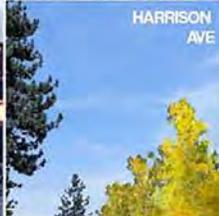


CITY OF

South Lake  
**TAHOE**

California

50th ANNIVERSARY  
1965 - 2015



**15** COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2015

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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, 2015

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Prepared by  
**FINANCIAL SERVICES DIVISION**



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- ◆ Cover designed by Anna Tikhomirova, Financial Services Division with photos contributed by City departments
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**CITY OF SOUTH LAKE TAHOE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Year Ended September 30, 2015**

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**May 24, 2016**

**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, 2015. 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 Vavrinek, Trine, Day & Co., LLP has completed the independent audit using Generally Accepted Accounting Principles and Generally Accepted Auditing Standards. The Independent Auditors' Report, including the audited financial statements, as of September 30, 2015, are included in the Financial Section of this report.

The Auditors have issued an *unmodified 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, 2015. An unmodified opinion is the best opinion an independent auditor can give and this is what we would expect to receive. The opinion pertains to the financial position of the governmental activities, business-type activities, each major fund, the aggregate remaining funds, the respective changes in the financial position and cash flow, where applicable, the related notes, and 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.

## Financial Information

The City's overall financial position weakened in 2015. Net position city-wide totaled \$47.1 million at year end, a decrease of \$27.3 million over the prior year after restatement. The decrease is primarily attributable to an increase in a nonexchange financial guarantee between the City and the former RDA. For more information on the restatement and nonexchange financial guarantee please refer to Notes 17 and 18 to the basic financial statements.

Revenues before transfers totaled \$53.3 million city-wide, a decrease of \$1.9 million over the prior year, and expenses totaled \$80.5 million, an increase of \$37.7 million over the prior year. The City's General Fund unassigned fund balance increased \$4.5 million to \$16.3 million.

A more detailed discussion of city-wide financial information and operating results for the governmental activities, business-type activities and 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, 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, the Senior Citizens Center, and Lakeview Commons.

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 21,738 in 2015. 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 125 inches of accumulated snowfall annually at lake level. One of the largest and most popular ski areas in the western United States, Heavenly Mountain resort, 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 Lahontan Regional Water Quality Control Board, the California Department of Forestry, the California Department of Transportation and the Tahoe Regional Planning Agency.

## Economic Condition, Outlook, and Activity

The City of South Lake Tahoe's largest revenue sources in 2015 were transient occupancy taxes, charges for services, grants, and sales taxes (including Measure Q) making up 24%, 17%, 16%, and 14% respectively of total *city-wide* revenues. Transient occupancy taxes, including the former Redevelopment area, grew 15.2%. Charges for services include parks and recreation program fees and user fees for non-general government services such as engineering, building, planning and permitting. The portion of this revenue allocated to governmental activities equals 78% while the remaining 22% is attributed to business-type activities, primarily in the parking garage. Grants allowed the City to fund a variety of capital and environmental improvement projects city-wide. Major grant funded projects constructed in 2015 included an erosion control project in the Bijou area, Harrison Avenue Improvements project, and Bike Trail Overlay.

The property tax revenue reported under governmental activities grew 5.0% compared to the prior fiscal year. The total assessed valuation of real property in the City for fiscal year 2014-15 grew 2.8% and increased an additional 4.6% for 2015-16 fiscal year showing a strong rebound in the housing market. The amount of revenues from property taxes collected within the former South Tahoe Redevelopment Agency's Project Area One boundaries (incremental property taxes) that is required for debt service is reported under fiduciary activities and reflects a 30.4% decrease in this category compared to prior year. Taxable values have fallen from \$878.0 million in 2008-09 to \$522.4 million in 2014-15. The reductions in value occurred under Proposition 8, which requires the local county assessor to enroll the lesser of the market value or the Proposition 13 value of property. In the opinion of the El Dorado County Assessor, the market value for time share units has dropped, and, consequently, they reduced value at the Grand Residence, the Timber Lodge, Diamond Resorts, and other time share facilities. Additionally, the County Assessor reduced value in 2012-13 for parcels where the owners had filed appeals and processed roll corrections for prior year taxes paid due to the resolution of the appeals.

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, and the related transient occupancy tax (TOT) and sales tax revenues associated with visitors to the community. Both of these revenue sources realized increases in the last five fiscal years showing recovery from the economic recession. City TOT comprised approximately 21% of total revenue of the *General Fund*, while sales taxes including Measure Q made up 18% of total revenue in 2014-15. Revenues from TOT, excluding the amounts collected within the former Redevelopment area, grew 14.1% or approximately \$1.0 million in 2015 over the prior year and above its peak nine years ago. TOT growth from 2013 to 2014 was 16.9%. Sales tax including Measure Q increased by 3.7% or \$0.2 million city-wide with the change from 2013 to 2014 of 9.0% or \$0.5 million.

The City's Strategic Priority to Improve the Built Environment continues to drive investment into the community. Several projects encompassing public and private partnership infused over \$400M of capital into the local economy. Improving the Built Environment will produce lasting change in South Lake Tahoe. Increasing opportunities for businesses and capital improvements will continue to add jobs within the community, further improving the City's "bottom line".

The City's prudent budget philosophy and decision-making has provided opportunities to invest in the City's future, its assets and its services. The City's efforts these past few years toward achieving long-term fiscal sustainability have resulted in measurable financial benefits to the community through a 35% reduction in annual medical insurance costs and a 73% reduction in OPEB liabilities.

As always, staff will be monitoring the long-term budget situation and will be proactive in maintaining the City's fiscal health.

### *Credit Rating*

In November 2014, Standard & Poor's Ratings Services assigned its 'AA-' rating to South Lake Tahoe, Calif's 2014 taxable pension obligation bonds (POBs) and affirmed its 'AA-' long-term rating and underlying rating (SPUR) on South Tahoe Joint Powers Financing Authority's series 2006A lease revenue bonds and series 2012 Certificates of Participation, issued on behalf of the City. The rating reflects the assessment of several factors as very strong, such as financial flexibility and liquidity, coupled with the City's adequate budgetary performance. It additionally acknowledges that financial management conditions are very strong with "strong" financial practices under S&P's Financial Management Assessment (FMA) methodology. The outlook is stable.

Standard & Poor's Ratings Services assigned its 'BBB-' long-term rating to South Tahoe Joint Powers Financing Authority 2014 revenue bonds, issued for the Successor Agency (SA) to the South Tahoe Redevelopment Agency (RDA) to refund SA's outstanding 1999A, 2003A, and 2004A tax allocation bonds. At the same time, Standard & Poor's affirmed its 'BBB-' long-term and underlying rating (SPUR) on the authority's outstanding revenue bonds. The outlook is stable.

## **Strategic Priorities**

The South Lake Tahoe City Council's Strategic Priorities are:

- **Economic Development**

Highlights of the strategies for economic development within the City include adopting the Legacy Action plan, collaborating with regional, state and federal agencies as well as the development of public-private partnerships to attract, retain and expand local businesses, retail opportunities, quality affordable housing, and stimulate tourism. Strategies in this area may include development of the City-wide Area Plan aligning the City's long-range vision with TRPA's Regional Plan Update to provide economic opportunities and incentives for development, assistance to developers in project development through production of Developer Play Book, implementation of the Airport Master Plan and Recreation Master Plan, adoption and implementation of the Bijou Park Master plan, expansion of the recreation facilities in the area known as the "56 acre Project", and pursuing other development opportunities.

- **Fiscal Sustainability**

Highlights of the strategies for ensuring the City's fiscal sustainability include reorganization of operations and prioritization of programs and services to ensure the provision of strategic and essential services within a transparent and balanced budget. Strategies in this area also include implementation of the Asset Management Program, development of a financing plan for replacement of major capital assets and capital improvements, and adoption of the revenue generation strategy.

- **Improve the Built Environment**

Highlights of the strategies to improve the City's built environment include updating the appearance and infrastructure on State Highway 50 / Lake Tahoe Boulevard, creating a timeless entry experience to the City and key neighborhoods for residents and guests, building more bike paths, and enforcing signage and City codes. Strategies in this area also include adoption of plans

and policies for revitalization of hotel districts, establishment of a new public/private recreation consortium, and investing in City roads, lighting and landscaping.

