



**Redevelopment and Financial Consulting**

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**ANNUAL REPORT**

*For 2014-15 Fiscal Year  
With Data for 2015-16 Fiscal Year*

**Refunding Revenue Bonds**

**2005 Series A  
2007 Series A  
2014 Series A  
2015 Series A**

**Refunding Lease Revenue Bonds**

**2006 Series A**

*South Tahoe Joint Powers Financing Authority  
Successor Agency to the South Tahoe Redevelopment Agency*

South Tahoe Redevelopment Project No. 1

March 2016

**Section A - Introduction**

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The South Tahoe Joint Powers Financing Authority (Authority) has issued the following bonds that are on parity with each other:

<b>Bond Issue</b>	<b>Par Amount</b>
2005 Series A Refunding Revenue Bonds	\$39,255,000 (Refunded with the 2015 Bonds)
2007 Series A Refunding Revenue Bonds	\$20,360,000
2014 Series A Refunding Revenue Bonds	\$29,230,000
2015 Series A Refunding Revenue Bonds	\$27,525,000

The Authority's 2015 Series A Refunding Bonds refunded the 2005 Bonds on August 27, 2015. The 2005, 2007, 2014 and 2015 issues are referred to as the Senior Bonds. The Bonds are secured by Loan Agreements entered into with the former South Tahoe Redevelopment Agency (Former Agency). Due to the redevelopment Dissolution Act, the City of South Lake Tahoe has assumed the role of Successor Agency to the South Tahoe Redevelopment Agency (Agency).

The source of repayment for the Loans first includes a portion of the tax increment revenues generated within the boundaries of Redevelopment Project Area No. 1 (Project Area). The portion of the tax increment revenues that are pledged to Loan repayment represents total tax increment revenues less allocations to the taxing entities and property tax administrative fees and are referred to as Tax Increment Revenues. Second, the transient occupancy tax (TOT) revenues of the Project Area are pledged to make debt service payments on the Loans. Combined, the Tax Increment Revenues and the TOT Revenues are referred to as the Pledged Revenue.

Tax increment revenues are used first to pay debt service, followed by TOT Revenues to the extent needed to cover remaining debt service. The City receives all remaining TOT Revenues after the payment of the portion of the Senior Bonds not paid by tax increment. The remaining TOT Revenues are used by the City to make debt service payments on the Authority's \$23,245,000 Refunding Revenues Bonds, 2006 Series A (Lease Bonds).

As part of the issuance of the Bonds, the Agency executed Continuing Disclosure Certificates. The Disclosure Certificates were executed and delivered by the Agency for the benefit of the holders and beneficial owners of the bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The 2014 and 2015 Disclosure Certificates require the Agency to file an Annual Report based on the then applicable rules and electronic format prescribed by the MSRB, which meets the requirement for the other Disclosure Certificates as well. The Annual Report must be filed by March 31 of each year.

The Annual Report needs to contain or incorporate by reference the following financial information or operating data, as shown in the 2014 and 2015 Certificates:

- Incremental taxable value and historical tax increment receipts, including information from Table 6 of the 2015 Official Statement.
- Historical information on Project Area TOT revenues, as shown on Table 7 of the 2015 Official Statement.
- The ten major property tax assesseses in the Project Area similar to Table 2 of the 2015 Official Statement.
- The ten major TOT assesseses in the Project Area similar to Table 8 of the 2015 Official Statement.
- An update to the debt service coverage based on actual TOT revenues for the most recently completed Fiscal Year, and estimated TA revenues based on the most recently available assessor's tax roll, in the form of Table 11 in the 2015 Official Statement.

The Annual Report must also contain the Audited Financial Statements of the Agency prepared in accordance with generally accepted accounting principles. Because of the Dissolution Act, there are not separate audited financial statements prepared for the Agency. Commencing with the audited financial statements for the City for the fiscal year ended September 30, 2012, the activities of the Agency are reported as a fiduciary trust fund as part of the City's Comprehensive Annual Financial Report (CAFR), which is in accordance with guidance issued by the California Department of Finance (DOF) and available on the DOF's website ([www.dof.ca.gov](http://www.dof.ca.gov)) as of December 20, 2013. The Agency financials are reported in the CAFR under "Private-Purpose Trust Fund". This fund reports the assets, liabilities and activities of the Successor Agency.

This Annual Report provides the required information for the Agency's fiscal year ending September 30, 2015 and data for 2015-16. The balance of this Report shows the required financial information and operating data. The value and revenue estimates contained in the following sections of this Report are based upon information and data that we believe to be reasonable and accurate. To a certain extent, the estimates of revenue are based on assumptions that are subject to a degree of uncertainty and variation and therefore are not represented as results that will actually be achieved. However, we have conscientiously prepared them for the Agency on the basis of our experience in the field of financial analysis for redevelopment agencies.

