 12/1/2020	116,323		78,339	37,984	18,992
1997 State Revolving Fund Loan, 2.8%, due 2/4//2017	535,715		53,164	482,551	54,652
1998 State Revolving Fund Loan, 2.6%, due 3/2//2018	1,224,152		97,561	1,126,591	100,098
2002 State Revolving Fund Loan, 2.6% due 03/19/2022	143,655		8,638	135,017	8,863
Capital lease obligations:					
Truck Lease 3.93% due serially until 11/26/2010	24,679		9,128	15,551	9,965
Mower/Tractor Lease 4.22% due serially until 11/26/2015	192,852		26,176	166,676	23,314
H.P. Server 3.86% due serially until 12/15/2011	37,787		9,805	27,982	10,686
Tymco Sweepers 3.45% serially until 2/15/2015		\$363,548		363,548	55,572
Various Equipment 4.15% due serially until 12/1/2016	1,732,279		160,174	1,572,105	181,122
Subtotal City	4,007,442	363,548	442,985	3,928,005	463,264
Total	\$114,471,949	\$363,548	\$2,668,163	\$112,167,334	\$2,750,428
<b>Business-type Activities</b>					
Lease Revenue Bonds, Series 2001-2, 3.0% - 5.0%, due serially until 12/1/2020	\$54,170		\$36,483	\$17,687	\$8,844
1998 State Department of Transportation Loan 5.05%, due serially until 8/14/2013	715,553		125,163	590,390	131,583
Parking Revenue Bonds, 2002 Series A, 4.25% - 7.0%, due serially until 10/1/2027	8,455,000		210,000	8,245,000	215,000
Total	\$9,224,723		\$371,646	\$8,853,077	\$355,427

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 7 - LONG-TERM DEBT (Continued)**

***B. Long-Term Debt Issues***

**Refunding Revenue Bonds, 1999 Series A**

On April 1, 1999, the South Tahoe Joint Power Financing Authority issued the Refunding Revenue Bonds, 1999 Series A, the proceeds of which were used to advance refund and retire the outstanding Subordinate Bond Anticipation Notes, 1996 Series A, (“Refunded Bonds”).

Interest on the 1999 Series A Bonds is payable semiannually on each April 1 and October 1. Principal matures annually each October 1. Principal on the 1999 Series A Bonds maturing on October 1, 2021 and 2030 is subject to mandatory redemption commencing October 1, 2016 and 2022, respectively.

**Refunding Revenue Bonds, 2003 Series A and  
Subordinate Bond Anticipation Notes, 2003 Series B**

On May 1, 2003, the South Lake Tahoe Joint Power Financing Authority issued the Refunding Revenue Bonds, 2003 Series A and Subordinate Bond Anticipation Notes, 2003 Series B, the proceeds of which were used to advance refund the outstanding Subordinate Bond Anticipation Notes, 1999 Series A and 1999 Series B, (“Refunded Bonds”), and to make improvements in the Project Area. These proceeds, along with Refunded Bonds reserve fund monies, were used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Refunded Bonds.

Interest on the 2003 Series A Bonds is payable semiannually on each April 1 and October 1. Principal matures annually each October 1. Principal on the 2003 Series A Bonds maturing on October 1, 2027 and 2033 is subject to mandatory redemption commencing October 1, 2021 and 2028, respectively.

Refunding of the Subordinate Bond Anticipation Notes, 2003 Series B \$9.4 million was advance refunded in fiscal year 2004, \$9.9 million was advance refunded in fiscal year 2005, \$18.6 million was refunded in fiscal year 2007, as discussed below.

**Refunding Revenue Bonds, 2004 Series A**

On August 19, 2004, the South Tahoe Joint Power Financing Authority issued \$12,205,000 principal amount of Refunding Revenue Bonds, 2004 Series A, the proceeds of which were used to refund \$9,400,000 of the outstanding Subordinate Bond Anticipation Notes, 2003 Series A, (“Refunded Bonds”) and to provide financing for redevelopment activities.

Interest on the 2004 Series A Bonds is payable semiannually on April 1 and October 1. Principal matures annually on October 1. Principal on the 2004 Series A Bonds maturing October 1, 2029 and 2034 are subject to mandatory redemption commencing 2021 and 2030, respectively.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 7 - LONG-TERM DEBT (Continued)**

**Refunding Revenue Bonds, 2005 Series A**

In fiscal 2004-2005, the Agency issued \$39,255,000 principal amount of Refunding Revenue Bonds, 2005 Series A, the proceeds of which were used to refund the portion of the Authority's Subordinate Bond Anticipation Notes (South Tahoe Redevelopment Project Area No. 1) 2003 Series B maturing October 1, 2005 in the principal amount of \$9,900,000, to refund the Authority's \$28,555,000 Refunding Revenue Bonds (South Tahoe Redevelopment Project Area No.1) 1995 Series B, of which \$25,215,000 remain outstanding, to make a deposit to the Reserve Account in connection with the issuance of the 2005 Bonds and to pay the costs of issuance of the 2005 Bonds. As a result of the refunding, the aggregate debt service was decreased by \$3,156,809 and the economic gain of \$1,933,384 was realized. Interest of the 2005 Bonds is payable on October 1, 2005 and semiannually thereafter on April 1 and October 1 of each year.

**Refunding Lease Revenue Bonds 2006 Series A**

On April 7, 2006, the South Tahoe Joint Powers Financing Authority issued the Refunding Lease Revenue Bonds 2006 Series A, the proceeds of which were used to refund Lease Revenue Bonds, 1995 Series A.

As a result of the refunding, the aggregate debt service was decreased by \$2,250,762 and the economic gain of \$1,532,229 was realized. Interest on the Refunding Lease Revenue Bonds Series A is payable annually on each October 1. Principal matures annually on the same date, October 1.

**Refunding Revenue Bonds 2007 Series A**

On August 2, 2007, the South Tahoe Joint Powers Financing Authority issued the Refunding Revenue Bonds 2007 Series A, the proceeds of which were used to refund and retire the Subordinate Bond Anticipation Notes, 2003 Series B.

Interest on the Refunding Bonds Series A is payable semiannually on each April 1 and October 1. Principal matures annually on October 1.

Debt service on the 2007 Series A, 2006 Series A, 2005 Series A, 2004 Series A, 2003 Series A Bonds, and the 1999 Series A Bonds are secured by and are repayable from a pledge of all transient occupancy taxes levied and collected within the Redevelopment Project area. In addition, the above issues are secured by and repayable from property tax increments received by the Agency. Transient occupancy tax revenues levied by the Agency which are not used for debt service on the Bonds revert to the City.

The Agency has pledged all future tax increment revenues, less amounts required to be set aside in the Low Income Housing Fund, for the repayment of the 1999, 2003, 2004, 2005, and 2007 Refunding Revenue Bonds. The pledge of all future tax increment revenues ends upon repayment of \$166,699,050 remaining debt service on the Bonds, which is scheduled to occur in 2039. For fiscal year 2009, tax increment revenue amounted to \$5,983,567 which represented coverage of 1.05 times over the \$5,749,547 of debt service.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 7 - LONG-TERM DEBT (Continued)**

**ABAG Lease Revenue Bonds, Series 2001-2**

In fiscal 2001-2002, the City issued \$14,355,000 principal amount of ABAG Lease Revenue Bonds, Series 2001-2, (2001-2 Bonds), the proceeds of which were used to finance the cost of acquiring capital assets and to refund and retire various capital lease and certificates of participation obligations. This bifurcated Bond issue is repayable from governmental funds and the Airport Enterprise Fund and as a result, the principal balance of the 2001-2 Bonds has been prorated and recorded in each of the above funds and activities.

**State Revolving Fund Loan**

As of September 30, 2009, the City drew down \$482,551 under a 1997 State Revolving Fund Loan with the State of California. Proceeds from the loan were used along with grant funds to construct the Stateline erosion control project. The loan is secured by the project and repayable from Transient Occupancy Taxes of the City. Principal and interest is payable annually on February 4 of each year until 2017.

As of September 30, 2009, the City drew down \$1,126,591 under a 1998 State Revolving Fund Loan with the State of California. Proceeds from the loan were used along with grant funds to construct the Stateline erosion control project. The loan is secured by the project and repayable from Transient Occupancy Taxes of the City. Principal and interest is payable annually on March 2 of each year until 2019.

As of the September 30, 2009, the City drew down \$135,071 under a 2002 State Revolving Fund Loan with the State of California. Proceeds from the loan were used along with grant funds to construct the Stateline erosion control project. The loan is secured by the project and repayable from Transient Occupancy Taxes of the City. Principal and interest is payable annually on March 19 of each year until 2022.

The City has pledged future transient occupancy tax increment revenues for the repayment of the state revolving fund loans. The pledge of future tax increment revenues ends upon repayment of \$2,000,050 remaining debt service on the loans, which is scheduled to occur in 2022. For fiscal year 2009, tax increment revenue amounted to \$4,161,808 which represented coverage of 19.83 times over the \$209,926 of debt service.

**Capital Lease Obligations**

The City has various capital lease obligations under a Master Equipment Lease Purchase Agreement the City entered into with Bank of America on May 9, 2006.

On January 29, 2009, the City entered into a lease agreement for two street sweepers. Principal and interest payments of \$68,144 are due annually on February 15, until the lease matures in 2015. As of September 30, 2009, the outstanding balance of the lease was \$363,548.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 7 – LONG-TERM DEBT (Continued)**

**1998 State Department of Transportation Loan**

During fiscal 1997-98 the City entered into an agreement with the State Department of Transportation for a loan amount of \$1,855,000. Proceeds from the loan were used to defease the T-Hanger Certificate of Participation. The loan bears interest of 5.05%. Principal and interest payments are payable annually on August 14 of each year until 2014.

The City has pledged future airport gross revenues to repay the State Department of Transportation loan through 2014. The Airport Enterprise Fund's total principal and interest remaining to be paid on the loan \$669,768 as of September 30, 2009. The Airport Enterprise Fund's principal and interest paid for the current year and total customer revenues were \$161,297 and \$673,750 respectively.

**Parking Revenue Bonds 2002 Series A**

On July 25, 2002, the South Tahoe Joint Power Financing Authority issued the Parking Revenue Bonds 2002 Series A, the proceeds of which are to be used for the acquisition and construction of an approximately 420-space parking facility in connection with the Park Avenue Project undertaken by the Redevelopment Agency.

Interest on the Parking Revenue Bonds Series A Bonds is payable semiannually on each June 1 and December 1. Principal matures annually each December 1. Principal on the Bonds maturing on December 1, 2027 is subject to mandatory redemption commencing December 1, 2009.

The bonds are secured by and are repayable from operation revenues from the parking garage and certain surplus special tax revenues of the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1.

The Agency has pledged future parking gross revenues, net of specified operating expenses, to repay the Parking Revenue Bonds through 2028. Annual principal and interest payments on the bonds are expected to require less than 1.3 - 1 times over the net parking revenues. The parking garage Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$14,873,825. The Parking Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$792,400 and \$767,556, respectively.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 7 – LONG-TERM DEBT (Continued)**

**C. Debt Service Requirements**

Aggregate principal and interest payments on all outstanding long-term debt are as follows at September 30, 2009:

For the Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$2,750,428	\$5,420,676	\$355,427	\$599,991
2011	2,856,333	5,305,145	381,846	577,232
2012	2,930,095	5,186,867	399,420	552,925
2013	3,044,879	5,061,602	420,838	527,257
2014	3,176,440	4,928,551	315,546	500,040
2015-2019	16,988,889	22,407,531	1,780,000	2,148,300
2020-2024	19,645,269	18,091,605	2,495,000	1,407,525
2025-2029	19,255,000	12,939,206	2,705,000	395,675
2030-2034	20,680,001	8,064,234		
2035-2039	20,840,000	2,149,000		
Total	\$112,167,334	\$89,554,417	\$8,853,077	\$6,708,945

**D. Defeased Bonds**

As of September 30, 2009, the City had three defeased bond issues. Outstanding balances for the refunded portion of the Refunding Revenue Bonds, 1995 Series B was \$23,080,000. Outstanding balances for the refunded portion of the Subordinate Bond Anticipation Notes, 1999 Series A and B was \$8,425,000, which was refunded by the Subordinate Bond Anticipation Notes, 2003 Series A. In fiscal 2005, the Subordinate Bond Anticipation Notes, 2003 Series A was partially refunded by the Refunding Revenue Bonds, 2005 Series A. The outstanding balance for the refunded portion of the Subordinate Bond Anticipation Notes, 2003 Series A was \$10,725,000.

**NOTE 8 – NET ASSETS AND FUND EQUITY**

**A. Net Assets**

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

*Invested in Capital Assets, net of related debt* describes the portion of Net Assets which is represented by the current net book value of the City's capital assets and capacity rights, less the outstanding balance of any debt issued to finance these assets.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 8 – NET ASSETS AND FUND EQUITY (Continued)**

As of September 30, 2009, the City had long-term debt in excess of capital assets amounting to \$22,857,006. This is a result of Redevelopment Agency capital assets which were constructed with long-term debt proceeds and were subsequently contributed or transferred to third party developers since those parties are responsible for maintaining them. In such cases, generally accepted accounting principles require that contributed assets be excluded from the City's and Agency's financial statements. All of the Agency's long-term debt (discussed in Note 7) is repayable from future transient occupancy taxes and tax increment revenues. Generally accepted accounting principals do not permit the recording of these future revenues until they are received by the Agency.

*Restricted* describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

*Unrestricted* describes the portion of Net Assets which is not restricted to use.

**B. Reservations of Governmental Fund Balances**

Reserves for prepaids items, construction, inventory, advances to other funds, and land held for redevelopment are the portion of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Reserve for debt service is the portion of fund balance legally restricted for the payment of principal and interest on long-term liabilities.

Reserve for encumbrances represents the portion of fund balance set aside for open purchase orders.

Reserve for general liability claims represents the portion of fund balance for general liability future claims to comply with requirements of PARSAC.

**C. Fund Deficits**

The following funds had fund balance or net assets deficits at September 30, 2009:

Funds	Deficit Amount
Ski Run Business Improvement Special Revenue	\$2,285
Boat Patrol Special Revenue	31,848
Domestic Violence Grant Special Revenue	31,005
DUI / Traffic Safety Grant Special Revenue	57,455
Redevelopment Capital Projects	1,997,520
Motor Pool Internal Service Fund	48,745

The above deficits are expected to be eliminated by future revenues.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 9 – PENSION PLANS**

**A. *Deferred Compensation Plan***

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

**B. *California Public Employees Retirement System***

Substantially all full time City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of September 30 by CALPERS; the City must contribute these amounts.

The Plans' provisions and benefits in effect at September 30, 2009 are summarized as follows:

	Safety	Miscellaneous
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	3.0%	1.426%-2.7%
Required employee contribution rates	9%	8%
Required employer contribution rates		16.557%
Police Tier 1	37.720%	
Police Tier 2	19.093%	
Fire Tier 1	39.418%	
Fire Tier 2	19.093%	

The City's labor contracts for miscellaneous and certain public safety employees require it to pay employee contributions as well as its own.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 9 – PENSION PLANS (Continued)**

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City’s total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee’s projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. The City does not have a net pension obligation since it pays these actuarially required contributions monthly. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last two fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i>Safety Plan</i>			
September 30, 2008	942,800	100%	0
September 30, 2009	1,143,989	100%	0
<i>Miscellaneous Plan</i>			
September 30, 2008	1,976,752	100%	0
September 30, 2009	2,080,506	100%	0

CALPERS uses the market related value method of valuing the Plan’s assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. The City’s unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period ends eleven and nineteen years after the valuation date for Miscellaneous and Safety respectively.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 9 – PENSION PLANS (Continued)**

The Miscellaneous Plan’s actuarial value (which differs from fair value) and funding progress over the past three years are set forth below at their actuarial valuation date of June 30:

*Miscellaneous Plan:*

Actuarial						
Valuation Date	Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as a % of Payroll
2006	\$46,661,170	\$40,393,467	\$6,267,703	86.6%	\$6,253,791	100.2%
2007	50,871,211	44,060,215	6,810,996	86.6%	7,023,839	97.0%
2008	54,121,867	46,966,430	7,155,437	86.8%	7,549,426	94.8%

As required by State law, effective July 1, 2005, the City’s Safety Police and Fire Plans were terminated, and the employees in those plans were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the City true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The City satisfied its Safety Police and Fire Plans’ liabilities of \$6,020,686 and \$5,653,098 respectively by agreeing to contribute that amount to the Side Fund through an addition to its normal contribution rates over the next 18 years for both Plans.