- **Public Trust and Accountability**

Highlights of the strategies for public trust and accountability include increasing public education through creating opportunities to learn about fire safety, wildland hazards and community preparedness, establishing and implementing anti-property crime program, implementing best practices, expanding community surveys, expediting development review and permitting services, and creating a more customer-service-oriented environment.

- **Partnership Development**

Highlights of the strategies for partnership development include promoting, enhancing and increasing community-based partnerships in crime prevention, fire and public safety, emergency preparedness and community policing. Strategies in this area also include promoting South Shore Legacy Principles, promoting and broadening community outreach, continuing to hold a semi-annual Citizens Academy, and partnering with various groups to create more community events and activities.

- **Quality Core Services**

Highlights of the strategies for quality core services include strengthening organizational culture and implementation of exceptional customer service recognition program, focusing on maintaining excellent public safety services, expanding recreational opportunities, maintaining city parks and recreation facilities for the enjoyment of our community, ensuring timely completion of capital improvement projects, keeping the public informed about the City's affairs through access to information, and delivering professionally managed work products, contracts, services and programs.

## **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.

### *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, but 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 General Fund financial forecast projecting revenues and expenditures is developed during each year's budget process.

The City Council receives a quarterly 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 Unassigned 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 funding 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 \$7,000 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 and South Tahoe Financing Authorities. 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.

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 for strengthening the City's internal controls in these areas.

### *Investments*

The City's cash management system monitors and forecasts 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 departments.

### *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 Administrative Services Director, or designee, submits a periodic Budget and Financial Status 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.

## **Administrative Services Department**

The Administrative Services Department provides the following centralized financial services for the City:

- **Financial Services Division** provides for financial policies, budget development and management, debt financing and management, financial analysis and reporting, general ledger accounting, financial audits, grant administration, payroll and accounts payable.
- **Revenue Services Division** is responsible for revenue and delinquency collection, business and professions taxes, cash management, daily bank deposits, and city-wide accounts receivable processing. In addition, the division provides revenue collection, disbursement and financial reporting for several business improvement districts.

## **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, CA for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This

was the eighth 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.

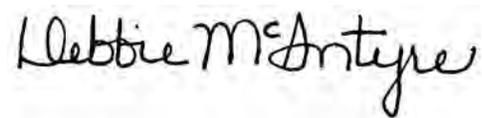
## **Acknowledgements**

The dedicated efforts of the entire Administrative Services Department 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 Olga Tikhomirova, Financial Services Supervisor, for her outstanding work in the publication of this report.

In addition, I would like to thank our auditors, Vavrinek, Trine, Day & Co., LLP, for their assistance in the development and review of this document. Lastly, the vision and continued support of the City Council, our City Manager, Nancy Kerry, and our former Assistant City Manager/Administrative Services Director Mark Carlson in providing for the professional operation of the City's Administrative Services Department are extremely important to our success and to the financial sustainability of the City.

Respectfully submitted,

A handwritten signature in black ink that reads "Debbie McIntyre". The signature is written in a cursive, flowing style.

Debbie McIntyre  
Deputy Director of Financial Services



Government Finance Officers Association

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

Presented to

**City of South Lake Tahoe  
California**

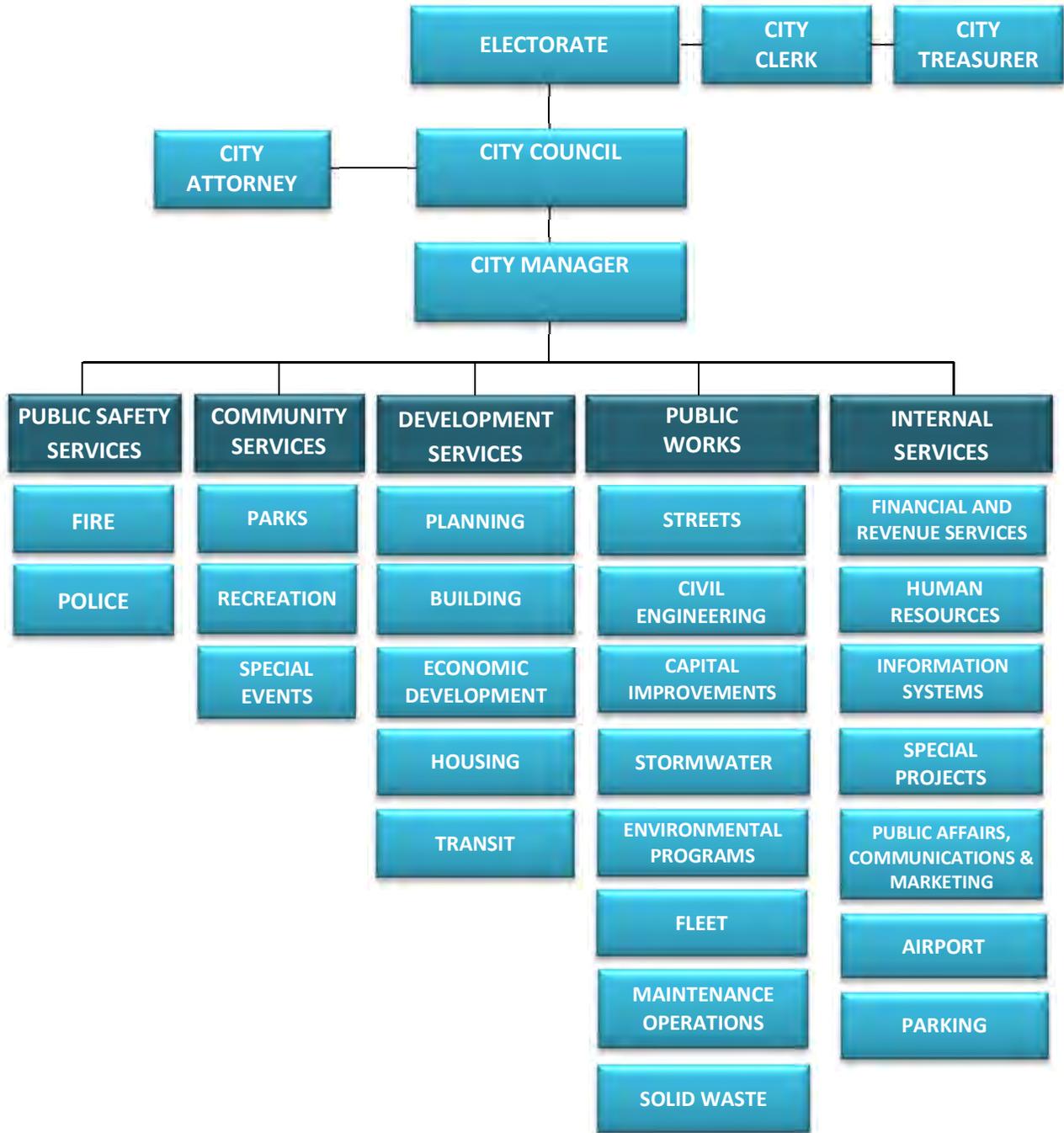
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO



# CITY OF SOUTH LAKE TAHOE ORGANIZATIONAL STRUCTURE 2014 - 2015



**CITY OF SOUTH LAKE TAHOE**  
**List of Principal Officials**  
**September 30, 2015**

**CITY COUNCIL**

Hal Cole, Mayor

Wendy David, Mayor Pro-Tem

Tom Davis, Councilmember

JoAnn Conner, Councilmember

Austin Sass, Councilmember

**EXECUTIVE MANAGEMENT**

City Manager

Nancy Kerry

City Clerk (Elected)

Susan Alessi

City Attorney

Thomas Watson

City Treasurer (Elected)

David Olivo

Director of Administrative Services

Mark Carlson

Director of Development Services

Shawna Brekke-Read

Director of Public Works

Raymond Jarvis

Chief of Police

Brian Uhler

Fire Chief

Jeff Meston



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
City of South Lake Tahoe  
South Lake Tahoe, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of South Lake Tahoe, California (City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Lake Tahoe, California, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the City Housing and Economic Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and *No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the retiree health plan schedule of funding progress and schedule employer contributions, the schedule of changes in the City's net pension liability and related ratios, the schedule of the proportionate share of the net pension liability, and the schedule of pension contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplemental information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplemental information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or non compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over reporting and compliance.