### **Financial and Operating Data**

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The financial and operating data required to be disclosed as part of the Annual Report is primarily included in the Official Statement for the 2015 Bonds that was dated August 27, 2015. That document is incorporated by reference and is available on the MSRB's web site at <http://emma.msrb.org/IssueView/IssueDetails.aspx?id=ER371487>

In addition to the information contained in the Official Statement, we have updated the coverage table to reflect actual TOT revenues received in 2014-15. Table 1 shows the revised coverage information.

The Agency has agreed to provide information on its tax increment limit and annual bond debt service pursuant to certain provisions of the Bond documents. Specifically, the Agency has agreed to provide a Consultants Report to FSA and AMBAC on the aggregate amount of annual debt service remaining on all outstanding Bonds payable from Tax Increment Revenues and the amount of such revenues the Agency is permitted to receive under the Plan Limitations. In September of 2015 the legislature passed and the Governor signed SB 107. That bill clarified that tax increment limit are no longer applicable for purposes of the repaying bond debt service.

Table 1  
 South Tahoe Successor Agency  
 Project Area No. 1

**PROJECTED DEBT SERVICE COVERAGE (1)**  
 (000's Omitted)

Fiscal Year	Projected TA (2) Revenue	Actual TOT (3) Revenue	Total Projected Revenue	Series 2007 Debt Service	Series 2014 Debt Service	Series 2015 Debt Service	Total Debt Service	Debt Service Coverage
2015 - 2016	\$3,286,824	\$4,730,990	\$8,017,814	\$1,168,579	\$1,746,269	\$2,478,743	\$5,393,591	149%
2016 - 2017	3,286,824	4,730,990	8,017,814	1,166,329	1,749,469	2,478,894	5,394,692	149%
2017 - 2018	3,286,824	4,730,990	8,017,814	1,166,129	1,751,269	2,477,294	5,394,692	149%
2018 - 2019	3,286,824	4,730,990	8,017,814	1,169,866	1,762,069	2,463,694	5,395,629	149%
2019 - 2020	3,286,824	4,730,990	8,017,814	1,168,106	1,761,469	2,464,694	5,394,269	149%
2020 - 2021	3,286,824	4,730,990	8,017,814	1,165,781	1,758,219	2,472,194	5,396,194	149%
2021 - 2022	3,286,824	4,730,990	8,017,814	1,167,881	1,763,469	2,465,694	5,397,044	149%
2022 - 2023	3,286,824	4,730,990	8,017,814	1,169,100	1,771,719	2,455,694	5,396,513	149%
2023 - 2024	3,286,824	4,730,990	8,017,814	1,169,250	1,762,719	2,462,194	5,394,163	149%
2024 - 2025	3,286,824	4,730,990	8,017,814	1,172,000	1,775,319	2,449,194	5,396,513	149%
2025 - 2026	3,286,824	4,730,990	8,017,814	1,168,750	1,774,669	2,452,444	5,395,863	149%
2026 - 2027	3,286,824	4,730,990	8,017,814	1,169,750	1,777,169	2,445,944	5,392,863	149%
2027 - 2028	3,286,824	4,730,990	8,017,814	1,174,750	1,782,594	2,437,769	5,395,113	149%
2028 - 2029	3,286,824	4,730,990	8,017,814	1,173,500	3,605,700	618,769	5,397,969	149%
2029 - 2030	3,286,824	4,730,990	8,017,814	1,171,250	3,610,700	615,994	5,397,944	149%
2030 - 2031	3,286,824	4,730,990	8,017,814	1,173,000	3,579,400	647,400	5,399,800	148%
2031 - 2032	3,286,824	4,730,990	8,017,814	1,173,500	3,582,200	640,600	5,396,300	149%
2032 - 2033	3,286,824	4,730,990	8,017,814	1,177,750	3,585,000	638,400	5,401,150	148%
2033 - 2034	3,286,824	4,730,990	8,017,814	1,175,500	3,707,600	515,600	5,398,700	149%
2034 - 2035	3,286,824	4,730,990	8,017,814	1,177,000	0	4,212,000	5,389,000	149%
2035 - 2036	3,286,824	4,730,990	8,017,814	5,882,000	0	0	5,882,000	136%
2036 - 2037	3,286,824	4,730,990	8,017,814	5,885,250	0	0	5,885,250	136%

(1) Revenues are based on a Fiscal Year ending September 30 of each year and debt service is presented on a bond year ending October 1 of each calendar year.

(2) Tax increment (TA) revenues are estimated for the current 2015-16 fiscal year based on reported assessed value.

(3) TOT Revenues are actuals from the recently completed 2014-15 fiscal year.