As a result of the new pools, CALPERS has calculated actuarial values funding progress for all pool participants in total which is presented below at June 30:

*Safety Police Plan:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as a % of Payroll
2006	\$7,278,049,834	\$6,102,615,567	\$1,175,434,267	83.8%	\$754,730,438	155.7%
2007	7,986,055,176	6,826,599,459	1,159,455,717	85.5%	831,607,658	139.4%
2008	8,700,467,733	7,464,927,716	1,235,540,017	85.8%	914,840,596	135.1%

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 9 - PENSION PLANS (Continued)**

**C. Postemployment Benefits**

The City provides postretirement health, dental, and vision care benefits for retirees. The benefits vary depending upon the years of service of the retiree. Employees hired on or after January 1, 2008 will participate in a Retiree Medical Savings Account (RMSA) instead of being eligible to continue to participate in the City's health plan during retirement. The City provides for continued membership in the City's Medical / Dental Plan and pays a percentage of the retiree's premiums as follows:

Years of Service	Percentage Paid by the City
25 or more	100%
20	75% + 5% additional years
15	50% + 5% additional years
10	25%
less than 10	0%

During fiscal year 2008, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits (OPEB). As part of the implementation, the City elected to establish an irrevocable trust to provide a funding mechanism for the OPEB and to apply the provisions of the Statement on a prospective basis. The activities of the Trust are accounted for in the Retiree Health Savings Plan Trust Fund.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 9 - PENSION PLANS (Continued)**

**Funding Policy and Actuarial Assumptions**

The City's policy is to prefund these benefits by accumulating assets in the Trust Fund discussed above pursuant to City Council Resolution 2008-11 (Resolution). Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations. The annual required contribution (ARC) was determined as part of a January 1, 2007 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 6.25% investment rate of return, (b) 3.25% projected annual salary increase, and (c) 3% health inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis using a 30 year amortization period.

In accordance with the Resolution, the City's annual contributions to the Plan are based on pay-as-you-go financing plus an additional amount to prefund benefits as determined by the Council. Generally accepted accounting principles permit assets to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such assets are placed in an irrevocable trust or equivalent arrangement. Contributions to the City's Trust did not begin until August 15, 2008, thus these assets were excluded from the January 1, 2007 actuarial study. During the fiscal year ended September 30, 2009, the City contributed \$1,798,083 to the Plan, including \$1,258,083 for pay-as-you-go premiums plus an additional \$540,000 to prefund benefits. As a result, the City has calculated and recorded the Net OPEB Asset, representing the difference between the ARC, and contributions, as presented below:

Annual required contribution	\$2,279,000
Adjustment to annual required contribution	<u>(79,776)</u>
Annual OPEB cost	2,199,224
Contributions made:	
City's portion of current year premiums paid	1,258,083
Contributions to the trust	<u>540,000</u>
Total contributions	<u>1,798,083</u>
Contributions more than the ARC	<u>(401,141)</u>
(Decrease) increase in net OPEB obligations	(401,141)
Net OPEB asset September 30, 2008	<u>1,991,165</u>
<b>Net OPEB asset September 30, 2009</b>	<b><u>\$1,590,024</u></b>

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 9 - PENSION PLANS (Continued)**

The Plan's annual required contributions and actual contributions for the year ended September 30 is as follows:

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset
9/30/2008	\$2,279,000	\$4,270,165	187%	\$1,991,165
9/30/2009	2,199,224	1,798,083	82%	1,590,024

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the January 1, 2007 actuarial study is presented below:

Valuation Date	Value of Assets	Actuarial Accrued Liability	Overfunded (Underfunded) Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
1/1/2007	\$0	\$31,126,000	(\$31,126,000)	0%	\$14,797,152	-210%

**NOTE 10 - RISK MANAGEMENT**

**A. Insurance Coverage**

The City is a member of the Public Agency Risk Sharing Authority of California (PARSAC), a joint powers authority which provides annual general liability coverage up to \$29,000,000 in the aggregate. The City retains the risk for the first \$250,000 in general liability claims.

The City is a member of Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), which provides workers' compensation insurance coverage up to \$95,000,000. The City retains the risk of the first \$500,000 in losses for each accident and employee under this policy.

PARSAC and LAWCX were established for the purpose of providing general liability and excess workers' compensation protection for their members. Each entity is governed by a board consisting of representatives from member municipalities. The board controls the operations of each entity, including selection of management and approval of the annual budget.

Financial statements for the Authority may be obtained from PARSAC, 1525 Response Road, Suite One, Sacramento, CA 95815. Audited financial statements are available from LAWCX at 6371 Auburn Boulevard, Citrus Heights, California 95621.

The City is self-insured for medical and vision care up to a maximum \$125,000 per person, per year, based on years of service. Claims are funded on a pay-as-you-go basis. During the year ended September 30, 2009 the City paid \$3,398,008 and \$58,652 in medical and vision claims, respectively.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 10 - RISK MANAGEMENT (Continued)**

**B. Liability for Uninsured Claims**

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.

The City's liability for uninsured claims is limited to worker's compensation, general liability claims, as discussed above, and was estimated by management based on prior years' claims experience as follows:

	2009			
	Workers' Compensation Claims	General Liability Claims	Totals	2008
Beginning Balance	\$1,500,000	\$33,551	\$1,533,551	\$1,253,980
Liability for current fiscal year claims and claims incurred but not reported (IBNR)	2,449,431	10,525	2,459,956	2,153,066
Claims paid	(2,177,822)	(10,525)	(2,188,347)	(1,873,495)
Ending Balance	\$1,771,609	\$33,551	\$1,805,160	\$1,533,551
Balance due within one year	\$900,000	\$33,551	\$933,551	\$1,533,551

In addition to the above amounts, the City has also reserved \$750,000 of general fund balance for general liability future claims to comply with requirements of PARSAC.

**NOTE 11 - SOUTH LAKE TAHOE BASIN WASTE MANAGEMENT AUTHORITY**

The City, El Dorado County, California and Douglas County, Nevada formed the South Lake Tahoe Basin Waste Management Authority on February 17, 1994 to provide cost effective management of solid waste generated in the Southern Tahoe Basin.

The Authority is a separate legal entity and exercises full powers and authorities within the scope of the related Joint Powers Agreement including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the Authority are not those of the City.

The Authority is governed by a board consisting of representatives from each member agency. The board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on the Board.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 11 - SOUTH LAKE TAHOE BASIN WASTE MANAGEMENT AUTHORITY (Continued)**

In fiscal 1993-94 the Authority signed agreements with a third party operator to operate a materials recovery facility (MRF) constructed on a site owned by the operator. As of September 30, 1995 the Authority loaned the operator funds to construct the MRF. In addition, during fiscal 96-97 the authority loaned the operator an additional \$35,500 and \$106,186 for the acquisition of a conveyer belt and construction of the building, respectively. The loans were paid off in Fiscal Year 2008-2009.

The City acts as the fiscal agent for the Authority. The Authority's assets and liabilities are, therefore, included within the City's Agency Funds.

**NOTE 12 - PARK AVENUE COMMUNITY FACILITIES DISTRICT NO. 2001-1 BONDS, WITHOUT AGENCY COMMITMENT**

In prior years, the Agency sponsored the issuance of the Community Facilities District No. 2001-1, Special Tax Bonds) which were used to finance certain improvements as part of the Park Avenue Project (See Note 5). In 2008 the Community Facilities District No. 2001-1 Bonds were refunded by issuing Series 2007 Special Tax Refunding Bonds. The outstanding balance of these bonds at September 30, 2009 was \$6,950,000. The Bonds are repayable from special taxes to be assessed on properties in the District. These assessments are to be used to repay debt service on the Bonds and other expenditures of the District. The Agency acts solely as the collecting and paying agent for the District's Bonds, but it has no direct or contingent liability or moral obligation for the payment of this debt, which is not included in the general debt of the Agency.

**NOTE 13 - COMMITMENTS & CONTINGENCIES**

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

The City participates in several federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act amendments of 1996 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 City expects such amounts, if any, to be immaterial.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2009**

**NOTE 14 – SUBSEQUENT EVENT**

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes which had been received in fiscal year 2006-07 by redevelopment agencies be paid instead to the County supplemental educational revenue augmentation fund (SERAF) in fiscal years 2009-10 and 2010-11. The State Department of Finance will determine each agency's SERAF payment by November 15 of each year, and payments are due by May 10 of the applicable year. Based on the calculations in AB26 4X, the Agency's SERAF's are estimated to be \$2,070,160 in fiscal year 2009 - 10 and \$425,795 in fiscal year 2010 - 11. The Agency can use any legally available funds to make the SERAF payments. The payment due in fiscal year 2009 - 10 represents 32% of the Agency's cash and investments available for operations at September 30, 2009. The obligation to make the SERAF payment is subordinate to obligations to repay bonds, however if the Agency fails to make the SERAF payment the Agency may not encumber or expend future funds other than to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on Agency administration for the preceding fiscal year until the SERAF is paid in full.



**MAJOR GOVERNMENTAL FUND, OTHER THAN GENERAL FUND AND  
SPECIAL REVENUE FUNDS**

CITY OF SOUTH LAKE TAHOE  
REDEVELOPMENT DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes and assessments	\$10,764,030	\$10,145,429	(\$618,601)
Use of money and property	252,000	210,062	(41,938)
<b>Total Revenues</b>	<b>11,016,030</b>	<b>10,355,491</b>	<b>(660,539)</b>
<b>EXPENDITURES</b>			
General government	548,406	204,037	344,369
Debt service:			
Principal	2,384,541	2,225,178	159,363
Interest and fiscal charges	5,565,261	5,555,440	9,821
<b>Total Expenditures</b>	<b>8,498,208</b>	<b>7,984,655</b>	<b>513,553</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,517,822</b>	<b>2,370,836</b>	<b>(146,986)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	162,000	245,420	83,420
Transfers (out)	(2,407,246)	(2,401,124)	6,122
<b>Total Other Financing Sources (Uses)</b>	<b>(2,245,246)</b>	<b>(2,155,704)</b>	<b>89,542</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>\$272,576</b>	<b>215,132</b>	<b>(\$57,444)</b>
<b>BEGINNING FUND BALANCE</b>		<b>16,034,395</b>	
<b>ENDING FUND BALANCE</b>		<b>\$16,249,527</b>	

**NON-MAJOR GOVERNMENTAL FUNDS**

CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2009

SPECIAL REVENUE FUNDS

	Gas Tax	CLEEP Grant	Low/Moderate Income Housing	Redevelopment	Snow Removal
<b>ASSETS</b>					
Cash and investments available for City operations	\$3,019	\$570	\$862,731	\$549,452	\$378,111
Restricted cash and investments					
Accounts receivable - net	122,332				
Prepaid items					
Advances to other funds					
Landheld for redevelopment					
Total Assets	<u>\$125,351</u>	<u>\$570</u>	<u>\$862,731</u>	<u>\$549,452</u>	<u>\$378,111</u>
<b>LIABILITIES</b>					
Accounts payable	\$17,124			\$18,177	\$13,382
Due to other funds					
Deposits					
Advances from other funds					
Total Liabilities	<u>17,124</u>			<u>18,177</u>	<u>13,382</u>
<b>FUND EQUITY</b>					
Fund balances					
Reserved for encumbrances					
Reserved for prepaid items					
Reserved for advances to other funds					
Reserved for landheld for redevelopment					
Unreserved:					
Designated for PERS savings	113,047			54,328	83,255
Designated for Infrastructure					
Undesignated	(4,820)	\$570	\$862,731	476,947	281,474
Total Fund Balances	<u>108,227</u>	<u>570</u>	<u>862,731</u>	<u>531,275</u>	<u>364,729</u>
Total Liabilities and Fund Balances	<u>\$125,351</u>	<u>\$570</u>	<u>\$862,731</u>	<u>\$549,452</u>	<u>\$378,111</u>

SPECIAL REVENUE FUNDS

Vehicle Replacement	Solid Waste	Safety Sales Tax	AB3229 COPS	Local Law Enforcement	Asset Forfeiture	Street Sweeping	EMS
\$353,055	\$141,309	\$216,160	\$684	\$4,692	\$162,372	\$45,589	\$332,115
			6,700	61,395		\$17,351	54,376
1,441 330,505							
<u>\$685,001</u>	<u>\$141,309</u>	<u>\$216,160</u>	<u>\$7,384</u>	<u>\$66,087</u>	<u>\$162,372</u>	<u>\$62,940</u>	<u>\$386,491</u>
\$17		\$848		\$61,395		\$21,576	\$3,280
<u>17</u>		<u>848</u>		<u>61,395</u>		<u>21,576</u>	<u>3,280</u>
\$24,197 1,441 330,505						7,900	
	\$4,541			\$4,071			1,631
328,841	136,768	215,312	\$7,384	621	\$162,372	33,464	381,580
<u>684,984</u>	<u>141,309</u>	<u>215,312</u>	<u>7,384</u>	<u>4,692</u>	<u>162,372</u>	<u>41,364</u>	<u>383,211</u>
<u>\$685,001</u>	<u>\$141,309</u>	<u>\$216,160</u>	<u>\$7,384</u>	<u>\$66,087</u>	<u>\$162,372</u>	<u>\$62,940</u>	<u>\$386,491</u>

(Continued)

CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2009

SPECIAL REVENUE FUNDS

	Clean Community	Abatement	Ski Run Business Improvement	Measure S Maintenance	General Plan/ Community Plan	Boat Patrol
<b>ASSETS</b>						
Cash and investments available for City operations	\$47,446	\$72,595		\$148,160	\$371,807	
Restricted cash and investments						
Accounts receivable - net	36,705	42,198				\$18,980
Prepaid items						
Advances to other funds						
Landheld for redevelopment						
Total Assets	<u>\$84,151</u>	<u>\$114,793</u>		<u>\$148,160</u>	<u>\$371,807</u>	<u>\$18,980</u>
<b>LIABILITIES</b>						
Accounts payable	\$794	\$3,956	\$27	\$724	\$422	\$1,680
Due to other funds			2,258			49,148
Deposits						
Advances from other funds						
Total Liabilities	<u>794</u>	<u>3,956</u>	<u>2,285</u>	<u>724</u>	<u>422</u>	<u>50,828</u>
<b>FUND EQUITY</b>						
Fund balances						
Reserved for encumbrances						
Reserved for prepaid items						
Reserved for advances to other funds						
Reserved for landheld for redevelopment						
Unreserved:						
Designated for PERS savings						
Designated for Infrastructure				5,000		
Undesignated	83,357	110,837	(2,285)	142,436	371,385	(31,848)
Total Fund Balances	<u>83,357</u>	<u>110,837</u>	<u>(2,285)</u>	<u>147,436</u>	<u>371,385</u>	<u>(31,848)</u>
Total Liabilities and Fund Balances	<u>\$84,151</u>	<u>\$114,793</u>		<u>\$148,160</u>	<u>\$371,807</u>	<u>\$18,980</u>