*Vavrinik, Trine, Day & Co. LLP*

Sacramento, California  
May 23, 2016



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015**

As management of the City of South Lake Tahoe, California, (City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

**Financial Highlights**

- **Net Position:** The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources at the close of the Fiscal Year (FY) 2014-15 by \$47,138,895 (*net position*). Of this amount, \$(38,681,032) is unrestricted, \$11,779,323 is restricted for specific purpose, and \$74,040,604 is net investment in capital assets.
- **Changes in Net Position:** The City's total net position decreased \$27,254,039, or 36.6 percent during the fiscal year, primarily due to an increase in the nonexchange financial guarantee liability category in governmental activities, as further explained in Note 17.
- **Restatement:** The beginning net position was restated for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB No. 68*, as further explained in Note 18.
- **Three elements were added to the Statement of Net Position per GASB 68:** Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions and a Net Pension Liability in the liabilities section. Refer to Note 10 of the Notes to the Financial Statements for a detailed explanation of how this GASB effects the financial statements.
- **Governmental Funds:** As of September 30, 2015, the City's governmental funds reported combined ending fund balances of \$40,265,943, an increase of \$4,152,883 from prior year. Approximately 55 percent of the ending balance amount, or \$22,286,154, is available for spending at the government's discretion (committed, assigned, and unassigned fund balance).
- **Long-Term Liabilities:** The City's total long-term debt increased by \$10,277,175. The increase resulted from the issuance of Pension Obligation Bonds to pay off the outstanding "side fund" obligations to the California Public Employees Retirement System (CalPERS) with respect to the City's Safety Plan.
- **General Fund:** At September 30, 2015, unassigned fund balance of the General Fund was \$16,310,793. This represents an increase of \$4,482,237, or 37.9 percent, from prior year. Unassigned fund balance includes a 25 percent General Fund reserve as required per City's financial policy. At the end of the FY 2014-15 this amounted to \$8,564,719.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, streets, and interest on long-term debt.

The government-wide financial statements include not only the City of South Lake Tahoe, but also three component units: the South Tahoe Joint Powers Financing Authority, the South Tahoe Joint Powers Parking Financing Authority, and the Housing Authority of the City of South Lake Tahoe. Financial information for these component units is reported within the funds of the City.

The government-wide financial statements can be found on pages 32 - 33 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of South Lake Tahoe, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of South Lake Tahoe can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances on spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a

reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains fifty-three governmental funds, of which some were combined for financial statement presentation purposes. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, City Housing and Economic Development Fund, City Capital Projects Fund, and City Debt Service Fund, all of which are considered to be major funds. Data from the remaining governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the General Fund and the City Housing and Economic Development Fund to demonstrate compliance with this budget in the Major Governmental Funds sub-section. Budgetary comparisons for other funds are provided elsewhere in this report.

The governmental funds financial statements can be found on pages 37-40 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its transit, airport, parking garage, and parking management operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of South Lake Tahoe uses internal service funds to account for its medical and workers' compensation self-insurance operations. Because all of these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the airport and parking garage, and combined data for non-major enterprise funds, transit and parking management. The Internal Service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for non-major enterprise funds and internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 44 - 46 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The trust funds are used to provide a funding mechanism for Other Postemployment Benefits (OPEB) by accumulating assets that are accounted for in the Retiree Health Savings Plan Trust Fund and for the accumulation of resources to be used for the retirement of long-term debt of the former Redevelopment Agency that are accounted for in the Redevelopment Obligation Retirement Private-Purpose Trust Fund. The Agency funds report resources held by the City in a custodial capacity for private organizations and other governments.

The fiduciary fund financial statement can be found on pages 48 - 49 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51 - 107 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's retiree health plan and pension plans. Required supplementary information can be found on pages 108 - 112 of this report.

The combining statements referred to earlier in connection with other governmental funds and other enterprise and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and budgetary comparison schedules can be found on pages 114 - 152 of this report.

### **Government-wide Financial Analysis**

The Statement of Net Position combines and consolidates the City's governmental funds' current financial resources (short-term spendable resources) with capital assets, long-term obligations, and other long-term assets and liabilities. The Statement of Net Position also presents consolidated enterprise funds. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of South Lake Tahoe, assets exceeded liabilities by \$47,138,895 at the close of the most recent fiscal year.

The largest portion of the City's net position, 157.1 percent reflects its investment in capital assets (i.e. land, buildings, machinery and equipment, streets). The City of South Lake Tahoe uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of South Lake Tahoe's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of South Lake Tahoe's net position, 25.0 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(38,681,032) represents an unrestricted deficit net position.

The Statement of Net Position is presented on the next page in a condensed form for purposes of this analysis.

City of South Lake Tahoe  
Net Position  
September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014 as restated <sup>1</sup>	2015	2014 as restated <sup>1</sup>	2015	2014 as restated <sup>1</sup>
<b>Assets</b>						
Current and other assets	\$ 80,699,657	\$ 80,126,398	\$ 3,101,093	\$ 2,089,863	\$ 83,800,750	\$ 82,216,261
Capital assets	94,393,075	92,616,753	25,995,925	27,357,820	120,389,000	119,974,573
Total assets	<u>175,092,732</u>	<u>172,743,151</u>	<u>29,097,018</u>	<u>29,447,683</u>	<u>204,189,750</u>	<u>202,190,834</u>
<b>Deferred Outflows of Resources</b>						
Deferred outflows related to pensions	6,538,864	1,217,614	119,506	20,569	6,658,370	1,238,183
<b>Liabilities</b>						
Long-term liabilities	38,718,143	28,181,836	7,716,117	7,975,249	46,434,260	36,157,085
Other liabilities	17,774,793	17,290,351	299,021	303,216	18,073,814	17,593,567
Nonexchange financial guarantee	39,420,679	8,542,746	-	-	39,420,679	8,542,746
Net pension liability	49,520,688	55,769,423	1,022,230	963,853	50,542,918	56,733,276
Total liabilities	<u>145,434,303</u>	<u>109,784,356</u>	<u>9,037,368</u>	<u>9,242,318</u>	<u>154,471,671</u>	<u>119,026,674</u>
<b>Deferred Inflows of Resources</b>						
Deferred inflows related to pensions	9,076,764	9,852,270	160,790	157,139	9,237,554	10,009,409
<b>Net Position</b>						
Net investment in capital assets	55,674,932	65,950,451	18,365,672	19,516,402	74,040,604	85,466,853
Restricted	10,152,122	10,121,566	1,627,201	1,236,937	11,779,323	11,358,503
Unrestricted	(38,706,525)	(21,747,878)	25,493	(684,544)	(38,681,032)	(22,432,422)
Total net position	<u>\$ 27,120,529</u>	<u>\$ 54,324,139</u>	<u>\$ 20,018,366</u>	<u>\$ 20,068,795</u>	<u>\$ 47,138,895</u>	<u>\$ 74,392,934</u>

<sup>1</sup> Certain comparative figures have been restated. Information regarding this restatement can be found in Note 18 to the basic financial statements.

At the end of the FY 2014-15, the City of South Lake Tahoe reported positive balances in two out of three categories of net position for the government as a whole and for its governmental activities, while for business-type activities the balances were positive in all three categories. At year-end, 91.7 percent of the City's business-type activities' net position was invested in capital assets while for governmental activities this category amounted to 205.3 percent.

The City's overall net position decreased \$27,254,039, or 36.6 percent from prior fiscal year, as reflected below in the Changes in Net Position table. The reasons for this overall decrease are discussed separately in the sections for governmental activities and business-type activities.

City of South Lake Tahoe  
Changes in Net Position  
For the Fiscal Years Ended September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 7,192,713	\$ 6,108,688	\$ 2,075,332	\$ 2,225,429	\$ 9,268,045	\$ 8,334,117
Operating grants and contributions	2,552,430	2,500,485	-	-	2,552,430	2,500,485
Capital grants and contributions	5,007,671	10,260,322	711,597	1,273,288	5,719,268	11,533,610
General revenues:						
Property taxes	6,826,592	6,500,731	-	-	6,826,592	6,500,731
Sales taxes	7,531,605	7,225,536	-	-	7,531,605	7,225,536
Transient occupancy taxes	12,708,233	11,034,753	-	-	12,708,233	11,034,753
Franchise taxes	1,454,138	1,396,436	-	-	1,454,138	1,396,436
Other taxes	4,346,271	4,104,352	-	-	4,346,271	4,104,352
Other revenue	2,543,030	2,158,980	334,798	346,567	2,877,828	2,505,547
Total revenues	<u>50,162,683</u>	<u>51,290,283</u>	<u>3,121,727</u>	<u>3,845,284</u>	<u>53,284,410</u>	<u>55,135,567</u>
<b>EXPENSES:</b>						
General government	40,433,147	6,744,297	-	-	40,433,147	6,744,297
Public safety	17,448,023	15,325,025	-	-	17,448,023	15,325,025
Public works	8,303,520	6,526,262	-	-	8,303,520	6,526,262
Parks and recreation	5,787,817	5,624,964	-	-	5,787,817	5,624,964
Streets	3,527,275	3,373,346	-	-	3,527,275	3,373,346
Interest on long-term debt	1,466,551	1,172,645	-	-	1,466,551	1,172,645
Transit	-	-	374,960	377,111	374,960	377,111
Airport	-	-	2,212,209	2,213,505	2,212,209	2,213,505
Parking garage	-	-	743,757	1,233,912	743,757	1,233,912
Parking managements	-	-	241,190	283,587	241,190	283,587
Total expenses	<u>76,966,333</u>	<u>38,766,539</u>	<u>3,572,116</u>	<u>4,108,115</u>	<u>80,538,449</u>	<u>42,874,654</u>
Increase (decrease) in net position before special items and transfers	(26,803,650)	12,523,744	(450,389)	(262,831)	(27,254,039)	12,260,913
Special Items	-	14,446,931	-	-	-	14,446,931
Transfers	(399,960)	(378,011)	399,960	378,011	-	-
Increase (decrease) in net position	(27,203,610)	26,592,664	(50,429)	115,180	(27,254,039)	26,707,844
Net position - beginning	54,324,139	92,135,554	20,068,795	21,054,038	74,392,934	113,189,592
Restatement	-	(64,404,079)	-	(1,100,423)	-	(65,504,502)
Net position - ending	<u>\$ 27,120,529</u>	<u>\$ 54,324,139</u>	<u>\$ 20,018,366</u>	<u>\$ 20,068,795</u>	<u>\$ 47,138,895</u>	<u>\$ 74,392,934</u>

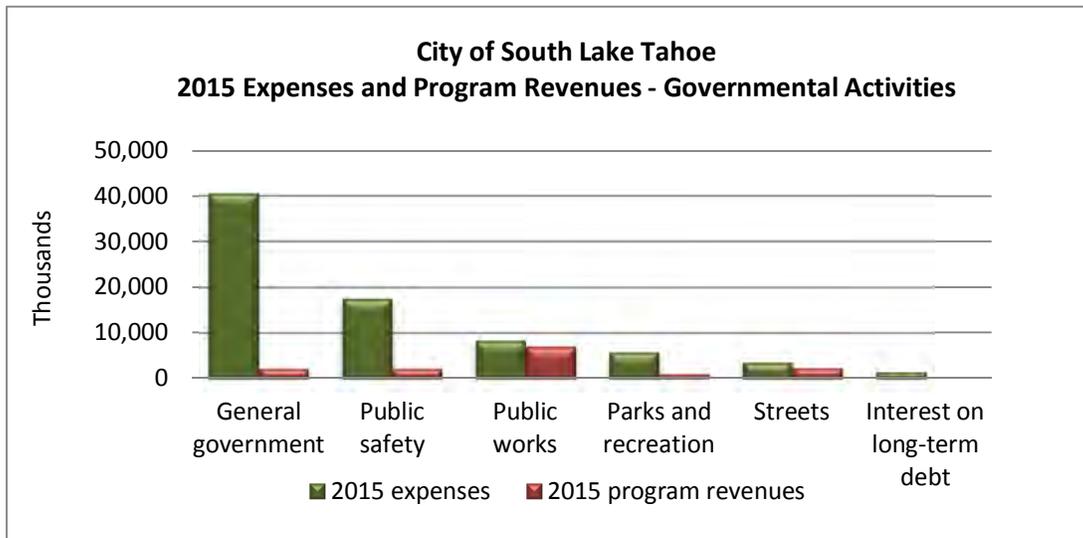
**Governmental Activities.** The City's governmental activities rely on several sources of revenue to finance ongoing operations. Transient occupancy taxes, Sales taxes, and Charges for services were the largest revenue sources for the City followed by Property taxes, Capital grants and contributions, and Other taxes. Charges for Services are revenues that arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Examples of the types of services that fall under this category include building licenses and permits, business license fees, impact fees and park and recreation fees. Capital grants and contributions are monies received from parties outside the City and are generally restricted for use in capital activity. The main components of Other taxes category are property tax in lieu of MVLFF and tourism improvement district fees.

At the end of FY 2014-15, total revenues for the governmental activities were \$50,162,683, a decrease of approximately \$1.1 million or 2.2 percent from the previous year. Program revenues decreased by approximately \$4.1 million due to a decrease of \$5.3 million in Capital grants and contributions category that was up in the previous three years for erosion, streets, and bike trails projects. The

decrease was offset by an increase of approximately \$1.1 million in Charges for services. General revenues saw an increase of approximately \$3.0 million primarily due to an increase in Transient occupancy taxes with increases in all other categories ranging between \$58K and \$384K.

Expenses totaled \$76,966,333, an increase of \$38.2 million from the prior year. The expenses in the General Government category increased due to an increase in the nonexchange financial guarantee (see Note 17 for more information).

The following chart presents a comparison of expenses by function and the associated program revenues for governmental activities.



**Business-type Activities.** The City has four business-type activities: Airport, Parking Garage, Parking Management Program, and Transit. In keeping with the intent of recovering all or a significant portion of their cost through user fees and charges, business-type activities reported Charges for services as their largest source of revenue. Capital grants and contributions was the second largest revenue source.

The net position for business-type activities at the end of FY 2014-15 was \$20,018,366. Total program revenues were \$2,786,929, a decrease of \$711,788 or 20.3 percent over the prior year primarily due to a decrease of \$562K in capital grants and contributions revenue at the airport that received an FAA grant funding for general aviation ramp reconstruction in prior year. Total expenses were \$3,572,116, of which approximately 82.8 percent was related to the airport and parking garage operations. Overall net position decreased by \$50,429.

**Financial Analysis of Governmental Funds**

As noted earlier, the City of South Lake Tahoe uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

In conformity with Governmental Accounting Standards Board (GASB) Statement 34, the City

classifies governmental funds as major and non-major funds. Major funds are defined as funds that have either assets, liabilities, deferred outflows of resources, deferred inflows of resources, revenues or expenditures 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 to be presented as major funds because of relevance to financial statement users.

There are four major funds in the Governmental Funds category in FY 2014-15. The table below presents a comparison of the fund balance for each of these four funds between 2013-14 and 2014-15, as well as a consolidated comparison of all of the non-major governmental funds for the same time period.

Governmental Fund Balances	September 30, 2015	September 30, 2014	Increase (Decrease) From 2014
General Fund	\$ 23,352,901	\$ 18,575,420	\$ 4,777,481
City Housing & ED Fund	902,838	774,221	128,617
City Capital Projects Fund	5,791,403	5,556,733	234,670
City Debt Service	4,120,949	4,183,484	(62,535)
Other Governmental Funds	6,097,852	7,023,202	(925,350)
Total Governmental Fund Balances	\$ 40,265,943	\$ 36,113,060	\$ 4,152,883

As of the end of FY 2014-15, the City’s governmental funds reported combined ending fund balances of \$40,265,943, an increase of \$4,152,883, or 11.5 percent in comparison with the prior year. Reasons for this increase are discussed below.

The General Fund is the chief operating fund of the City of South Lake Tahoe. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$16,310,793, while total fund balance reached \$23,352,901. As a measure of the General Fund’s liquidity, it may be useful to compare only the unassigned fund balance to total fund expenditures (before transfers and special items). Unassigned fund balance represents 67.5 percent of the total General Fund expenditures, most are for daily operations of the City.