SPECIAL REVENUE FUNDS

Domestic Violence Grant	DUI/ Traffic Safety Grant	Explore Tahoe Transit Center	Tourism Improvement District	Arts Program	Safe Haven	Vacation Home Rental Program
		\$28,824	\$153,597	\$1,285		\$80,244
\$36,143	\$16,777	6,061			\$36,989	
<u>\$36,143</u>	<u>\$16,777</u>	<u>\$34,885</u>	<u>\$153,597</u>	<u>\$1,285</u>	<u>\$36,989</u>	<u>\$80,244</u>
\$12,935	(\$2)	\$8,964	\$153,597		\$36,913	\$724
54,213	74,234	3,500			76	
<u>67,148</u>	<u>74,232</u>	<u>12,464</u>	<u>153,597</u>		<u>36,989</u>	<u>724</u>
<u>(31,005)</u>	<u>(57,455)</u>	<u>22,421</u>		<u>\$1,285</u>		<u>79,520</u>
<u>(31,005)</u>	<u>(57,455)</u>	<u>22,421</u>		<u>1,285</u>		<u>79,520</u>
<u>\$36,143</u>	<u>\$16,777</u>	<u>\$34,885</u>	<u>\$153,597</u>	<u>\$1,285</u>	<u>\$36,989</u>	<u>\$80,244</u>

(Continued)

CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2009

CAPITAL PROJECTS FUNDS

	<u>Equipment</u>	<u>Redevelopment Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments available for City operations	\$18,982	\$510,848	\$4,483,647
Restricted cash and investments	103,731		103,731
Accounts receivable - net		2,800	458,807
Prepaid items			1,441
Advances to other funds		783,067	1,113,572
Landheld for redevelopment		479,727	479,727
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$122,713</u>	<u>\$1,776,442</u>	<u>\$6,640,925</u>
<b>LIABILITIES</b>			
Accounts payable		\$86,488	\$443,021
Due to other funds			179,929
Deposits			3,500
Advances from other funds		3,687,474	3,687,474
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities		<u>3,773,962</u>	<u>4,313,924</u>
<b>FUND EQUITY</b>			
Fund balances			
Reserved for encumbrances			32,097
Reserved for prepaid items			1,441
Reserved for advances to other funds		783,067	1,113,572
Reserved for landheld for redevelopment		479,727	479,727
Unreserved:			
Designated for PERS savings			260,873
Designated for Infrastructure			5,000
Undesignated	\$122,713	(3,260,314)	434,291
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>122,713</u>	<u>(1,997,520)</u>	<u>2,327,001</u>
Total Liabilities and Fund Balances	<u>\$122,713</u>	<u>\$1,776,442</u>	<u>\$6,640,925</u>



CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS				
	Gas Tax	CLEEP Grant	Low & Moderate Income Housing	Redevelopment	Snow Removal
<b>REVENUES</b>					
Taxes and assessments			\$1,505,555		\$223,679
Licenses, permits and impact fees					
Fines and penalties					
Use of money and property	\$11,446	\$9	15,710		9,856
Intergovernmental revenue	444,133				978,587
Charges for current services					
Developer reimbursements					
Other revenue	135		1,000		340
<b>Total Revenues</b>	<b>455,714</b>	<b>9</b>	<b>1,522,265</b>		<b>1,212,462</b>
<b>EXPENDITURES</b>					
Current:					
General government				\$1,134,102	
Public safety					
Public works					
Parks and recreation					
Streets	1,285,531				2,505,937
Capital outlay	5,270				
Debt Service:					
Principal repayment	4,564				146,571
Interest and fiscal charges	666				68,297
<b>Total Expenditures</b>	<b>1,296,031</b>			<b>1,134,102</b>	<b>2,720,805</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(840,317)</b>	<b>9</b>	<b>1,522,265</b>	<b>(1,134,102)</b>	<b>(1,508,343)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from debt issuance					
Transfers in	733,894			1,556,898	680,733
Transfers (out)			(1,284,056)	(307,862)	
<b>Total Other Financing Sources (Uses)</b>	<b>733,894</b>		<b>(1,284,056)</b>	<b>1,249,036</b>	<b>680,733</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(106,423)</b>	<b>9</b>	<b>238,209</b>	<b>114,934</b>	<b>(827,610)</b>
<b>BEGINNING FUND BALANCES</b>	<b>214,650</b>	<b>561</b>	<b>624,522</b>	<b>416,341</b>	<b>1,192,339</b>
<b>ENDING FUND BALANCES</b>	<b>\$108,227</b>	<b>\$570</b>	<b>\$862,731</b>	<b>\$531,275</b>	<b>\$364,729</b>

SPECIAL REVENUE FUNDS

Vehicle Replacement	Solid Waste	Safety Sales Tax	AB3229 COPS	Local Law Enforcement	Asset Forfeiture	Street Sweeping	EMS
	\$66,000	\$536,668					
\$7,482	2,355	5,066	\$205 107,001	\$61,395	\$2,789	170,462 \$68,425	\$3,826
25,584							
							919,614
33,066	68,355	541,734	107,206	61,395	2,789	238,887	923,440
6,783	1,615 49,902	99,632	98,939	61,395	16,650	232,826	977,260
						652,846	
624,362							
66,118 6,702		9,907 4,718					
703,965	51,517	114,257	98,939	61,395	16,650	885,672	977,260
(670,899)	16,838	427,477	8,267		(13,861)	(646,785)	(53,820)
362,037						363,548 426,712	
		(571,479)					
362,037		(571,479)				790,260	
(308,862)	16,838	(144,002)	8,267		(13,861)	143,475	(53,820)
993,846	124,471	359,314	(883)	4,692	176,233	(102,111)	437,031
\$684,984	\$141,309	\$215,312	\$7,384	\$4,692	\$162,372	\$41,364	\$383,211

(Continued)

CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS				
	Clean Community	Abatement	Ski Run Business Improvement	Measure S Maintenance	General Plan/ Community Plan
<b>REVENUES</b>					
Taxes and assessments					
Licenses, permits and impact fees			\$296		
Fines and penalties			9,941		
Use of money and property	\$971		38	\$1,637	
Intergovernmental revenue					
Charges for current services	134,132	\$202,199			\$1,231
Developer reimbursements					
Other revenue				65,000	2,211
<b>Total Revenues</b>	<u>135,103</u>	<u>202,199</u>	<u>10,275</u>	<u>66,637</u>	<u>3,442</u>
<b>EXPENDITURES</b>					
Current:					
General government					
Public safety					
Public works	141,141	277,857	15,771		183,480
Parks and Recreation				24,860	
Streets					
Capital outlay					
Debt Service:					
Principal repayment					
Interest and fiscal charges					
<b>Total Expenditures</b>	<u>141,141</u>	<u>277,857</u>	<u>15,771</u>	<u>24,860</u>	<u>183,480</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(6,038)</u>	<u>(75,658)</u>	<u>(5,496)</u>	<u>41,777</u>	<u>(180,038)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from debt issuance					
Transfers in		96,354			
Transfers (out)	(87)				
<b>Total Other Financing Sources (Uses)</b>	<u>(87)</u>	<u>96,354</u>			
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u>(6,125)</u>	<u>20,696</u>	<u>(5,496)</u>	<u>41,777</u>	<u>(180,038)</u>
<b>BEGINNING FUND BALANCES</b>	<u>89,482</u>	<u>90,141</u>	<u>3,211</u>	<u>105,659</u>	<u>551,423</u>
<b>ENDING FUND BALANCES</b>	<u><u>\$83,357</u></u>	<u><u>\$110,837</u></u>	<u><u>(\$2,285)</u></u>	<u><u>\$147,436</u></u>	<u><u>\$371,385</u></u>

SPECIAL REVENUE FUNDS

Boat Patrol	Domestic Violence Grant	DUI/ Traffic Safety Grant	Explore Tahoe Transit Center	Tourism Improvement District	Arts Program	Safe Haven	Vacation Home Rental Program
\$43,800							\$177,851
			\$48,700	\$1,764	\$243		2,000
60,091	\$139,203	\$47,173	71,210			\$116,529	3,121
			16,013	1,315,419	1,875		
			(59)				
<u>103,891</u>	<u>139,203</u>	<u>47,173</u>	<u>135,864</u>	<u>1,317,183</u>	<u>2,118</u>	<u>116,529</u>	<u>182,972</u>
							63,481
98,252	139,201	42,999				116,089	39,971
			221,061	1,304,029	15,000		
<u>98,252</u>	<u>139,201</u>	<u>42,999</u>	<u>221,061</u>	<u>1,304,029</u>	<u>15,000</u>	<u>116,089</u>	<u>103,452</u>
5,639	2	4,174	(85,197)	13,154	(12,882)	440	79,520
(385)			111,705	(13,154)		(440)	
(385)			(1,609)	(13,154)		(440)	
			110,096	(13,154)		(440)	
5,254	2	4,174	24,899		(12,882)		79,520
(37,102)	(31,007)	(61,629)	(2,478)		14,167		
<u>(\$31,848)</u>	<u>(\$31,005)</u>	<u>(\$57,455)</u>	<u>\$22,421</u>		<u>\$1,285</u>		<u>\$79,520</u>

(Continued)

CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	CAPITAL PROJECT FUNDS		
	Equipment	Redevelopment Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes and assessments			\$2,375,702
Licenses, permits and impact fees			178,147
Fines and penalties			11,941
Use of money and property	\$4,359	\$37,289	156,866
Intergovernmental revenue			2,195,784
Charges for current services			1,764,878
Developer reimbursements		30,941	30,941
Other revenue			988,241
Total Revenues	4,359	68,230	7,702,500
<b>EXPENDITURES</b>			
Current:			
General government			1,197,583
Public safety			1,658,815
Public works			940,948
Parks and recreation			1,564,950
Streets			4,444,314
Capital outlay		383,679	1,013,311
Debt Service:			
Principal repayment			227,160
Interest and fiscal charges		84,011	164,394
Total Expenditures	467,690	11,211,475	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	4,359	(399,460)	(3,508,975)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Debt Insurance			363,548
Transfers in		554,424	4,522,757
Transfers (out)			(2,179,072)
Total Other Financing Sources (Uses)	554,424	2,707,233	
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>			
	4,359	154,964	(801,742)
<b>BEGINNING FUND BALANCES</b>			
	118,354	(2,152,484)	3,128,743
<b>ENDING FUND BALANCES</b>			
	\$122,713	(\$1,997,520)	\$2,327,001



CITY OF SOUTH LAKE TAHOE  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	GAS TAX			CLEEP Grant		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes and assessments						
Licenses, permits and impact fees						
Fines and penalties						
Use of money and property	\$8,000	\$11,446	\$3,446		\$9	\$9
Intergovernmental revenue	499,758	444,133	(55,625)			
Charges for current services						
Other revenue	2,000	135	(1,865)			
<b>Total Revenues</b>	<u>509,758</u>	<u>455,714</u>	<u>(54,044)</u>		<u>9</u>	<u>9</u>
<b>EXPENDITURES</b>						
Current						
General government						
Public safety						
Public works						
Streets	1,265,146	1,285,531	(20,385)			
Parks and recreation						
Capital outlay	5,775	5,270	505			
Debt service:						
Principal repayment	4,793	4,564	229			
Interest and fiscal charges	439	666	(227)			
<b>Total Expenditures</b>	<u>1,276,153</u>	<u>1,296,031</u>	<u>(19,878)</u>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(766,395)</u>	<u>(840,317)</u>	<u>(73,922)</u>		<u>9</u>	<u>9</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from debt issuance						
Transfers in	731,036	733,894	2,858			
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>	<u>731,036</u>	<u>733,894</u>	<u>2,858</u>			
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u>(\$35,359)</u>	<u>(106,423)</u>	<u>(\$71,064)</u>		<u>9</u>	<u>\$9</u>
<b>BEGINNING FUND BALANCES</b>		<u>214,650</u>			<u>561</u>	
<b>ENDING FUND BALANCES</b>		<u>\$108,227</u>			<u>\$570</u>	

LOW & MODERATE INCOME HOUSING			REDEVELOPMENT			SNOW REMOVAL		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,448,000	\$1,505,555	\$57,555				\$220,000	\$223,679	\$3,679
5,000	15,710	10,710				25,000	9,856	(15,144)
			\$2,480		(\$2,480)	653,405	978,587	325,182
	1,000	1,000					340	340
<u>1,453,000</u>	<u>1,522,265</u>	<u>69,265</u>	<u>2,480</u>		<u>(2,480)</u>	<u>898,405</u>	<u>1,212,462</u>	<u>314,057</u>
			\$1,452,437	\$1,134,102	\$318,335			
						1,845,530	2,505,937	(660,407)
						154,288	146,571	7,717
						60,728	68,297	(7,569)
			<u>1,452,437</u>	<u>1,134,102</u>	<u>318,335</u>	<u>2,060,546</u>	<u>2,720,805</u>	<u>(660,259)</u>
<u>1,453,000</u>	<u>1,522,265</u>	<u>69,265</u>	<u>(1,449,957)</u>	<u>(1,134,102)</u>	<u>315,855</u>	<u>(1,162,141)</u>	<u>(1,508,343)</u>	<u>(346,202)</u>
(1,671,777)	(1,284,056)	387,721	1,563,020	1,556,898	(6,122)	1,151,355	680,733	(470,622)
			(307,862)	(307,862)				
(1,671,777)	(1,284,056)	387,721	1,255,158	1,249,036	(6,122)	1,151,355	680,733	(470,622)
<u>(\$218,777)</u>	238,209	<u>\$456,986</u>	<u>(\$194,799)</u>	114,934	<u>\$309,733</u>	<u>(\$10,786)</u>	(827,610)	<u>(\$816,824)</u>
	624,522			416,341			1,192,339	
	<u>\$862,731</u>			<u>\$531,275</u>			<u>\$364,729</u>	

(Continued)

CITY OF SOUTH LAKE TAHOE  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	VEHICLE REPLACEMENT			SOLID WASTE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and assessments				\$66,000	\$66,000	
Licenses, permits and impact fees						
Fines and penalties						
Use of money and property	\$3,500	\$7,482	\$3,982	50	2,355	\$2,305
Intergovernmental revenue						
Charges for current services	25,584	25,584				
Other revenue						
Total Revenues	<u>29,084</u>	<u>33,066</u>	<u>3,982</u>	<u>66,050</u>	<u>68,355</u>	<u>2,305</u>
EXPENDITURES						
Current						
General government						
Public safety	53,000	6,783	46,217	1,615	1,615	
Public works				62,370	49,902	12,468
Streets						
Parks and recreation						
Capital outlay	622,415	624,362	(1,947)			
Debt service:						
Principal repayment	81,553	66,118	15,435			
Interest and fiscal charges	7,970	6,702	1,268			
Total Expenditures	<u>764,938</u>	<u>703,965</u>	<u>60,973</u>	<u>63,985</u>	<u>51,517</u>	<u>12,468</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(735,854)</u>	<u>(670,899)</u>	<u>64,955</u>	<u>2,065</u>	<u>16,838</u>	<u>14,773</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	362,037	362,037				
Transfers (out)						
Total Other Financing Sources (Uses)	<u>362,037</u>	<u>362,037</u>				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u><u>(\$373,817)</u></u>	<u><u>(308,862)</u></u>	<u><u>\$64,955</u></u>	<u><u>\$2,065</u></u>	<u><u>16,838</u></u>	<u><u>\$14,773</u></u>
BEGINNING FUND BALANCES		<u>993,846</u>			<u>124,471</u>	
ENDING FUND BALANCES		<u><u>\$684,984</u></u>			<u><u>\$141,309</u></u>	

SAFETY SALES TAX			AB3229 COPS			LOCAL LAW ENFORCEMENT GRANT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$560,000	\$536,668	(\$23,332)						
11,000	5,066	(5,934)	\$200 100,000	\$205 107,001	\$5 7,001	\$87,092	\$61,395	(\$25,697)
<u>571,000</u>	<u>541,734</u>	<u>(29,266)</u>	<u>100,200</u>	<u>107,206</u>	<u>7,006</u>	<u>87,092</u>	<u>61,395</u>	<u>(25,697)</u>
103,584	99,632	3,952	100,200	98,939	1,261	\$87,092	61,395	\$25,697
9,730	9,907	(177)						
4,206	4,718	(512)						
<u>117,520</u>	<u>114,257</u>	<u>3,263</u>	<u>100,200</u>	<u>98,939</u>	<u>1,261</u>	<u>87,092</u>	<u>61,395</u>	<u>25,697</u>
<u>453,480</u>	<u>427,477</u>	<u>(26,003)</u>		<u>8,267</u>	<u>8,267</u>			
<u>(571,480)</u>	<u>(571,479)</u>	<u>1</u>						
<u>(571,480)</u>	<u>(571,479)</u>	<u>1</u>						
<u>(\$118,000)</u>	<u>(144,002)</u>	<u>(\$26,002)</u>		<u>8,267</u>	<u>\$8,267</u>			
	<u>359,314</u>			<u>(883)</u>			<u>4,692</u>	
	<u>\$215,312</u>			<u>\$7,384</u>			<u>\$4,692</u>	

(Continued)

CITY OF SOUTH LAKE TAHOE  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ASSET FORFEITURE			STREET SWEEPING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes and assessments						
Licenses, permits and impact fees						
Fines and penalties						
Use of money and property		\$2,789	\$2,789			
Intergovernmental revenue				\$170,460	\$170,462	\$2
Charges for current services	\$20,000		(20,000)	62,568	68,425	5,857
Other revenue						
<b>Total Revenues</b>	<b>20,000</b>	<b>2,789</b>	<b>(17,211)</b>	<b>233,028</b>	<b>238,887</b>	<b>5,859</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government						
Public safety	53,000	16,650	36,350			
Public works				549,393	232,826	316,567
Streets				819,896	652,846	167,050
Parks and recreation						
Capital outlay						
Debt service:						
Principal repayment				58,262		58,262
Interest and fiscal charges				18,188		18,188
<b>Total Expenditures</b>	<b>53,000</b>	<b>16,650</b>	<b>36,350</b>	<b>1,445,739</b>	<b>885,672</b>	<b>560,067</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(33,000)</b>	<b>(13,861)</b>	<b>19,139</b>	<b>(1,212,711)</b>	<b>(646,785)</b>	<b>565,926</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from debt issuance					363,548	363,548
Transfers in				685,273	426,712	(258,561)
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>				<b>685,273</b>	<b>790,260</b>	<b>104,987</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(\$33,000)</b>	<b>(13,861)</b>	<b>\$19,139</b>	<b>(\$527,438)</b>	<b>143,475</b>	<b>\$670,913</b>
<b>BEGINNING FUND BALANCES</b>		<b>176,233</b>			<b>(102,111)</b>	
<b>ENDING FUND BALANCES</b>		<b>\$162,372</b>			<b>\$41,364</b>	

EMS			CLEAN COMMUNITY			ABATEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$10,000	\$3,826	(\$6,174)	\$1,100	\$971	(\$129)	\$2,168		(\$2,168)
			6,456		(6,456)			
			145,000	134,132	(10,868)	196,387	\$202,199	5,812
990,187	919,614	(70,573)				8,000		(8,000)
1,000,187	923,440	(76,747)	152,556	135,103	(17,453)	206,555	202,199	(4,356)
994,071	977,260	16,811	148,605	141,141	7,464	329,950	277,857	52,093
994,071	977,260	16,811	148,605	141,141	7,464	329,950	277,857	52,093
6,116	(53,820)	(59,936)	3,951	(6,038)	(9,989)	(123,395)	(75,658)	47,737
				(87)	(87)	123,395	96,354	(27,041)
				(87)	(87)	123,395	96,354	(27,041)
\$6,116	(53,820)	(\$59,936)	\$3,951	(6,125)	(\$10,076)		20,696	\$20,696
	437,031			89,482			90,141	
	\$383,211			\$83,357			\$110,837	

(Continued)

CITY OF SOUTH LAKE TAHOE  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	SKI RUN BUSINESS IMPROVEMENT			MEASURE S MAINTENANCE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes and assessments						
Licenses, permits and impact fees		\$296	\$296			
Fines and penalties	\$11,300	9,941	(1,359)			
Use of money and property		38	38		\$1,637	\$1,637
Intergovernmental revenue						
Charges for current services						
Other revenue				\$65,000	65,000	
<b>Total Revenues</b>	<u>11,300</u>	<u>10,275</u>	<u>(1,025)</u>	<u>65,000</u>	<u>66,637</u>	<u>1,637</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
<b>General government</b>						
Public safety						
Public works	14,511	15,771	(1,260)			
Streets						
Parks and recreation				96,992	24,860	72,132
<b>Capital outlay</b>						
<b>Debt service:</b>						
Principal repayment						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>14,511</u>	<u>15,771</u>	<u>(1,260)</u>	<u>96,992</u>	<u>24,860</u>	<u>72,132</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,211)</u>	<u>(5,496)</u>	<u>(2,285)</u>	<u>(31,992)</u>	<u>41,777</u>	<u>73,769</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
<b>Transfers in</b>						
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>						
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u><u>(\$3,211)</u></u>	<u><u>(5,496)</u></u>	<u><u>(\$2,285)</u></u>	<u><u>(\$31,992)</u></u>	<u><u>41,777</u></u>	<u><u>\$73,769</u></u>
<b>BEGINNING FUND BALANCES</b>		<u>3,211</u>			<u>105,659</u>	
<b>ENDING FUND BALANCES</b>		<u><u>(\$2,285)</u></u>			<u><u>\$147,436</u></u>	

GENERAL PLAN/COMMUNITY PLAN			BOAT PATROL			DOMESTIC VIOLENCE GRANT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$92,004	\$43,800	(\$48,204)			
\$2,000	\$1,231	(\$769)	117,176	60,091	(\$57,085)	\$160,949	\$139,203	(\$21,746)
4,000	2,211	(1,789)						
6,000	3,442	(2,558)	209,180	103,891	(105,289)	160,949	139,203	(21,746)
\$555,136	183,480	371,656	171,785	98,252	73,533	160,949	139,201	21,748
555,136	183,480	371,656	171,785	98,252	73,533	160,949	139,201	21,748
(549,136)	(180,038)	(369,098)	37,395	5,639	(31,756)		2	2
			(509)	(385)	124			
			(509)	(385)	124			
<u>(\$549,136)</u>	<u>(180,038)</u>	<u>\$369,098</u>	<u>\$36,886</u>	<u>5,254</u>	<u>(\$31,632)</u>		<u>2</u>	<u>\$2</u>
	551,423			(37,102)			(31,007)	
	<u>\$371,385</u>			<u>(\$31,848)</u>			<u>(\$31,005)</u>	

(Continued)

CITY OF SOUTH LAKE TAHOE  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	DUI/TRAFFIC SAFETY GRANT			EXPLORE TAHOE TRANSIT CENTER		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes and assessments						
Licenses, permits and impact fees						
Fines and penalties						
Use of money and property				\$48,700	\$48,700	
Intergovernmental revenue	\$72,000	\$47,173	(\$24,827)	337,191	71,210	(\$265,981)
Charges for current services				22,200	16,013	(6,187)
Other revenue				20,070	(59)	(20,129)
<b>Total Revenues</b>	<u>72,000</u>	<u>47,173</u>	<u>(24,827)</u>	<u>428,161</u>	<u>135,864</u>	<u>(292,297)</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government						
Public safety	72,000	42,999	29,001			
Public works				322,125	221,061	101,064
Streets						
Parks and recreation						
Capital outlay						
Debt service:						
Principal repayment						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>72,000</u>	<u>42,999</u>	<u>29,001</u>	<u>322,125</u>	<u>221,061</u>	<u>101,064</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<u>4,174</u>	<u>4,174</u>	<u>106,036</u>	<u>(85,197)</u>	<u>(191,233)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				111,705	111,705	
Transfers (out)					(1,609)	(1,609)
<b>Total Other Financing Sources (Uses)</b>				<u>111,705</u>	<u>110,096</u>	<u>(1,609)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>		<u>4,174</u>	<u>\$4,174</u>	<u>\$217,741</u>	<u>24,899</u>	<u>(\$192,842)</u>
<b>BEGINNING FUND BALANCES</b>		<u>(61,629)</u>			<u>(2,478)</u>	
<b>ENDING FUND BALANCES</b>		<u>(\$57,455)</u>			<u>\$22,421</u>	

TOURISM IMPROVEMENT DISTRICT			ARTS PROGRAM			SAFE HAVEN		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$1,764	\$1,764		\$243	\$243			
\$1,442,818	1,315,419	(127,399)	\$7,500	1,875	(5,625)	\$325,821	\$116,529	(\$209,292)
<u>1,442,818</u>	<u>1,317,183</u>	<u>(125,635)</u>	<u>7,500</u>	<u>2,118</u>	<u>(5,382)</u>	<u>325,821</u>	<u>116,529</u>	<u>(209,292)</u>
						317,631	116,089	201,542
1,428,390	1,304,029		15,000	15,000				
<u>1,428,390</u>	<u>1,304,029</u>		<u>15,000</u>	<u>15,000</u>		<u>317,631</u>	<u>116,089</u>	<u>201,542</u>
14,428	13,154	(1,274)	(7,500)	(12,882)	(5,382)	8,190	440	(7,750)
<u>(14,428)</u>	<u>(13,154)</u>	<u>1,274</u>				<u>(8,190)</u>	<u>(440)</u>	<u>7,750</u>
<u>(14,428)</u>	<u>(13,154)</u>	<u>1,274</u>				<u>(8,190)</u>	<u>(440)</u>	<u>7,750</u>
			<u>(\$7,500)</u>	<u>(12,882)</u>	<u>(\$5,382)</u>			
				<u>14,167</u>				
				<u>\$1,285</u>				

(Continued)

CITY OF SOUTH LAKE TAHOE  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	VACATION HOME RENTAL PROGRAMS			EQUIPMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes and assessments						
Licenses, permits and impact fees	\$174,220	\$177,851				
Fines and penalties	500	2,000	\$1,500			
Use of money and property		3,121	3,121		\$4,359	\$4,359
Intergovernmental revenue						
Charges for current services						
Other revenue						
<b>Total Revenues</b>	<u>174,720</u>	<u>182,972</u>	<u>4,621</u>		<u>4,359</u>	<u>4,359</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	66,065	63,481	2,584			
Public safety						
Public works	108,475	39,971	68,504			
Streets						
Parks and recreation						
Capital outlay						
Debt service:						
Principal repayment						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>174,540</u>	<u>103,452</u>	<u>71,088</u>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>180</u>	<u>79,520</u>	<u>79,340</u>		<u>4,359</u>	<u>4,359</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>						
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u>\$180</u>	<u>79,520</u>	<u>\$79,340</u>		<u>4,359</u>	<u>\$4,359</u>
<b>BEGINNING FUND BALANCES</b>					<u>118,354</u>	
<b>ENDING FUND BALANCES</b>		<u>\$79,520</u>			<u>\$122,713</u>	

**INTERNAL SERVICE FUNDS**

CITY OF SOUTH LAKE TAHOE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009

	Health, Vision and Dental Self Insurance	Workers' Compensation Self Insurance	Motor Pool	Total
<b>ASSETS</b>				
Current Assets:				
Cash and investments available for City operations	\$1,372,857	\$3,707,518		\$5,080,375
Restricted cash and investments	61,908			61,908
Accounts receivable - net			\$452	452
<b>Total current assets</b>	<b>1,434,765</b>	<b>3,707,518</b>	<b>452</b>	<b>5,142,735</b>
Non-Current Assets:				
Net OPEB asset	1,590,024			1,590,024
Advances to other funds		344,319		344,319
<b>Total Assets</b>	<b>3,024,789</b>	<b>4,051,837</b>	<b>452</b>	<b>7,077,078</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$540	412	4,829	5,781
Deferred revenues	5,162			5,162
Due to other funds			857	857
Compensated absences			43,511	43,511
Uninsured losses payable		900,000		900,000
<b>Total current liabilities</b>	<b>5,702</b>	<b>900,412</b>	<b>49,197</b>	<b>955,311</b>
Long-Term Liabilities:				
Uninsured losses payable		871,609		871,609
<b>Total long-term liabilities</b>		<b>871,609</b>		<b>871,609</b>
<b>Total Liabilities</b>	<b>5,702</b>	<b>1,772,021</b>	<b>49,197</b>	<b>1,826,920</b>
<b>NET ASSETS</b>				
Unrestricted	3,019,087	2,279,816	(48,745)	5,250,158
<b>Total Net Assets (Deficit)</b>	<b>\$3,019,087</b>	<b>\$2,279,816</b>	<b>(\$48,745)</b>	<b>\$5,250,158</b>

CITY OF SOUTH LAKE TAHOE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Health, Vision and Dental Self Insurance	Workers' Compensation Self Insurance	Motor Pool	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$2,997,777	\$915,805	\$919,950	\$4,833,532
Other	327,805	16,198	180	344,183
<b>Total Operating Revenues</b>	<b>3,325,582</b>	<b>932,003</b>	<b>920,130</b>	<b>5,177,715</b>
<b>OPERATING EXPENSES</b>				
Salaries and wages	21,051	87,666	496,128	604,845
Payroll expenses	10,867	433	336,550	347,850
Contracted services			2,634	2,634
Supplies	21,715	8,687	37,916	68,318
Communication		574	2,138	2,712
Repairs and maintenance			39,081	39,081
Advertising and printing		48	100	148
Claims	3,468,252	843,635		4,311,887
General expenses	2,057,615	3,580	11,259	2,072,454
<b>Total Operating Expenses</b>	<b>5,579,500</b>	<b>944,623</b>	<b>925,806</b>	<b>7,449,929</b>
<b>Operating Income (Loss)</b>	<b>(2,253,918)</b>	<b>(12,620)</b>	<b>(5,676)</b>	<b>(2,272,214)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	27,057	59,647	(639)	86,065
<b>Income (Loss) Before Transfers</b>	<b>(2,226,861)</b>	<b>47,027</b>	<b>(6,315)</b>	<b>(2,186,149)</b>
Transfers in	1,258,083			1,258,083
Transfers (out)				
<b>Change in Net Assets</b>	<b>(968,778)</b>	<b>47,027</b>	<b>(6,315)</b>	<b>(928,066)</b>
<b>BEGINNING NET ASSETS (DEFICIT)</b>	<b>3,987,865</b>	<b>2,232,789</b>	<b>(42,430)</b>	<b>6,178,224</b>
<b>ENDING NET ASSETS (DEFICIT)</b>	<b>\$3,019,087</b>	<b>\$2,279,816</b>	<b>(\$48,745)</b>	<b>\$5,250,158</b>