The total fund balance of the City’s General Fund (including non-spendable and restricted balances) increased \$4,777,481. Key factors in this increase are as follows:

- Total revenues increased by \$3,780,286 partially resulting from revenue growth in three major revenue categories, property tax, sales tax, and TOT, which increased between 3.7 and 14.1 percent from last year’s actuals for a total of \$2,069,256. Another major revenue increase was in building and planning fees which grew \$1,156,661 and included one-time revenue of \$500,495 for land coverage sale.
- Total expenditures decreased by \$2,227,002 resulting primarily from a decrease in capital outlay due to land purchase and software/hardware upgrades in 2014. Overall departmental expenditures decreased by \$343,788 due to a decrease of \$976,032 in public safety category resulting from accounting for a portion of fire safety payroll in special revenue fund starting in FY 2014/15 as well as a decrease in CalPERS City contributions following the issuance of Pension Obligation Bonds for the safety side fund that lowered the employer pension rate. The decrease in public safety was offset by an increase of \$697,506 in public works due to new positions and one-time expense for the new work-order software purchase.
- Other financing uses increased by \$1,837,371 largely due to an increase in transfers out to capital project fund.

The City Housing and Economic Development Fund was established to account for restricted former

redevelopment tax allocation set-asides for low and moderate income housing, CDBG, and HOME funds. Both, revenues and expenditures in this fund decreased by \$826,470 and \$926,528 respectively compared to last year due to the expiration of Lead Based Paint Housing Grant. The fund balance in this fund increased by \$128,617 due to an excess of revenues received from loan repayments over the administrative expenses.

The ending fund balance in the City Capital Projects Fund at year end was \$5,791,403, an increase of \$234,670. Revenue and other financing sources for this fund are grant funds from various granting agencies as well as transfers-in from the General Fund and, at times, City Debt Service Fund, particularly proceeds from issuance of debt. In FY 2014-15 expenses exceeded revenues by \$1,400,084, however transfers-in made in prior years were used to complete projects in the current year resulting in a minor increase to the fund balance.

The City Debt Service Fund was established to account for financing and debt service activities within the City. The Fund ended the year with a restricted balance of \$4,120,949, a decrease of \$62,535 from prior year. The major activity in this fund during the year was the issuance of Pension Obligation Bonds, proceeds of which were used to refund the outstanding "side fund" obligations of the City to CalPERS with respect to the City's safety pension plan.

The fund balances of other governmental funds consist of 33 special revenue funds, some of which were combined for financial statement presentation purposes, and one capital projects fund. The total fund balance of the City's non-major governmental funds was \$6,097,852, a decrease of \$925,350. Within the special revenue funds, balances of 18 funds increased over the course of the fiscal year, 13 experienced a drop, while three had no change in fund balance. The largest fund balance increase among special revenue funds was in the City's Snow Removal fund and amounted to \$180,251. Despite a slight decrease in revenues, a larger decrease in expenditures caused this fund to end the year with a positive change in its fund balance. The largest decrease in the fund balance among special revenue funds, \$1,238,010, was in the City's TOT fund. This fund was established in fiscal year 2012-13 to account for collection of transient occupancy taxes formerly associated with the redevelopment project areas and is utilized to backfill any shortfalls in tax increment revenue used for debt service payments by the Redevelopment Successor Agency.

**Proprietary Funds.** Proprietary funds are comprised of enterprise funds and internal service funds. The unrestricted net position of all enterprise funds at the end of the year amounted to \$25,493. The unrestricted net position of all internal service funds was a negative \$5,634,936 at the end of FY 2014-15. The total decrease in net position for the enterprise funds was \$50,429, and \$4,012,862 for the internal service funds. The table below summarizes changes in overall net position from prior fiscal year individually by enterprise fund and as a total for all internal services funds.

	September 30, 2015	September 30, 2014 <sup>1</sup>	Increase (Decrease) From 2014
<b>Proprietary Funds Net Position</b>			
Airport	\$ 14,341,199	\$ 14,784,940	(443,741)
Transit	5,015,735	5,267,836	\$ (252,101)
Parking Garage	550,204	(46,092)	596,296
Parking Management	111,228	62,111	49,117
Total Enterprise Funds	20,018,366	20,068,795	(50,429)
Internal Service Funds	(5,634,936)	(1,622,074)	(4,012,862)
Total Proprietary Funds Net Position	\$ 14,383,430	\$ 18,446,721	\$ (4,063,291)

<sup>1</sup> Certain comparative figures have been restated. Information regarding this restatement can be found in Note 18 to the basic financial statements.

The total net position of enterprise funds decreased by \$50,429 due in part to a negative change in net position in the airport fund resulting from the use of prior year revenue (FAA grant) for the airport general aviation ramp rehabilitation project, and in the transit fund due to non-cash depreciation expense causing the fund to end the year with a net loss. The decrease was offset by a positive change in net position in parking garage and parking management funds due to a marginal increase in revenue and a reduction in operating and non-operating expenses in the parking garage fund and a reduction in transfer-out in the parking management program.

The total net position of internal service funds decreased by \$4,012,862 during 2014-15. The decrease was primarily attributed to increases in OPEB expenses and an anticipated future claim liability for workers’ compensation and health insurance combined with a decrease in charges for current services revenue and operating transfers-in due to a reduction in health care premiums.

**General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the year, both the original estimated revenues and original budgeted appropriations increased. The overall budgeted revenues increased by \$766,154 primarily resulting from an increase in the charges for services category due to increased building activity within city limits.

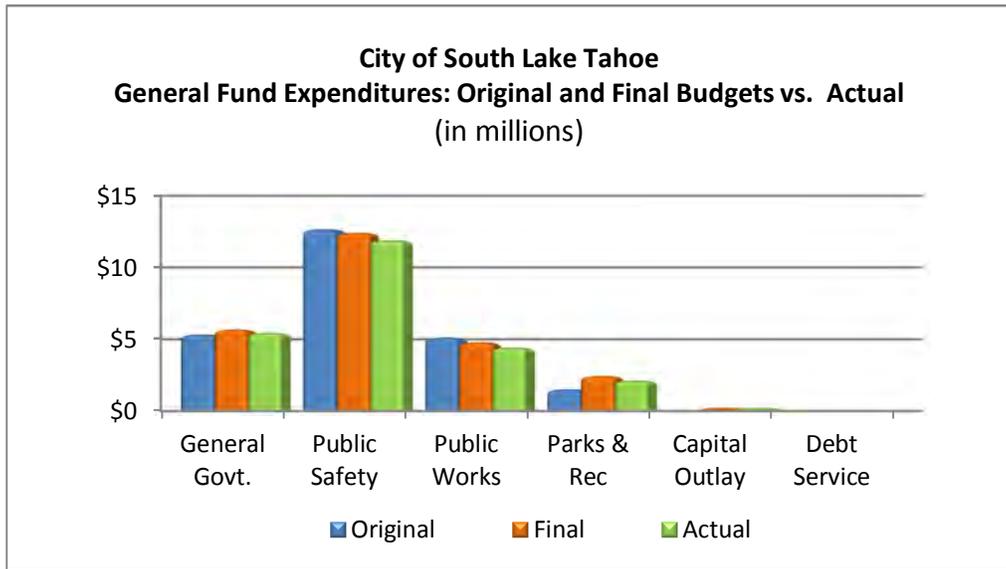
The budgeted appropriations increased by \$896,995 and were for purposes such as approved additional staffing, temporary personnel expense, and capital, operational and other one-time expenses. Appropriation carryforward from the previous year totaled \$129,569 and was for new software training, supplies, grant-related expense, and Recreation Master Plan expenses.