CITY OF SOUTH LAKE TAHOE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Health, Vision and Dental Self Insurance	Workers' Compensation Self Insurance	Motor Pool	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$3,326,579	\$932,003	\$920,053	\$5,178,635
Payments to suppliers	(2,078,965)	(16,819)	(97,246)	(2,193,030)
Payments to or on behalf of employees	369,223	(88,099)	(855,500)	(574,376)
Claims paid	(3,468,252)	(572,026)		(4,040,278)
Cash Flows from Operating Activities	<u>(1,851,415)</u>	<u>255,059</u>	<u>(32,693)</u>	<u>(1,629,049)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Collection of interfund balances		29,170	857	30,027
Transfers in	1,258,083			1,258,083
Cash Flows from Noncapital Financing Activities	<u>1,258,083</u>	<u>29,170</u>	<u>857</u>	<u>1,288,110</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest	27,057	59,647	(639)	86,065
Cash Flows from Investing Activities	<u>27,057</u>	<u>59,647</u>	<u>(639)</u>	<u>86,065</u>
Net Cash Flows	(566,275)	343,876	(32,475)	(254,874)
Cash and investments at beginning of period	2,001,040	3,363,642	32,475	5,397,157
Cash and investments at end of period	<u>\$1,434,765</u>	<u>\$3,707,518</u>		<u>\$5,142,283</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	(\$2,253,918)	(\$12,620)	(\$5,676)	(\$2,272,214)
Change in assets and liabilities:				
Receivables, net			(77)	(77)
Net OPEB asset	401,141			401,141
Accounts and other payables	1,362	267,679	(26,940)	242,101
Cash Flows from Operating Activities	<u><u>(\$1,851,415)</u></u>	<u><u>\$255,059</u></u>	<u><u>(\$32,693)</u></u>	<u><u>(\$1,629,049)</u></u>

**AGENCY FUNDS**

CITY OF SOUTH LAKE TAHOE  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Balance at September 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2009</u>
<hr/> <u>Special Assessment District</u> <hr/>				
<u>Assets</u>				
Cash and investments	\$4,572			\$4,572
Total Assets	<u>\$4,572</u>			<u>\$4,572</u>
<u>Liabilities</u>				
Deposits	<u>\$4,572</u>			<u>\$4,572</u>
<hr/> <u>Other Agency Funds</u> <hr/>				
<u>Assets</u>				
Cash and investments	\$13,087	\$66,834	\$72,654	\$7,267
Total Assets	<u>\$13,087</u>	<u>\$66,834</u>	<u>\$72,654</u>	<u>\$7,267</u>
<u>Liabilities</u>				
Deposits	<u>\$13,087</u>	<u>\$66,834</u>	<u>\$72,654</u>	<u>\$7,267</u>
<hr/> <u>Tahoe Basin Solid Waste Management Authority</u> <hr/>				
<u>Assets</u>				
Cash and investments	\$1,831,529	\$867,167	\$64,078	\$2,634,618
Note receivable	816,612		816,612	
Total Assets	<u>\$2,648,141</u>	<u>\$867,167</u>	<u>\$880,690</u>	<u>\$2,634,618</u>
<u>Liabilities</u>				
Accounts payable	\$4,363		\$4,363	
Deposits and other accruals	<u>\$2,643,778</u>	<u>867,167</u>	<u>\$876,327</u>	<u>\$2,634,618</u>
	<u>\$2,648,141</u>	<u>\$867,167</u>	<u>\$880,690</u>	<u>\$2,634,618</u>
<hr/> <u>Park Avenue CFD</u> <hr/>				
<u>Assets</u>				
Cash and investments	\$227,564		\$130,213	\$97,351
Cash with fiscal agents	<u>1,100,782</u>	<u>67,214</u>		<u>1,167,996</u>
Total Assets	<u>\$1,328,346</u>	<u>\$67,214</u>	<u>\$130,213</u>	<u>\$1,265,347</u>
<u>Liabilities</u>				
Accounts payable	\$3,730		\$3,730	
Due to developers	<u>1,324,616</u>	<u>67,214</u>	<u>126,483</u>	<u>\$1,265,347</u>
	<u>\$1,328,346</u>	<u>\$67,214</u>	<u>\$130,213</u>	<u>\$1,265,347</u>
<hr/> <u>Parent/School Partnership</u> <hr/>				
<u>Assets</u>				
Cash and investments	\$2,008		\$196	\$1,812
Total Assets	<u>\$2,008</u>		<u>\$196</u>	<u>\$1,812</u>
<u>Liabilities</u>				
Due to developers	<u>\$2,008</u>		<u>\$196</u>	<u>\$1,812</u>
	<u>\$2,008</u>		<u>\$196</u>	<u>\$1,812</u>

CITY OF SOUTH LAKE TAHOE  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Balance at September 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2009</u>
<hr/> <u>South Tahoe Refuse Trust Fund</u> <hr/>				
<u>Assets</u>				
Cash and investments	\$1,576,788		\$1,575,104	\$1,684
Accounts receivable	117,570		\$117,570	
Total Assets	<u>\$1,694,358</u>		<u>\$1,692,674</u>	<u>\$1,684</u>
<u>Liabilities</u>				
Due to developers	\$1,694,358		\$1,692,674	\$1,684
	<u>\$1,694,358</u>		<u>\$1,692,674</u>	<u>\$1,684</u>
<hr/> <u>Community Facility District 2007-1</u> <hr/>				
<u>Assets</u>				
Cash and investments			\$757	(\$757)
Total Assets			<u>\$757</u>	<u>(\$757)</u>
<u>Liabilities</u>				
Accounts Payable			\$757	(\$757)
			<u>\$757</u>	<u>(\$757)</u>
<hr/> <u>Totals - All Agency Funds</u> <hr/>				
<u>Assets</u>				
Cash and investments	\$3,655,548	\$934,001	\$1,843,002	\$2,746,547
Restricted cash and investments:				
Cash and investments with fiscal agents	1,100,782	67,214		1,167,996
Accounts receivable	117,570		117,570	
Note receivable	816,612		816,612	
Total Assets	<u>\$5,690,512</u>	<u>\$1,001,215</u>	<u>\$2,777,184</u>	<u>\$3,914,543</u>
<u>Liabilities</u>				
Accounts payable	\$8,093		\$8,850	(\$757)
Deposits	2,661,437	934,001	948,981	2,646,457
Due to developers	3,020,982	67,214	1,819,353	1,268,843
Total Liabilities	<u>\$5,690,512</u>	<u>\$1,001,215</u>	<u>\$2,777,184</u>	<u>\$3,914,543</u>



## STATISTICAL SECTION (SUMMARY)

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

### ***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

### ***Revenue Capacity***

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Secured Taxpayers
4. Property Tax Levies and Collections

### ***Debt Capacity***

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage, Redevelopment Agency Tax Allocation Bonds

### ***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

### ***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

### ***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



**CITY OF SOUTH LAKE TAHOE**

**Net Assets by Component  
Last Seven Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year Ended September 30,						
	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 4,029,582	\$ 8,551,597	\$ 13,206,249
Restricted	23,016,966	26,048,068	30,142,001	35,781,140	44,804,791	52,792,576	54,916,889
Unrestricted	(71,790,580)	(60,150,109)	(54,496,879)	(41,837,246)	(37,335,673)	(32,433,410)	(32,887,267)
Total governmental activities net assets	<u>\$ (48,773,614)</u>	<u>\$ (34,102,041)</u>	<u>\$ (24,354,878)</u>	<u>\$ (6,056,106)</u>	<u>\$ 11,498,700</u>	<u>\$ 28,910,763</u>	<u>\$ 35,235,871</u>
<b>Business-Type activities</b>							
Invested in capital assets, net of related debt	\$ 12,070,255	\$ 13,117,769	\$ 11,563,745	\$ 11,461,548	\$ 12,305,386	\$ 15,687,677	\$ 18,664,291
Restricted	1,410,703	1,433,255	1,581,345	1,698,705	1,516,633	1,352,023	1,693,932
Unrestricted	(341,829)	(2,089,475)	(1,106,152)	(1,473,241)	(918,116)	(732,405)	(1,233,902)
Total business-type activities net assets	<u>\$ 13,139,129</u>	<u>\$ 12,461,549</u>	<u>\$ 12,038,938</u>	<u>\$ 11,687,012</u>	<u>\$ 12,903,903</u>	<u>\$ 16,307,295</u>	<u>\$ 19,124,321</u>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 12,070,255	\$ 13,117,769	\$ 11,563,745	\$ 11,461,548	\$ 16,334,968	\$ 24,239,274	\$ 31,870,540
Restricted	24,427,669	27,481,323	31,723,346	37,479,845	46,321,424	54,144,599	56,610,821
Unrestricted	(72,132,409)	(62,239,584)	(55,603,031)	(43,310,487)	(38,253,789)	(33,165,815)	(34,121,169)
Total primary government net assets	<u>\$ (35,634,485)</u>	<u>\$ (21,640,492)</u>	<u>\$ (23,879,685)</u>	<u>\$ 5,630,906</u>	<u>\$ 24,402,603</u>	<u>\$ 45,218,058</u>	<u>\$ 54,360,192</u>

**Source:** City of South Lake Tahoe Finance Department

**Notes:** The City implemented GASB Statement 34 beginning in FY ended September 30, 2003.

**CITY OF SOUTH LAKE TAHOE**  
**Changes in Net Assets**  
**Last Seven Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

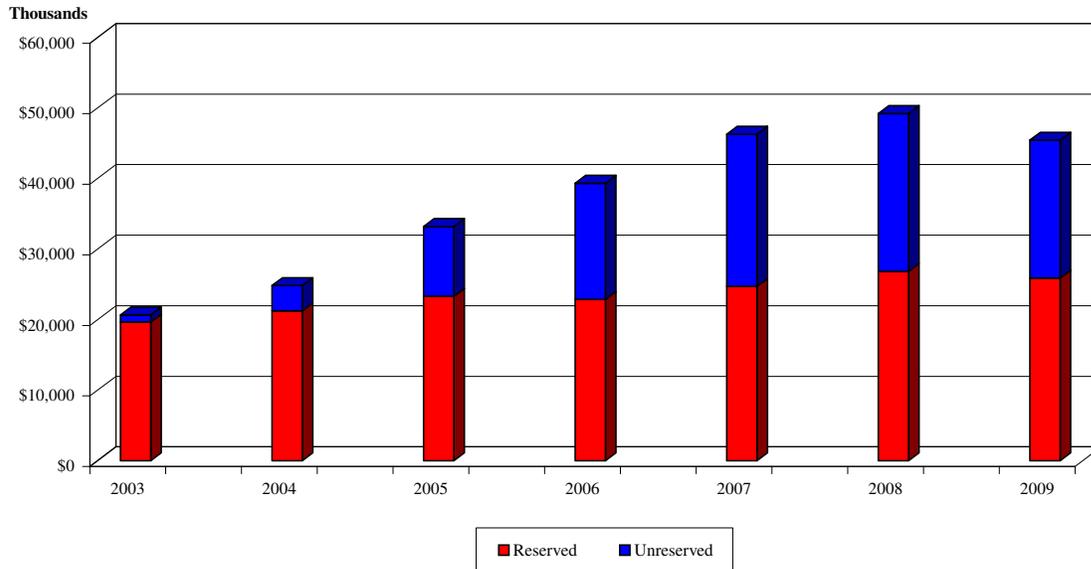
	<b>Fiscal Year Ended September 30,</b>						
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Expenses</b>							
<b>Governmental Activities:</b>							
General Government	\$ 5,373,571	\$ 4,629,829	\$ 6,049,820	\$ 11,189,879	\$ 7,723,493	\$ 8,130,864	\$ 8,974,313
Public safety	11,309,779	10,710,534	12,291,831	13,296,714	14,942,928	15,397,135	16,315,707
Public works	31,605,375	3,716,507	2,824,251	3,238,011	4,681,155	8,976,429	3,562,448
Parks and recreation	3,184,646	2,876,253	3,247,315	3,782,697	5,178,475	5,844,381	5,821,494
Streets	2,304,540	2,458,997	2,700,485	2,607,845	3,972,212	4,095,217	5,793,417
Interest on long term debt	11,013,650	6,661,005	8,231,645	6,528,628	7,069,990	5,545,854	5,784,474
<b>Total Governmental Activities Expenses</b>	<b>64,791,561</b>	<b>31,053,125</b>	<b>35,345,347</b>	<b>40,643,774</b>	<b>43,568,253</b>	<b>47,989,880</b>	<b>46,251,853</b>
<b>Business-Type Activities:</b>							
Transit	1,857,913	1,953,238	1,934,291	1,940,845	1,968,015	1,958,344	1,412,907
Airport	1,359,906	1,262,142	1,151,359	1,371,615	2,087,157	1,754,032	1,533,655
Parking Garage	641,382	1,260,303	1,307,682	1,321,740	1,306,224	1,043,192	1,295,760
<b>Total Business-Type Activities Expenses</b>	<b>3,859,201</b>	<b>4,475,683</b>	<b>4,393,332</b>	<b>4,634,200</b>	<b>5,361,396</b>	<b>4,755,568</b>	<b>4,242,322</b>
<b>Total Primary Government expenses</b>	<b>\$ 68,650,762</b>	<b>\$ 35,528,808</b>	<b>\$ 39,738,679</b>	<b>\$ 45,277,974</b>	<b>\$ 48,929,649</b>	<b>\$ 52,745,448</b>	<b>\$ 50,494,175</b>
<b>Program Revenues</b>							
<b>Governmental Activities:</b>							
<b>Charges for Services:</b>							
General Government	\$ 768,816	\$ 2,063,429	\$ 2,449,369	\$ 2,527,661	\$ 2,952,433	\$ 2,780,013	\$ 2,454,730
Public Safety	909,654	775,681	632,735	539,071	715,949	679,907	761,850
Public Works	694,427	12,527	17,071	10,190	103,196	15,961	11,301
Parks and Recreation	1,743,492	1,593,912	1,563,422	1,690,134	1,741,348	1,805,034	1,784,705
Streets	43,816	76,181	50,853	78,366	67,784	679,907	761,850
Operating Grants and Contributions	1,171,208	1,512,730	1,282,836	9,137,229	3,068,020	5,900,633	3,409,226
Capital Grants and Contributions	13,532,650	10,222,668	6,714,458	7,806,129	12,157,944	14,407,663	7,832,970
<b>Total Government Activities Program Revenues</b>	<b>18,864,063</b>	<b>16,257,128</b>	<b>12,710,744</b>	<b>21,788,780</b>	<b>20,806,674</b>	<b>26,269,118</b>	<b>17,016,632</b>
<b>Business Type Activities:</b>							
<b>Charges for Services:</b>							
Transit	849,773	818,132	883,088	879,699	788,482	780,969	332,411
Airport	445,142	501,145	539,847	531,631	777,574	697,906	673,750
Parking Garage	151,716	729,024	989,901	942,817	823,748	947,408	767,556
Operating Grants and Contributions	634,647	827,252	770,121	1,239,809	1,758,922	779,613	740,321
Capital Grants and Contributions	5,067,265	497,206	323,562	150,665	26,147	4,098,372	3,204,922
<b>Total Business-Type Activities Program Revenues</b>	<b>7,148,543</b>	<b>3,372,759</b>	<b>3,506,519</b>	<b>3,744,621</b>	<b>4,174,873</b>	<b>7,304,268</b>	<b>5,718,960</b>
<b>Total Primary Government revenues</b>	<b>\$ 26,012,606</b>	<b>\$ 19,629,887</b>	<b>\$ 16,217,263</b>	<b>\$ 25,533,401</b>	<b>\$ 24,981,547</b>	<b>\$ 33,573,386</b>	<b>\$ 22,735,592</b>

	<b>Fiscal Year Ended September 30,</b>						
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Net (Expense)/Revenue</b>							
Governmental Activities	\$ (45,927,498)	\$ (14,795,997)	\$ (22,634,603)	\$ (18,854,994)	\$ (22,761,579)	\$ (21,720,762)	\$ (29,235,221)
Business-Type Activities	3,289,342	(1,102,924)	(886,813)	(889,579)	(1,186,523)	2,548,700	1,476,638
<b>Total Primary Government net (Expense)/Revenue</b>	<b><u>(\$42,638,156)</u></b>	<b><u>\$ (15,898,921)</u></b>	<b><u>\$ (23,521,416)</u></b>	<b><u>\$ (19,744,573)</u></b>	<b><u>\$ (23,948,102)</u></b>	<b><u>\$ (19,172,062)</u></b>	<b><u>\$ (27,758,583)</u></b>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental Activities:							
Taxes:							
Property taxes	\$ 4,319,937	\$ 4,587,213	\$ 4,700,846	\$ 5,576,489	\$ 6,349,842	\$ 6,081,995	\$ 6,270,926
Incremental property taxes	2,238,649	4,964,939	4,744,731	5,233,873	5,911,106	7,330,807	7,489,176
Educational Revenue Augmentation							
Fund payment	(56,257)	(80,897)	(138,021)	(194,097)	-	-	-
Sales taxes	3,748,888	4,245,049	5,005,772	7,499,467	7,346,746	6,871,050	6,124,288
Transient occupancy taxes	9,954,669	10,856,026	11,357,165	11,932,173	10,209,841	10,047,114	8,271,773
Franchise taxes	1,134,056	1,095,735	1,115,824	1,215,495	1,249,593	1,279,456	1,408,472
Other taxes	1,632,156	1,637,438	3,364,413	3,265,103	4,825,668	5,220,688	4,996,213
Motor vehicle in lieu	1,134,056	1,041,857	536,521	167,793	120,143	105,469	65,185
Use of money and property	489,051	272,744	728,469	1,706,950	2,184,924	1,731,737	727,006
Gain/(loss) from sales of properties	-	125,903	-	-	-	-	15,784
Miscellaneous	911,361	1,102,056	1,311,868	1,173,709	1,407,983	1,327,917	729,725
Transfers	(622,691)	(380,493)	(345,822)	(423,189)	(3,319,043)	(902,581)	(538,219)
<b>Total Governmental Activities</b>	<b><u>24,883,875</u></b>	<b><u>29,467,570</u></b>	<b><u>32,381,766</u></b>	<b><u>37,153,766</u></b>	<b><u>36,286,803</u></b>	<b><u>39,093,652</u></b>	<b><u>35,560,329</u></b>
Business-type activities							
Use of money and property	24,335	3,167	60,037	56,032	60,984	57,440	18,813
Miscellaneous	9,951	41,684	58,343	58,432	69,076	17,722	783,356
Loss on sale of capital assets	-	-	-	-	-	(146,612)	-
Transfers	622,691	380,493	345,822	423,189	3,319,043	902,581	538,219
<b>Total Business-Type Activities</b>	<b><u>656,977</u></b>	<b><u>425,344</u></b>	<b><u>464,202</u></b>	<b><u>537,653</u></b>	<b><u>3,449,103</u></b>	<b><u>831,131</u></b>	<b><u>1,340,388</u></b>
<b>Total Primary Government</b>	<b><u>25,540,852</u></b>	<b><u>29,892,914</u></b>	<b><u>32,845,968</u></b>	<b><u>37,691,419</u></b>	<b><u>39,735,906</u></b>	<b><u>39,924,783</u></b>	<b><u>36,900,717</u></b>
<b>Change in Net Assets</b>							
Governmental Activities	(21,043,623)	14,671,573	9,747,163	18,298,772	13,525,224	17,372,890	6,325,108
Business-Type Activities	3,946,319	(677,580)	(422,611)	(351,926)	2,262,580	3,379,831	2,817,026
<b>Total Primary Government</b>	<b><u>\$ (17,097,304)</u></b>	<b><u>\$ 13,993,993</u></b>	<b><u>\$ 9,324,552</u></b>	<b><u>\$ 17,946,846</u></b>	<b><u>\$ 15,787,804</u></b>	<b><u>\$ 20,752,721</u></b>	<b><u>\$ 9,142,134</u></b>

**Source:** City of South Lake Tahoe Finance Department

**Note:** The City implemented GASB Statement 34 beginning in FY ended September 30, 2003.

**CITY OF SOUTH LAKE TAHOE**  
**Fund Balances of Governmental Funds**  
**Last Seven Fiscal Years**  
**(Modified Accrual Basis of Accounting)**



	Fiscal Year Ended September 30,						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$5,790,343	\$6,486,637	\$6,352,143	\$6,918,730	\$ 6,556,484	\$ 5,855,710	\$ 5,395,188
Unreserved:							
Designated	1,239,349	1,239,349	1,078,611	955,592	955,592	1,442,235	467,235
Undesignated	-	2,590,740	7,936,879	11,783,479	14,810,316	13,817,366	13,333,120
Total General Fund	<u>\$7,029,692</u>	<u>\$10,316,726</u>	<u>\$15,367,633</u>	<u>\$19,657,801</u>	<u>\$22,322,392</u>	<u>\$ 21,115,311</u>	<u>\$ 19,195,543</u>
All Other Governmental Funds							
Reserved	\$13,841,666	\$14,734,876	\$16,926,397	\$15,939,334	\$ 18,116,908	\$ 20,960,717	\$ 20,487,726
Unreserved, Designated, Reported in:							
Special Revenue Funds	54,219	306,258	348,037	348,037	236,556	336,605	320,092
Capital Projects Funds						17,703	
Unreserved, Undesignated, Reported in:							
Special Revenue Funds	3,407,196	3,865,166	5,119,751	4,475,526	5,409,949	6,325,576	4,809,681
Capital Project Funds	(3,647,520)	(4,095,808)	(4,227,583)	(762,353)	406,324	783,084	619,411
Total All Other Governmental Funds	<u>\$13,655,561</u>	<u>\$14,810,492</u>	<u>\$18,166,602</u>	<u>\$20,000,544</u>	<u>\$24,169,737</u>	<u>\$ 28,423,685</u>	<u>\$ 26,236,910</u> (a)

**Source:** City of South Lake Tahoe Finance Department

**Notes:** 1. The City implemented GASB Statement 34 beginning in FY ended September 30, 2003.  
(a) The change in total fund balance for the General Fund and Other Governmental Funds is explained in Management's Discussion and Analysis.

**CITY OF SOUTH LAKE TAHOE**  
**Changes in Fund Balance of Governmental Funds**  
**Last Seven Fiscal Years**  
**(Accrual Basis of Accounting)**

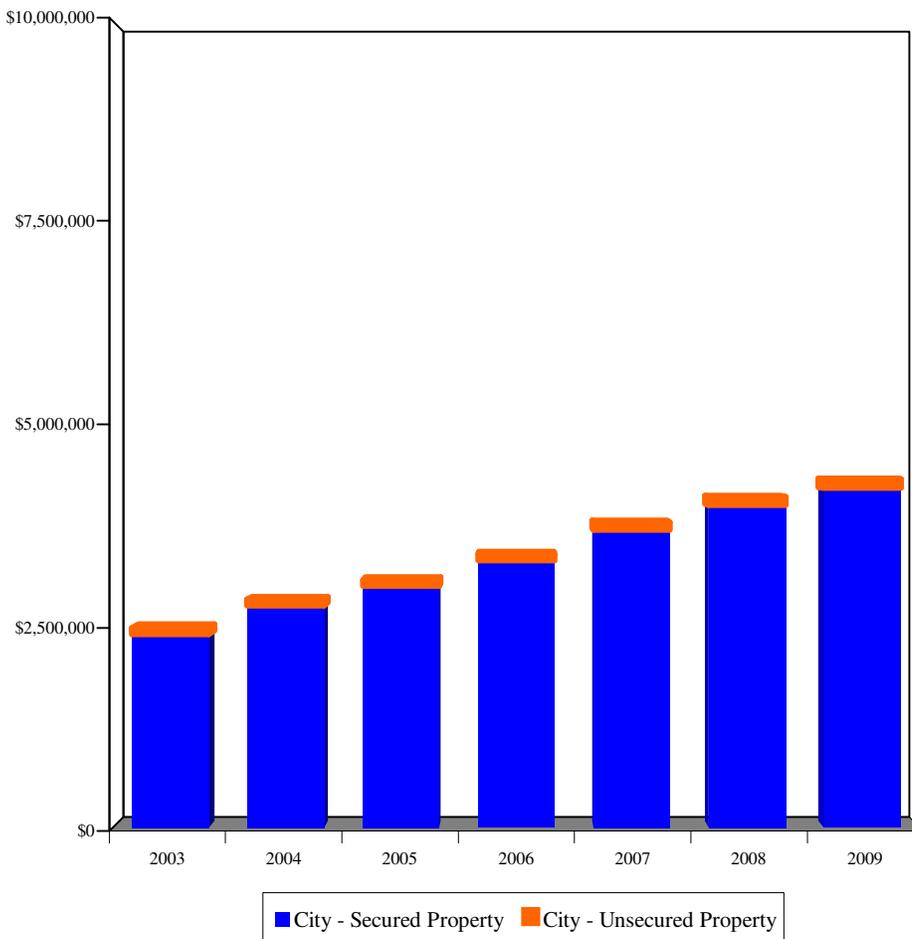
	Fiscal Year Ended September 30,						
	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>							
Taxes and assessments	\$ 23,797,075	\$ 26,645,949	\$ 27,621,479	\$ 32,036,707	\$ 31,785,472	\$ 32,570,188	\$ 30,563,539
Licenses, permits and impact fees	696,677	1,027,804	1,149,788	1,112,422	1,261,237	1,445,312	1,325,167
Fines and penalties	579,078	462,187	388,837	402,541	433,901	361,952	382,900
Use of money and property	830,310	706,638	1,201,419	1,929,969	2,415,501	1,937,829	1,059,215
Intergovernmental revenue	12,531,486	11,907,599	9,326,074	10,460,274	15,790,771	19,292,649	11,974,370
Charges for current services	2,672,658	3,547,573	4,221,966	4,044,350	5,829,360	5,615,762	5,067,168
Developer reimbursements	-	-	-	7,426,659	732,919	2,580,826	30,941
Other revenue	4,095,838	2,051,282	1,747,509	2,062,356	2,075,704	2,237,448	2,182,881
<b>Total Revenue</b>	<b>45,203,122</b>	<b>46,349,032</b>	<b>45,657,072</b>	<b>59,475,278</b>	<b>60,324,865</b>	<b>66,041,966</b>	<b>52,586,181</b>
<b>Expenditures</b>							
<b>Current:</b>							
General government	5,815,303	6,631,287	7,034,580	8,890,409	12,598,776	10,918,158	12,216,507
Public safety	10,844,573	11,283,871	11,712,864	13,277,804	13,383,756	14,125,964	14,789,345
Public works	2,861,458	2,843,245	2,416,855	2,833,915	4,742,243	3,794,015	3,648,098
Parks and recreation	2,887,872	2,680,118	2,847,643	3,161,633	4,667,947	5,230,867	5,184,210
Streets	2,005,255	1,983,932	2,112,792	2,225,305	3,374,526	2,940,159	4,444,314
Educational Revenue Augmentation							
Fund payment	56,257	80,897	138,021	194,097	-	-	-
Capital outlay	16,011,604	9,695,477	3,946,320	13,498,959	7,657,475	16,023,917	6,540,643
<b>Debt service:</b>							
Principal repayment	1,713,353	1,806,211	1,669,061	2,658,215	1,903,597	2,403,354	2,668,163
Interest and fiscal charges	7,353,513	6,661,005	7,985,563	6,350,448	6,964,860	5,545,854	5,784,474
<b>Total Expenditures</b>	<b>49,549,188</b>	<b>43,666,043</b>	<b>39,863,699</b>	<b>53,090,785</b>	<b>55,293,180</b>	<b>60,982,288</b>	<b>55,275,754</b>
Excess (deficiency) of revenues over (under) expenditures	(4,346,066)	2,682,989	5,793,373	6,384,493	5,031,685	5,059,678	(2,689,573)
<b>Other Financing Sources (Uses)</b>							
Proceeds from sale of properties	-	151,674	-	-	-	-	15,784
Payment to refunded debt escrow agent	(40,565,137)	(9,400,000)	(36,377,758)	(22,860,000)	(19,107,394)	-	-
Proceeds from long term debt	48,797,864	12,205,000	39,255,000	23,542,993	22,809,094	-	363,548
Bond issuance premium	-	-	1,016,676	662,675	-	-	-
Transfers in	5,229,677	3,862,164	4,164,253	7,264,406	7,302,069	9,808,155	8,403,762
Transfers out	(6,937,849)	(5,059,862)	(5,444,527)	(8,870,457)	(9,201,670)	(11,820,966)	(10,200,064)
<b>Total Other Financing Sources (Uses)</b>	<b>6,524,555</b>	<b>1,758,976</b>	<b>2,613,644</b>	<b>(260,383)</b>	<b>1,802,099</b>	<b>(2,012,811)</b>	<b>(1,416,970)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 2,178,489</b>	<b>\$ 4,441,965</b>	<b>\$ 8,407,017</b>	<b>\$ 6,124,110</b>	<b>\$ 6,833,784</b>	<b>\$ 3,046,867</b>	<b>\$ (4,106,543)</b>
Debt Service as a percentage of non-capital expenditures	22.4%	24.7%	31.8%	24.2%	20.5%	16.4%	17.6%

**Source:** City of South Lake Tahoe Finance Department

**Note:** 1. The City implemented GASB Statement 34 beginning in FY ended September 30, 2003.  
2. Governmental Funds exclude Enterprise funds (Transit, Airport, and Parking Garage) that are classified as Proprietary Funds.

**CITY OF SOUTH LAKE TAHOE**

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Seven Fiscal Years  
(in thousands of dollars)**



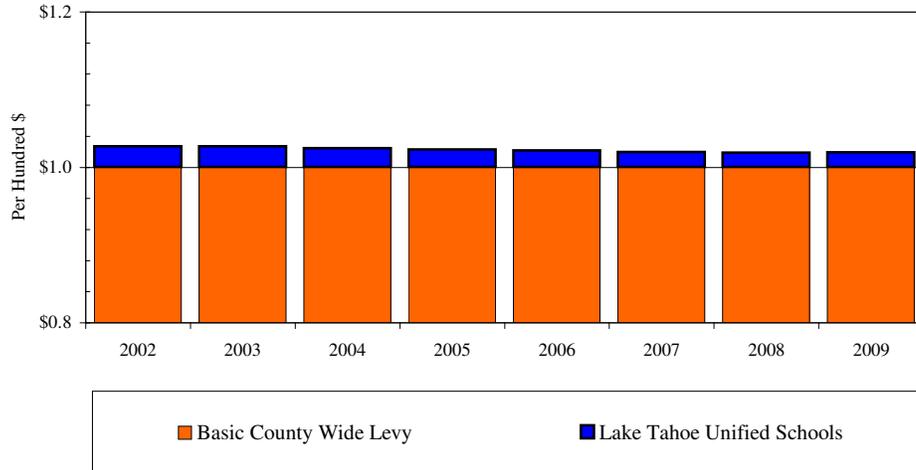
Fiscal Year	Assessed Value		Total Assessed Value	Less: Tax-Exempt Property	Taxable Assessed Value
	Secured Property	Unsecured Property			
2003	\$2,394,779	\$83,797	\$2,478,576	\$20,241	\$2,458,336
2004	2,753,167	73,780	2,826,948	19,314	2,807,634
2005	2,993,592	75,568	3,069,160	18,457	3,050,703
2006	3,315,576	77,254	3,392,830	17,565	3,375,265
2007	3,691,716	92,580	3,784,296	17,072	3,767,223
2008	3,996,923	101,777	4,098,700	16,610	4,082,090
2009	4,208,747	109,967	4,318,713	16,277	4,302,437

**Source:** El Dorado County Auditor Controller Office

- Notes:**
1. The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
  2. California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.
  3. The Finance Department began collecting data for this schedule in fiscal year 2002-03.