**Final budget compared to actual results.** The most significant differences between estimated revenues and actual revenues and budgeted appropriations and actual expenditures and other financing uses were as follows:

	<u>Estimated</u>	<u>Actual</u>	<u>Variance with Final</u>
<u>Revenue source</u>	<u>Revenues</u>	<u>Revenues</u>	<u>Budget</u>
			<u>Positive/(Negative)</u>
Taxes and assessments	\$ 24,362,771	\$ 28,007,656	\$ 3,644,885
Charges for current services	3,839,207	4,418,685	579,478
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final</u>
<u>Expenditures function</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Budget</u>
			<u>Positive/(Negative)</u>
Public safety	\$ 12,412,970	\$ 11,904,737	\$ 508,233

- Taxes and assessments reflect an increase in the City’s major revenue sources – property tax, transient occupancy tax and sales tax. The City also receives excess amounts of transient occupancy tax from the former redevelopment agency not needed for Successor Agency debt service. Additional reasons for the increase include one-time revenue received in 2014-15 for State Mandated Cost Reimbursement for multiple prior years as well as an increase in franchise tax revenue.
- Charges for services came in higher than projected due to one-time revenue from the sale of land coverage of \$500,000.
- All general fund departments had expense savings that were primarily attributed to long-term vacancies and salary savings, with the largest expense savings in public safety. The total general

fund encumbered amount carried forward into the next FY 2014-15 amounted to \$476,210.



**Capital Asset and Debt Administration**

**Capital Assets.** The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounted to \$120,389,000 (net of accumulated depreciation). This investment in capital assets includes land, intangibles, construction in progress, buildings, improvements, machinery and equipment, bike paths, streets and streetscape, runways, and basin and stream environment zone (SEZ) construction.

Major capital asset events during the fiscal year included the completion and capitalization of \$19.0 million Bijou Area Erosion Control project, \$5.9 million Harrison Avenue Improvements project and \$1.3 million for bike trails overlay. In business-type activities, the City capitalized approximately \$1.7 million for the general aviation ramp reconstruction at the airport. A condensed version of the City’s capital assets, net of depreciation, is presented in the following table:

City of South Lake Tahoe  
Capital Assets (Net of depreciation)  
September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 7,859,458	\$ 7,859,458	\$ 4,288,170	\$ 4,288,170	\$ 12,147,628	\$ 12,147,628
Intangibles	97,652	97,652	-	-	97,652	97,652
Construction in progress	3,587,350	24,325,831	-	1,580,004	3,587,350	25,905,835
Buildings	4,187,281	4,557,330	9,709,175	10,295,428	13,896,456	14,852,758
Vehicles and Equipment	3,558,401	3,390,837	913,615	1,075,005	4,472,016	4,465,842
Improvements other than buildings	3,927,487	4,512,659	-	-	3,927,487	4,512,659
Bike Paths	3,394,746	2,300,156	-	-	3,394,746	2,300,156
Streets	6,116,111	6,890,991	-	-	6,116,111	6,890,991
Streetscape	5,595,189	2,951,118	-	-	5,595,189	2,951,118
Sidewalks, curbs, gutters, lighting	4,830,929	1,846,303	-	-	4,830,929	1,846,303
Runways	-	-	11,084,965	10,119,213	11,084,965	10,119,213
Basin and SEZ construction	51,238,471	33,884,418	-	-	51,238,471	33,884,418
<b>Total</b>	<b>\$ 94,393,075</b>	<b>\$ 92,616,753</b>	<b>\$ 25,995,925</b>	<b>\$ 27,357,820</b>	<b>\$120,389,000</b>	<b>\$119,974,573</b>

Additional information on the City of South Lake Tahoe’s capital assets can be found in Note 6 to the basic financial statements.

**Long-term debt.** At the end of the current fiscal year, the City’s total long-term debt outstanding increased by \$10,277,175 or 28.4 percent from the prior year. The increase resulted from the issuance of Pension Obligation Bonds, proceeds of which were used to refund the outstanding “side fund” obligations of the City to CalPERS with respect to the City’s Safety Plan. A condensed version of the City’s outstanding long-term debt is presented in the following table:

City of South Lake Tahoe  
 Summary of Outstanding Long-term Debt  
 September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue bonds	\$ 15,115,000	\$ 16,170,000	\$ 7,530,000	\$ 7,735,000	\$ 22,645,000	\$ 23,905,000
Taxable Pension Obligation Bonds	11,905,000	-	-	-	11,905,000	-
COPs	5,525,000	5,645,000	-	-	5,525,000	5,645,000
Loans payable	1,253,560	1,482,505	100,253	106,418	1,353,813	1,588,923
Capital lease obligations	4,919,583	4,884,331	85,864	133,831	5,005,447	5,018,162
Total	<u>\$ 38,718,143</u>	<u>\$ 28,181,836</u>	<u>\$ 7,716,117</u>	<u>\$ 7,975,249</u>	<u>\$ 46,434,260</u>	<u>\$ 36,157,085</u>

Additional information on the City of South Lake Tahoe’s long-term debt can be found in Note 7 to the basic financial statements.

**Credit Rating.** In November 2014, Standard & Poor’s Ratings Services assigned its ‘AA-’ rating to South Lake Tahoe, Calif’s 2014 taxable pension obligation bonds (POBs) and affirmed its ‘AA-’ long-term rating and underlying rating (SPUR) on South Tahoe Joint Powers Financing Authority’s series 2006A lease revenue bonds and series 2012 Certificates of Participation, issued on behalf of the City. The rating reflects the assessment of several factors as very strong, such as financial flexibility and liquidity, coupled with the City’s adequate budgetary performance. It additionally acknowledges that financial management conditions are very strong with “strong” financial practices under S&P’s Financial Management Assessment (FMA) methodology. The outlook is stable.

Standard & Poor's Ratings Services assigned its 'BBB-' long-term rating to South Tahoe Joint Powers Financing Authority 2014 revenue bonds, issued for the Successor Agency (SA) to the South Tahoe Redevelopment Agency (RDA) to refund SA’s outstanding 1999A, 2003A, and 2004A tax allocation bonds. At the same time, Standard & Poor’s affirmed its ‘BBB-’ long-term and underlying rating (SPUR) on the authority’s outstanding revenue bonds. The outlook is stable.

## Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of South Lake Tahoe and were considered in developing the 2015-16 fiscal year budget:

- The national economy is stabilizing and transitioning from the Great Recession to a period of more stable growth. Like many other cities in the state of California and across the country, the City of South Lake Tahoe is seeing and feeling a rise in economic conditions. The City's major revenues, such as sales tax and Transient Occupancy Tax (TOT) show full recovery and are exceeding pre-recession highs. At the same time, other revenue sources, such as property tax, continue lagging.
- The focus for the fiscal year 2015-16 budget continues to be an effort to grow the local economy. Several years ago, the City set a goal to attract \$1 billion in private and public capital investments. To date, that goal is 40% achieved, meeting the community needs and funding projects that protect the natural environment. Harrison Avenue Streetscape Improvement Project, Bijou Area Erosion Control Project, Champions Plaza, Caltrans roadway improvements and public/private partnership projects such as the Chateau and Zalanta Resort at the Village at Stateline (planned completion: Fall 2016) continue to make a substantial difference in the city. Several other developments are underway, including a comprehensive renovation of Factory Stores at the Y location. Across the state line, over \$80 million was invested in remodeling projects of two casino resorts reopened in 2015, and \$100 million lodge and garage are being built at Edgewood Tahoe golf resort. The Airport Master plan was completed in 2015 and TRPA approved the City's Tahoe Valley Area Plan created to guide community revitalization and environmental restoration in a district centered around the "Y" intersection of Highways 89 and 50. These and other significant ongoing projects including investments in education throughout the South Shore has locals declaring a "South Tahoe Renaissance".
- The City has made significant progress on its efforts to stabilize the City's bottom line with a focused approach on investments in capital projects while also continuing to focus on quality core services and daily operations. Over the last 3 years, City Council took various actions through which the City was able to reduce health care costs resulting in a 73% reduction in OPEB unfunded liabilities. As a result of the difficult decisions transforming the City's medical plan benefit program, in 10 years retiree health benefits should no longer be an expense line item in the City's General Fund. This will have a positive impact on the City's bond rating and result in more opportunities for community investment.
- According to the California Employment Development Department, the unemployment rate in South Lake Tahoe returned to its pre-recession level and was 5.3% in September 2015. This is slightly lower than the California rate of 5.5% but higher than the national rate of 4.9%. Increasing opportunities for businesses and capital investments will continue adding jobs in the community and provide further economic revival in the city's economy.
- Transient occupancy tax (TOT) was the largest source of revenue for the General Fund in 2014-15. TOT grew 14.1% compared to fiscal year 2013-14. In fiscal 2015-16 budget, TOT is the second largest revenue source and is budgeted with an approximate 20% increase over the 2014-15 budget. This large increase is due to the conservative approach taken in projecting the 2014-15 budget, bearing in mind the volatility of this revenue source that is dependent on economic conditions and weather.
- Sales tax, including Measure Q, was the next largest revenue stream for the City's General Fund in 2014-15 and grew 3.7% compared to fiscal year 2013-14. In fiscal 2015-16, sales tax is expected to

continue to increase as new retailers help improve South Lake Tahoe's economy. Total sales tax is budgeted at \$7.4 million in 2015-16, an increase of 10.6% over 2014-15 budget. Sales tax revenue comprises 21.5% of the total General Fund 2015-16 budgeted revenues and represents its largest revenue source for that year.