**CITY OF SOUTH LAKE TAHOE**

**Property Tax Rates  
All Overlapping Governments  
Last Eight Fiscal Years**



<b>Fiscal Year</b>	<b>Basic County Wide Levy</b>	<b>Lake Tahoe Unified School District</b>	<b>Total</b>
2002	\$1.0000	\$0.0271	\$1.0271
2003	1.0000	0.0271	1.0271
2004	1.0000	0.0248	1.0248
2005	1.0000	0.0232	1.0232
2006	1.0000	0.0219	1.0219
2007	1.0000	0.0199	1.0199
2008	1.0000	0.0190	1.0190
2009	1.0000	0.0194	1.0194

**Source:** El Dorado County Auditor's Office

**Note:** The Finance Department began collecting data for this schedule in fiscal year 2001-02.

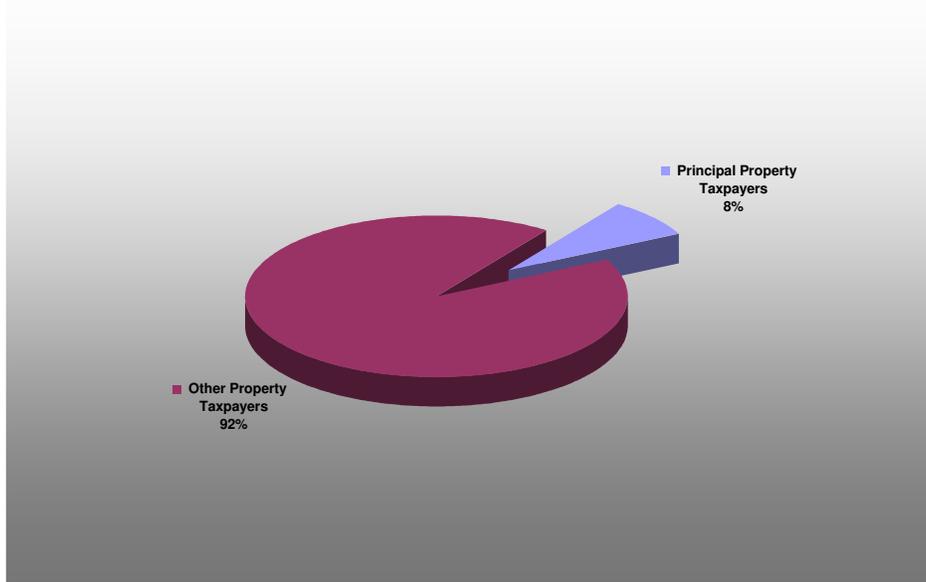
**CITY OF SOUTH LAKE TAHOE**  
**Principal Secured Taxpayers**  
**Top 10 Tax Payers**  
**Current Year and Three Years Ago**

Employer	Land Use	2008-2009			2005-2006		
		Taxable Assessed Value	Rank	% of Total Secured Assessed Value <sup>2</sup>	Taxable Assessed Value	Rank	% of Total Secured Assessed Value <sup>1</sup>
Lake Tahoe Development Co, LLC	Hotel / Motel	\$ 91,240,113	1	2.17%			
Roppongi-Tahoe LP	Hotel / Motel	49,519,241	2	1.18%	\$ 45,831,551	3	1.38%
Marriott Ownership Resorts	Resort / Timeshare	40,057,202	3	0.95%	55,000,654	1	1.66%
Heavenly Valley LP / Heavenly Resort Properties	Ski Resort	36,737,044	4	0.87%	49,685,984	2	1.50%
TSI Investments	Commercial	22,601,373	5	0.54%			
Lake Tahoe Resort Partners	Resort / Timeshare	22,288,105	6	0.53%	26,127,455	5	0.79%
Tahoe Crescent LP	Commercial	20,316,688	7	0.48%	19,144,871	6	0.58%
Seven Springs LP	Commercial	15,243,124	8	0.36%	14,363,939	8	0.43%
Robert M. and Lisa Maloff	Hotel / Motel	15,209,692	9	0.36%	13,549,438	10	0.41%
Stardust Vacation Club	Resort / Timeshare	14,706,669	10	0.35%	13,858,430	9	0.42%
Trans-Sierra Investments	Commercial/Residential				35,803,181	4	1.08%
Sierra Shores Inc.	Resort / Timeshare				17,022,274	7	0.51%
<b>Total</b>		<u>\$ 327,919,251</u>		<u>7.79%</u>	<u>\$ 290,387,777</u>		<u>8.76%</u>

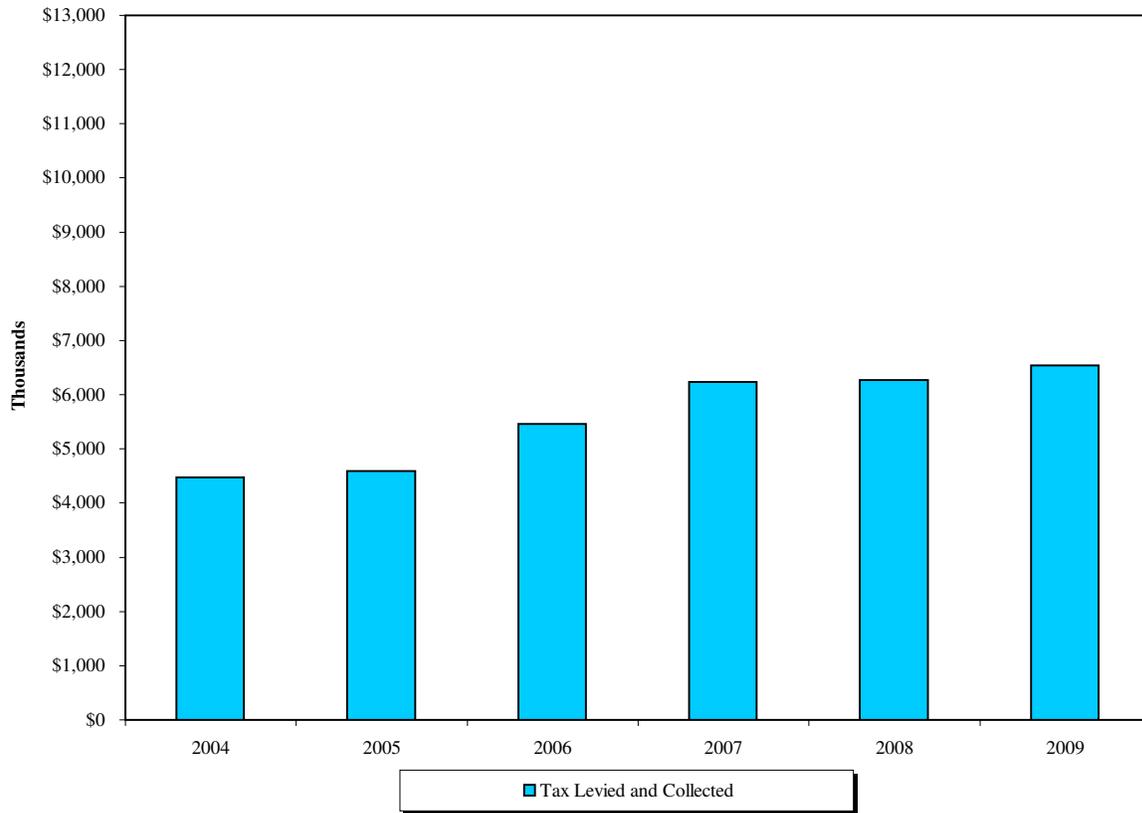
Source: California Municipal Statistics, Inc.

- Notes: 1. 2005-06 Local Secured Assessed Valuation : \$3,315,375,912.  
2. 2008-09 Local Secured Assessed Valuation : \$4,208,746,858.  
3. The Finance Department began collecting data for this schedule in fiscal year 2005-06.

**2008-09 Top 10 Secured Tax Payers**



**CITY OF SOUTH LAKE TAHOE**  
**Property Tax Levies and Collections**  
**Last Six Fiscal Years**



<b>Fiscal Year</b>	<b>Secured Property Tax Levied and Collected</b>	<b>Unsecured Property Tax Levied and Collected</b>	<b>Total Property Tax Levied and Collected</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
2004	\$ 4,379,757	\$ 95,503	\$ 4,475,260	100%
2005	4,491,670	101,653	4,593,323	100%
2006	5,352,163	113,868	5,466,031	100%
2007	6,112,106	125,596	6,237,702	100%
2008	6,145,308	129,727	6,275,035	100%
2009	6,349,861	190,123	6,539,984	100%

**Source:** El Dorado County Auditor-Controller's Office

- Notes:**
1. The City of South Lake Tahoe is on the Teeter plan with El Dorado County, thus the amount of property tax levied is the amount of property tax collected.
  2. The Finance Department began collecting data for this schedule in fiscal year 2003-04.

**CITY OF SOUTH LAKE TAHOE**  
**Ratios of Outstanding Debt by Type**  
**Last Seven Fiscal Years**

Fiscal Year	Governmental Activities					Business-Type Activities			Total primary government	Per Capita	Ratio of total O/S Debt to total Personal Income
	Refunding Revenue Bonds	Bond Anticipation Notes	Lease Revenue Bonds	Lease Purchase Financing	Loan	Lease Revenue Bonds	Parking Revenue Bonds	Loan			
2003	\$ 70,605,000	\$ 37,930,000	\$ 965,835	\$ 843,624	\$ 2,639,362	\$ 274,165	\$ 9,000,000	\$ 1,546,831	\$ 123,804,817	\$ 5,194	28.15%
2004	81,720,000	28,530,000	813,950	418,017	2,500,634	231,050	9,000,000	1,453,760	124,667,411	5,281	28.62%
2005	94,595,000	18,630,000	654,276	217,070	2,357,203	185,724	9,000,000	1,354,270	126,993,543	5,278	28.61%
2006	93,415,000	18,630,000	482,918	283,333	2,209,938	137,082	8,850,000	946,626	124,954,897	5,296	28.70%
2007	112,310,000	-	311,559	2,194,998	2,058,746	88,440	8,660,000	834,299	126,458,042	5,335	28.91%
2008	110,390,000	-	190,830	1,987,597	1,903,522	54,170	8,455,000	715,553	123,696,672	5,214	28.11%
2009	108,215,000	-	62,312	2,145,862	1,744,159	17,687	8,245,000	590,390	121,020,410	5,064	27.45%

Source: City of South Lake Tahoe

Note: The Finance Department began collecting data for this schedule in fiscal year 2002-03.

**CITY OF SOUTH LAKE TAHOE**  
**Computation of Direct and Overlapping Debt**  
**September 30, 2009**

2008-09 Assessed Valuation	\$4,318,713,411
Redevelopment Incremental Valuation	734,990,831
Adjusted Assessed Valuation	<u><u>\$3,583,722,580</u></u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt</u>
Lake Tahoe Unified School District	\$49,138,758	63.636%	\$31,269,940
South Lake Tahoe Recreational Facilities Community Facilities District No. 2000-1	4,650,000	63.636%	2,959,074
City of South Lake Tahoe Community Facilities District No. 2001-1	6,950,000	100.00%	<u>6,950,000</u>
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			 <u><u>\$41,179,014</u></u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
El Dorado County General Fund Obligations	\$4,180,000	13.157%	\$549,963
Lake Tahoe Community College District Certificates of Participation	1,705,000	63.636%	1,084,994
<b>City of South Lake Tahoe General Fund Obligations</b>	<b>20,955,000</b>	<b>100.00%</b>	<b><u>20,955,000</u></b>
 TOTAL DIRECT OVERLAPPING GENERAL FUND DEBT			 <u><u>\$22,589,957</u></u>
 COMBINED TOTAL DEBT			 <u><u>\$63,768,971 (2)</u></u>

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the City.

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

Ratios to 2008-2009 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 0.95%

Ratios to Adjusted Assessed Valuation:

**Combined Direct Debt (\$20,955,000) 0.58%**

Combined Total Debt 1.78%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 9/30/09: \$0

**Source:** California Municipal Statistics, Inc.

**Note:** Information is as of 09/30/2009

**CITY OF SOUTH LAKE TAHOE**  
**Computation of Legal Bonded Debt Margin**  
**September 30, 2009**  
**(amounts expressed in thousands)**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$4,192,470
---	-------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$157,218
---	-----------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$0
Less Tax Allocation Bonds, Sales Tax Revenue Bonds, and Certificates of Participation not subject to limit	0
Amount of debt subject to limit	0

LEGAL BONDED DEBT MARGIN	\$157,218
--------------------------	-----------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2004	\$ 102,520	0	\$ 102,520	0.00%
2005	111,568	0	111,568	0.00%
2006	123,675	0	123,675	0.00%
2007	137,799	0	137,799	0.00%
2008	149,262	0	149,262	0.00%
2009	157,218	0	157,218	0.00%

**Source:** City of South Lake Tahoe Finance Department

**Notes:** (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.  
(b) The Finance Department began collecting data for this schedule in FY 2003-2004.

**CITY OF SOUTH LAKE TAHOE**  
**Bonded Debt Pledged-Revenue Coverage**  
**Last Six Fiscal Years**

<b>South Tahoe Redevelopment Agency</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
<b>Pledged Revenues:</b>						
Transient Occupancy Tax Revenues	4,538,256	5,011,598	4,867,097	4,726,553	5,081,618	4,161,797
Property Tax Increment Revenues	3,889,814	3,681,296	4,021,005	4,506,107	5,069,995	5,716,035
<b>Total Revenue</b>	<b>8,428,070</b>	<b>8,692,894</b>	<b>8,888,102</b>	<b>9,232,660</b>	<b>10,151,613</b>	<b>9,877,832</b>
<b>Bond Year Debt Service - Parity Bonds:</b>						
1995 Series B <sup>1</sup>	2,023,655	2,010,085	-	-	-	-
1999 Series A	-	558,053	554,261	555,236	555,896	556,218
2003 Series A	603,880	603,680	608,155	612,380	606,493	610,485
2004 Series A <sup>2</sup>	-	-	-	299,682	747,616	743,566
2005 Series A <sup>3</sup>	-	-	1,618,629	1,890,000	2,675,375	2,679,000
2007 Series A	-	-	-	-	587,927	1,160,279
<b>Total Debt Service - Parity Bonds</b>	<b>2,627,535</b>	<b>3,171,818</b>	<b>2,781,045</b>	<b>3,357,298</b>	<b>5,173,307</b>	<b>5,749,548</b>
<b>Debt Service Coverage - Parity Bonds</b>	<b>321%</b>	<b>274%</b>	<b>320%</b>	<b>275%</b>	<b>196%</b>	<b>172%</b>
Pledged Revenue after Parity Debt	5,800,535	5,521,076	6,107,057	5,875,362	4,978,306	4,128,284
<b>Bond Year Debt Service - Subordinate Bonds:</b>						
1995 Lease Bonds	1,935,700	1,935,700	1,920,920	-	-	-
2003 Series B Notes	992,571	1,378,354	1,064,104	871,126	-	-
2006 Lease Bonds	-	-	-	1,693,618	1,809,931	1,808,994
<b>Total Debt Service - Subordinate Bonds</b>	<b>2,928,271</b>	<b>3,314,054</b>	<b>2,985,024</b>	<b>2,564,744</b>	<b>1,809,931</b>	<b>1,808,994</b>
<b>Debt Service Coverage - Subordinate Bonds</b>	<b>198%</b>	<b>167%</b>	<b>205%</b>	<b>229%</b>	<b>275%</b>	<b>228%</b>
<b>S.T. Joint Powers Parking Financing Authority</b>						
	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-2009</b>
Operating Revenue	631,832	874,587	942,817	824,348	947,408	1,313,350
Operating Expense	312,345	369,743	644,166	649,740	194,508	667,860
<b>Net Operating Revenue</b>	<b>319,487</b>	<b>504,844</b>	<b>298,651</b>	<b>174,608</b>	<b>752,900</b>	<b>645,490</b>
Bond Year Debt Service	802,500	802,500	802,500	802,500	802,500	802,500
Surplus Special Tax Revenue	190,000	190,000	190,000	240,000	330,000	330,000
Surplus Special Tax Coverage Requirement	110%	110%	110%	110%	110%	110%
Net Surplus Special Tax Revenue	172,727	172,727	172,727	218,182	300,000	300,000
Net Maximum Annual Debt Service	629,773	629,773	629,773	584,318	502,500	502,500
<b>Debt Service Coverage</b>	<b>51%</b>	<b>80%</b>	<b>47%</b>	<b>30%</b>	<b>150%</b>	<b>128%</b>

<sup>1</sup> - Refunded by 2005 Series A Bonds

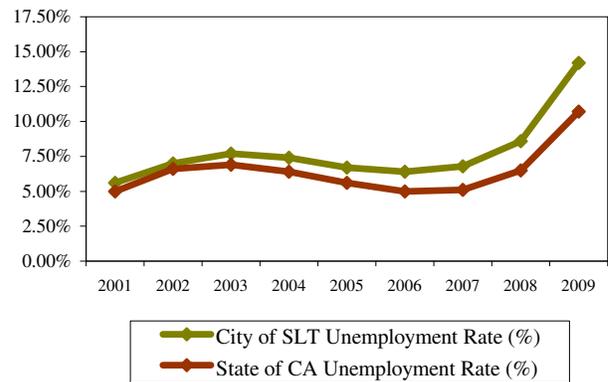
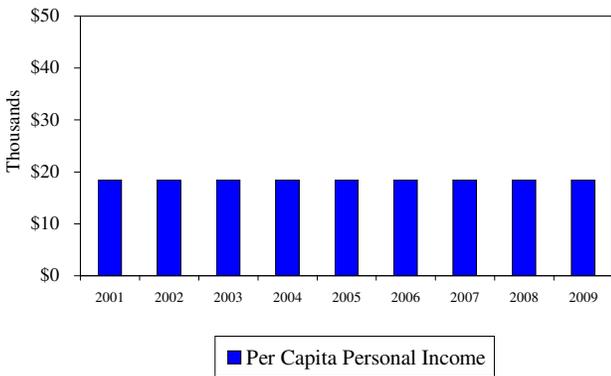
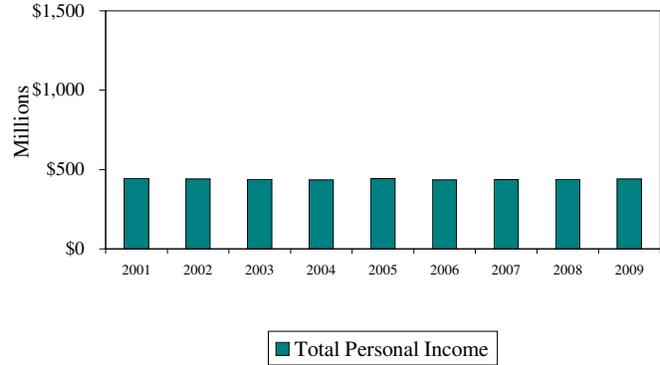
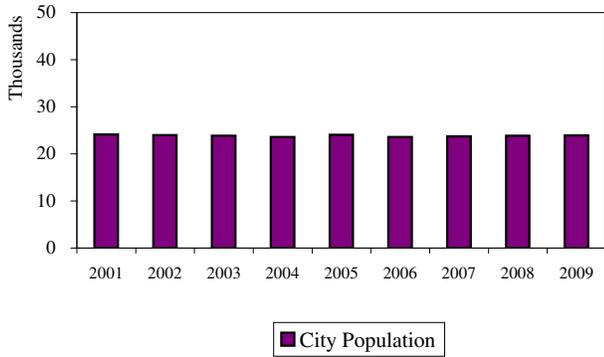
<sup>2</sup> - Bond debt service to be paid from capitalized interest until Oct 1 2006 payment.

<sup>3</sup> - Total debt service of \$2,254,629 offset by capitalized interest of \$636,000.

**Source:** City of South Lake Tahoe Finance Department

**Note:** The Finance Department began collecting data for this schedule in fiscal year 2003-04.

**CITY OF SOUTH LAKE TAHOE**  
**Demographic and Economic Statistics**  
**Last Nine Fiscal Years**



<b>Fiscal Year Ended September 30,</b>	<b>City Population</b>	<b>Total Personal Income</b>	<b>Per Capita Personal Income</b>	<b>City of SLT Unemployment Rate (%)</b>	<b>State of CA Unemployment Rate (%)</b>
2001	24,149	\$445,597,348 (a)	\$ 18,452 (b)	5.6%	5.0%
2002	23,961	442,128,372 (a)	18,452 (b)	7.0%	6.6%
2003	23,838	439,858,776 (a)	18,452 (b)	7.7%	6.9%
2004	23,607	435,596,364 (a)	18,452 (b)	7.4%	6.4%
2005	24,059	443,936,668 (a)	18,452 (b)	6.7%	5.6%
2006	23,594	435,356,488 (a)	18,452 (b)	6.4%	5.0%
2007	23,704	437,386,208 (a)	18,452 (b)	6.8%	5.1%
2008	23,850	440,080,200 (a)	18,452 (b)	8.6%	6.5%
2009	23,896	440,928,992 (a)	18,452 (b)	14.2%	10.7%

**Sources:** California State Department of Finance  
California Employment Development Department  
U.S. Census Bureau, factfinder Census 2000 data; southlaketahoeprospector.com

**Notes:** (a) Calculated by multiplying City Population by Per Capita Personal Income.  
(b) Data not available for the City beyond 2000 Census.  
1. The Finance Department began collecting data for this schedule in fiscal year 2000-01.

## CITY OF SOUTH LAKE TAHOE

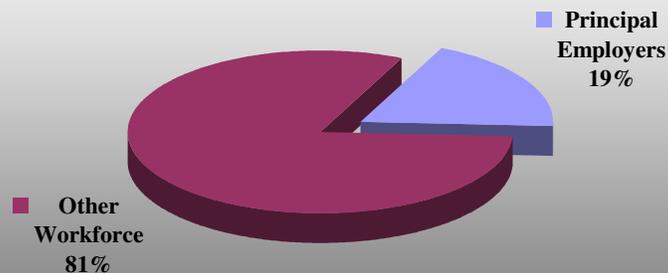
### Principal Employers Current Year and Two Years Ago

Employer	Product/ Service	2008-09			2006-07		
		Number of Employees	Rank	Percentage of Total City Workforce	Number of Employees	Rank	Percentage of Total City Workforce
Barton Memorial Hospital	Health Services	756	1	4.8%	909	1	6.0%
Lake Tahoe Unified School District	Education	384	2	2.4%	458	2	3.0%
Heavenly Mountain Resort	Ski Industry	312	3	2.0%	157	9	1.0%
El Dorado County	Government	311	4	2.0%	225	7	1.5%
Lake Tahoe Community College	Education	249	5	1.6%	260	4	1.7%
United States Forest Service	Government	243	6	1.5%	245	5	1.6%
<b>City of South Lake Tahoe</b>	<b>Government</b>	<b>214</b>	<b>7</b>	<b>1.4%</b>	<b>208</b>	<b>8</b>	<b>1.4%</b>
Marriott Corporation	Lodging	212	8	1.4%	320	3	2.1%
Raleys	Food/Drug	192	9	1.2%	227	6	1.5%
South Tahoe Public Utility District	Utilities	116	10	0.7%	113	10	0.7%
Subtotal		<u>2,989</u>		<u>19.0%</u>	<u>3,122</u>		<u>20.7%</u>
<b>Total City Workforce</b>		<b>15,700</b>			<b>15,100</b>		

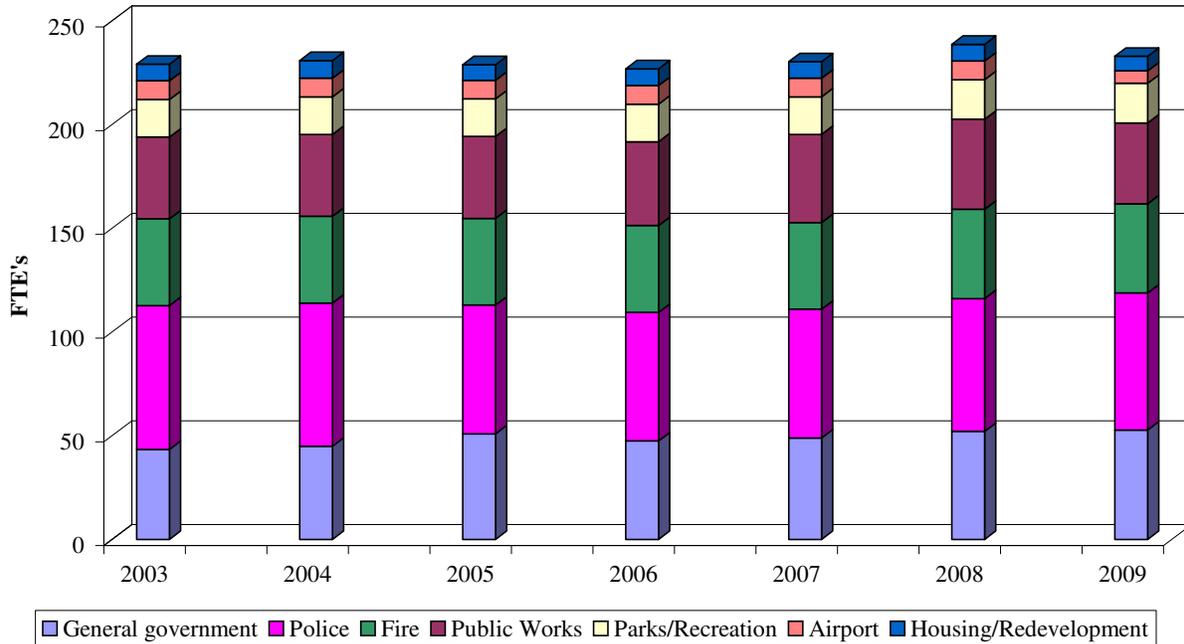
**Sources:** South Tahoe Public Utility District Finance Department  
City of South Lake Tahoe Finance Department  
California Labor Market Info Data Library

**Notes:** The Finance Department began collecting this data in fiscal year 2006-07.

### 2008-09 Principal Employers



**CITY OF SOUTH LAKE TAHOE**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Seven Fiscal Years**



Function	Fiscal Year Ended September 30,						
	2003	2004	2005	2006	2007	2008	2009
General government	43.39	44.90	50.90	47.40	48.90	52.00	52.75
Public Works	39.43	39.43	39.43	40.43	42.43	43.43	38.93
Police	69.25	69.00	62.00	62.00	62.00	64.00	66.00
Fire	41.80	41.80	41.80	41.80	41.80	43.00	43.00
Parks and Recreation	18.08	18.07	18.07	18.07	18.07	19.07	19.07
Airport	9.00	9.00	9.00	9.00	9.00	9.00	6.00
Housing & Redevelopment	8.00	8.50	7.50	8.00	8.00	8.00	7.00
<b>Total</b>	<u>228.95</u>	<u>230.70</u>	<u>228.70</u>	<u>226.70</u>	<u>230.20</u>	<u>238.50</u>	<u>232.75</u>

**Source:** City of South Lake Tahoe HR and Finance Departments

**Note:** The Finance Department began collecting data for this schedule in fiscal year 2002-03.

**CITY OF SOUTH LAKE TAHOE**  
**Operating Indicators by Function/Program**  
**Last Five Fiscal Years**

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Police:</b>					
Police calls for Service	22,957	22,994	24,261	23,438	21,213
Law violations:					
Homicide	1	0	1	1	0
Forcible Rape	8	15	10	8	13
Robbery	21	21	23	31	30
Assault	487	523	568	474	428
Violent Crimes, Total	517	559	602	514	471
Burglary	190	236	238	260	169
Larceny	301	389	316	275	237
Motor Vehicle Theft	64	74	53	37	16
Property Crimes, Total	555	699	607	572	422
Total Arrests, including citations and juvenile	2,002	2,355	1,761	1,934	2,037
<b>Community Development:</b>					
Street reconstruction (travel lane miles)	N/A	N/A	2.94	2.74	1.42
Paving/Patching performed in-house (square feet)	N/A	N/A	196,815	153,813	N/A
<b>Community Recreation:</b>					
Community Services:					
Senior Center Meals prepared	N/A	28,809	32,857	34,837	27,249
Served in house Participants	N/A	11,903	13,660	13,107	10,178
Delivered to home Participants	N/A	16,906	19,197	21,730	17,071
Participants in programs and facility rentals:					
Recreation Complex	N/A	171,000	174,000	172,200	168,100
Ice Arena	N/A	102,000	106,000	102,350	98,780
Swimming Pool	N/A	98,000	97,000	95,195	95,000
Campground	N/A	49,500	52,200	48,200	54,900
Boat Ramp	N/A	5,000	5,250	2,150	Closed season
Senior Center	N/A	48,500	51,500	47,660	45,400
<b>Fire:</b>					
Number of incidents related to:					
Fires	91	117	113	89	94
Hazardous Conditions/Hazardous Material	89	113	94	138	98
Rescue, Medical Aid	1,835	1,973	1,987	2,082	2,004
Number of calls related to:					
Citizen Assistance	129	166	169	171	173
Good Intent	401	359	324	281	343
False Calls	132	155	204	210	174
Weather Related	N/A	4	0	9	2

**Source:** City of South Lake Tahoe

**Notes:** 1. The Finance Department began collecting data for this schedule in fiscal year 2004-05.  
2. N/A denotes information not available

**CITY OF SOUTH LAKE TAHOE**  
**Capital Asset Statistics by Function/Program**  
**Last Five Fiscal Years**

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Police:</b>					
Police stations	1	1	1	1	1
Police vehicles, Total	36	37	37	37	37
Patrol units	N/A	N/A	18	18	18
<b>Fire:</b>					
Fire stations	3	3	3	3	3
Fire vehicles, Total	12	12	12	14	16
Fire apparatus <sup>(1)</sup>	8	8	8	8	10
JPA Ambulances <sup>(2)</sup>	2	2	3	3	3
<b>Community Recreation:</b>					
Community services:					
Athletic Fields	7	7	7	7	7
Parks	1	1	1	1	1
Ice Arena	1	1	1	1	1
Skate Park	1	1	1	1	1
Park Acreage	35	35	35	35	35
Golf Courses	1	1	1	1	1
Public Swimming Pools	1	1	1	1	1
Bike Trails	5	5	7	7	7
Public Beaches	3	3	3	3	3
Recreation Center	1	1	1	1	1
Senior Center	1	1	1	1	1
<b>Airport:</b>					
Runway length in feet	8,544	8,544	8,544	8,541	8,541
Aircraft Operations	23,326	21,268	28,035	22,333	23,224
Air Carriers:					
Major	0	0	0	0	0
Commuters	0	0	0	0	0

**Source:** City of South Lake Tahoe

- Notes:**
- <sup>(1)</sup> Fire apparatus is a multi-purpose vehicle carrying professionals and equipment for a wide range of fire-fighting and rescue tasks.
  - <sup>(2)</sup> The ambulance vehicles are the property of California Tahoe Emergency Services Operations Authority JPA.
  - (a) N/A denotes information not available.
  - (b) The Finance Department began collecting data for this schedule in fiscal year 2004-05.

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