- Property tax, the third largest source of revenue for the General Fund in 2014-15, was approximately \$6.6 million, or 17.7% of the City's total General Fund revenues. This is an increase of 4.7% over the prior year. Property tax revenue is slowly recovering and surpassed its peak of \$6.5 million in 2008-09. The total assessed value of real property in the city totaled \$4.1 billion for FY 2015-16, which is an increase of 4.6% from 2014-15. Property tax revenue represents the third largest revenue source in the 2015-16 budget.
- At the end of FY 2014-15, the unassigned fund balance in the general fund was \$16,310,793. The 2015-16 fiscal year budget was balanced using expected revenues and existing resources for one-time expense when necessary.

### **Requests for Information**

This Comprehensive Annual Financial Report is designed to provide citizens, taxpayers, investors, and creditors with an assessment of the City's financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of South Lake Tahoe Administrative Services Department, at 1901 Airport Road, Suite 210, South Lake Tahoe, CA 96150.

**CITY OF SOUTH LAKE TAHOE**

**STATEMENT OF NET POSITION AND  
STATEMENT OF ACTIVITIES**

The Statement of Net Position 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, deferred outflows and inflows, 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 Position reports the difference between the City's total assets and deferred outflows and the City's total liabilities and deferred inflows, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net position.

The Statement of Net Position 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 position. 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 Governmental 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 Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City, the South Tahoe Joint Powers Financing Authority, the South 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 POSITION  
SEPTEMBER 30, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 3)	\$ 35,177,169	\$ 2,210,745	\$ 37,387,914
Restricted cash and investments (Note 3)	3,667,439	1,627,201	5,294,640
Accounts receivable - net	4,287,152	262,560	4,549,712
Interest receivable	19,243		19,243
Internal balances (Note 4D)	999,413	(999,413)	
Inventory	251,178		251,178
Prepaid Items	126,093		126,093
Land held for resale	800,000		800,000
Advances to RDA Successor Agency	5,289,178		5,289,178
Loans receivable (Note 5)	30,082,792		30,082,792
Capital assets (Note 6):			
Nondepreciable	11,544,460	4,288,170	15,832,630
Depreciable	82,848,615	21,707,755	104,556,370
	<u>175,092,732</u>	<u>29,097,018</u>	<u>204,189,750</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>6,538,864</u>	<u>119,506</u>	<u>6,658,370</u>
<b>LIABILITIES</b>			
Accounts payable	2,189,911	122,764	2,312,675
Accrued expenses	1,803,163	117,511	1,920,674
Deposits	797,370	39,759	837,129
Due to developers	270,392	1,352	271,744
Unearned revenue	68,512		68,512
Net OPEB Obligation (Note 11)	6,110,313		6,110,313
Compensated absences (Note 8):			
Due within one year	1,688,935	17,635	1,706,570
Uninsured losses payable (Note 12):			
Due within one year	1,242,197		1,242,197
Due in more than one year	3,604,000		3,604,000
Nonexchange financial guarantee (Note 17)	39,420,679		39,420,679
Net pension liability (Note 10)	49,520,688	1,022,230	50,542,918
Long-term debt (Note 7):			
Due within one year	2,222,253	263,596	2,485,849
Due in more than one year	36,495,890	7,452,521	43,948,411
	<u>145,434,303</u>	<u>9,037,368</u>	<u>154,471,671</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>9,076,764</u>	<u>160,790</u>	<u>9,237,554</u>
<b>NET POSITION (Note 9)</b>			
Net investment in capital assets	<u>55,674,932</u>	<u>18,365,672</u>	<u>74,040,604</u>
Restricted for:			
Debt service	4,120,949	1,627,201	5,748,150
Public safety	1,148,891		1,148,891
Snow removal	1,003,981		1,003,981
Claims	750,000		750,000
Housing and economic development	902,838		902,838
Community and tourism improvement	869,711		869,711
Other special revenue projects	1,355,752		1,355,752
	<u>10,152,122</u>	<u>1,627,201</u>	<u>11,779,323</u>
Unrestricted	<u>(38,706,525)</u>	<u>25,493</u>	<u>(38,681,032)</u>
Total Net Position	<u>\$ 27,120,529</u>	<u>\$ 20,018,366</u>	<u>\$ 47,138,895</u>

See accompanying notes to financial statements.

**CITY OF SOUTH LAKE TAHOE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>							
General government	\$ 40,433,147	\$ 1,622,100	\$ 466,631	\$ 128,732	\$ (38,215,684)		\$ (38,215,684)
Public safety	17,448,023	1,425,944	585,752	118,864	(15,317,463)		(15,317,463)
Public works	8,303,520	3,070,737	2,945	3,890,416	(1,339,422)		(1,339,422)
Parks and recreation	5,787,817	1,004,805	69,250		(4,713,762)		(4,713,762)
Streets	3,527,275	69,127	1,427,852	869,659	(1,160,637)		(1,160,637)
Interest on long-term debt	1,466,551				(1,466,551)		(1,466,551)
<b>Total Governmental Activities</b>	<b>76,966,333</b>	<b>7,192,713</b>	<b>2,552,430</b>	<b>5,007,671</b>	<b>(62,213,519)</b>		<b>(62,213,519)</b>
<b>Business-type Activities:</b>							
Transit	374,960	122,157			\$ (252,803)		(252,803)
Airport	2,212,209	706,378		711,597	(794,234)		(794,234)
Parking Garage	743,757	1,007,811			264,054		264,054
Parking Management	241,190	238,986			(2,204)		(2,204)
<b>Total Business-type Activities</b>	<b>3,572,116</b>	<b>2,075,332</b>		<b>711,597</b>	<b>(785,187)</b>		<b>(785,187)</b>
<b>Total</b>	<b>\$ 80,538,449</b>	<b>\$ 9,268,045</b>	<b>\$ 2,552,430</b>	<b>\$ 5,719,268</b>	<b>(62,213,519)</b>	<b>(785,187)</b>	<b>(62,998,706)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					6,826,592		6,826,592
Sales taxes					7,531,605		7,531,605
Transient occupancy taxes					12,708,233		12,708,233
Franchise taxes					1,454,138		1,454,138
Other taxes					4,346,271		4,346,271
Use of money and property					802,643	4,798	807,441
Miscellaneous					1,740,387	330,000	2,070,387
Transfers (Note 4A)					(399,960)	399,960	-
<b>Total general revenues and transfers</b>					<b>35,009,909</b>	<b>734,758</b>	<b>35,744,667</b>
<b>Change in Net Position</b>					<b>(27,203,610)</b>	<b>(50,429)</b>	<b>(27,254,039)</b>
<b>Net Position-Beginning (As Restated) (Note 18)</b>					<b>54,324,139</b>	<b>20,068,795</b>	<b>74,392,934</b>
<b>Net Position-Ending</b>					<b>\$ 27,120,529</b>	<b>\$ 20,018,366</b>	<b>\$ 47,138,895</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 2015. 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, public works, development services, parks and recreation, and general government.

**City Housing & Economic Development Fund** – Established to account for restricted CDBG, HOME and other funds obtained 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’s projects. Funding sources for the City Capital Projects Fund are the General Fund and grant funds from various granting agencies.

**City Debt Service Fund** – Established to account for the financing and debt service activities within the City.



**CITY OF SOUTH LAKE TAHOE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
SEPTEMBER 30, 2015**

	<u>General Fund</u>	<u>City Housing &amp; Economic Development Fund</u>	<u>City Capital Projects Fund</u>	<u>City Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and investments (Note 3)	\$ 18,750,885	\$ 928,932	\$ 4,342,148	\$ 1,337,639	\$ 4,926,256	\$ 30,285,860
Restricted cash and investments (Note 3)				3,641,374		3,641,374
Accounts receivable - net	2,393,298		1,378,290		515,564	4,287,152
Interest receivable	19,243					19,243
Due from other funds (Note 4B)	215,943					215,943
Prepaid items	126,093					126,093
Inventory	251,178					251,178
Land held for resale	800,000					800,000
Loans receivable (Note 5)		30,082,792				30,082,792
Advances to other funds (Note 4C)			694,547		999,413	1,693,960
Advances to RDA Successor Agency (Note 4C)	4,638,627				317,809	4,956,436
	<u>4,638,627</u>				<u>317,809</u>	<u>4,956,436</u>
<b>Total Assets</b>	<u>\$ 27,195,267</u>	<u>\$ 31,011,724</u>	<u>\$ 6,414,985</u>	<u>\$ 4,979,013</u>	<u>\$ 6,759,042</u>	<u>\$ 76,360,031</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 955,372	\$ 26,094	\$ 623,582	\$ 163,517	\$ 409,861	\$ 2,178,426
Accrued expenditures	1,775,842				27,321	1,803,163
Due to other funds (Note 4B)					215,943	215,943
Deposits	793,870				3,500	797,370
Due to developers	270,392					270,392
Unearned Revenue	46,890				4,565	51,455
Advances from other funds (Note 4C)				694,547		694,547
	<u>3,842,366</u>	<u>26,094</u>	<u>623,582</u>	<u>858,064</u>	<u>661,190</u>	<u>6,011,296</u>
<b>Total Liabilities</b>	<u>3,842,366</u>	<u>26,094</u>	<u>623,582</u>	<u>858,064</u>	<u>661,190</u>	<u>6,011,296</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable Revenue		30,082,792				30,082,792
		<u>30,082,792</u>				<u>30,082,792</u>
<b>FUND BALANCES (Note 9):</b>						
Nonspendable	5,815,898		694,547		1,317,222	7,827,667
Restricted	750,000	902,838		4,120,949	4,378,335	10,152,122
Committed			5,096,856			5,096,856
Assigned	476,210				468,361	944,571
Unassigned	16,310,793				(66,066)	16,244,727
	<u>16,310,793</u>				<u>(66,066)</u>	<u>16,244,727</u>
<b>Total Fund Balances</b>	<u>23,352,901</u>	<u>902,838</u>	<u>5,791,403</u>	<u>4,120,949</u>	<u>6,097,852</u>	<u>40,265,943</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 27,195,267</u>	<u>\$ 31,011,724</u>	<u>\$ 6,414,985</u>	<u>\$ 4,979,013</u>	<u>\$ 6,759,042</u>	<u>\$ 76,360,031</u>

See accompanying notes to financial statements.

**CITY OF SOUTH LAKE TAHOE  
RECONCILIATION OF THE  
GOVERNMENTAL FUNDS – BALANCE SHEET  
WITH THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

Total fund balances reported on the governmental funds balance sheet \$ 40,265,943

Amounts reported for Governmental Activities in the Statement of Net Position 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. 94,393,075

**ALLOCATION OF INTERNAL SERVICE FUND NET POSITION**

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

Cash and investments	\$	4,891,309	
Restricted cash and investments		26,065	
Interfund advances		332,742	
Accounts payable		(11,485)	
Unearned revenues		(17,057)	
Net OPEB Obligation		(6,110,313)	
Uninsured losses payable		(4,746,197)	
			(5,634,936)

**ACCRUAL OF NON-CURRENT RESOURCES**

Revenues on the Governmental Fund Balance Sheet which is not available is currently recognized in the Statement of Net Position. 30,082,792

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO PENSIONS**

The deferred accounts below are related to the pension liability and are not due and payable in the current period and therefore are not reported in the Funds.

Deferred inflows of resources - amounts related to pensions		(9,076,764)	
Deferred outflows of resources - amounts related to pensions		6,538,864	

**LONG-TERM LIABILITIES**

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

Long-term debt		(38,718,143)	
Uninsured losses payable		(100,000)	
Nonexchange financial guarantee		(39,420,679)	
Non-current portion of compensated absences		(1,688,935)	
Net pension liability		(49,520,688)	
			(89,427,845)

**NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 27,120,529**

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, 2015**

	General Fund	City Housing & Economic Development Fund	City Capital Projects Fund	City Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes and assessments	\$ 28,007,656				\$ 1,012,911	\$ 29,020,567
Licenses, permits and impact fees	1,447,553				407,249	1,854,802
Fines and penalties	124,706				12,521	137,227
Use of money and property	336,716	\$ 684	\$ 508	\$ 709	191,863	530,480
Intergovernmental revenue	2,437,425	128,733	4,760,075		2,005,838	9,332,071
Charges for current services	4,418,685	272,444			2,775,574	7,466,703
Other revenue	246,949		1,000	84,788	1,263,268	1,596,005
<b>Total Revenues</b>	<b>37,019,690</b>	<b>401,861</b>	<b>4,761,583</b>	<b>85,497</b>	<b>7,669,224</b>	<b>49,937,855</b>
<b>EXPENDITURES</b>						
Current:						
General government	5,452,758	200,899		7,322		5,660,979
Public safety	11,904,737			11,447,671	2,311,310	25,663,718
Public works	4,428,515				751,152	5,179,667
Parks and recreation	2,127,678				2,439,951	4,567,629
Streets					2,018,563	2,018,563
Capital outlay	224,465	71,780	6,161,667		1,005,643	7,463,555
Debt service:						
Principal	35,252			1,494,505	543,987	2,073,744
Interest and fiscal charges	1,718			1,394,024	70,809	1,466,551
Debt Issuance Costs				178,427		178,427
Payment of financial guarantee					2,541,000	2,541,000
<b>Total Expenditures</b>	<b>24,175,123</b>	<b>272,679</b>	<b>6,161,667</b>	<b>14,521,949</b>	<b>11,682,415</b>	<b>56,813,833</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>12,844,567</b>	<b>129,182</b>	<b>(1,400,084)</b>	<b>(14,436,452)</b>	<b>(4,013,191)</b>	<b>(6,875,978)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of property	1,926				15,150	17,076
Transfers in (Note 4A)	361,989		1,778,596	2,687,099	3,021,134	7,848,818
Transfers out (Note 4A)	(8,431,001)	(565)	(143,842)		(653,494)	(9,228,902)
Issuance of long term debt				11,905,000	705,051	12,610,051
Issuance discount				(218,182)		(218,182)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,067,086)</b>	<b>(565)</b>	<b>1,634,754</b>	<b>14,373,917</b>	<b>3,087,841</b>	<b>11,028,861</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,777,481</b>	<b>128,617</b>	<b>234,670</b>	<b>(62,535)</b>	<b>(925,350)</b>	<b>4,152,883</b>
<b>BEGINNING FUND BALANCES</b>	<b>18,575,420</b>	<b>774,221</b>	<b>5,556,733</b>	<b>4,183,484</b>	<b>7,023,202</b>	<b>36,113,060</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 23,352,901</b>	<b>\$ 902,838</b>	<b>\$ 5,791,403</b>	<b>\$ 4,120,949</b>	<b>\$ 6,097,852</b>	<b>\$ 40,265,943</b>

See accompanying notes to financial statements.

**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, 2015**

The schedule below reconciles the Net Change 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 Position 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	\$	4,152,883
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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.

Purchase of capital assets and other related transactions		6,645,554
Depreciation expense		(4,869,232)

**LONG-TERM DEBT ISSUANCE AND PAYMENTS**

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal		2,073,744
Issuance of debt		(12,610,051)

Payments to the RDA Successor for the nonexchange financial guarantee uses current financial resources in the governmental funds, but reduces the total amount of future expected payments under the guarantee in the Statement of Net Position

		(30,877,933)
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**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):

Unavailable revenues		199,215
Compensated absences		(150,419)
Uninsured losses payable		(100,000)
Change in net pension liability		12,345,491

**ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY**

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and motor pool maintenance 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 Position - All Internal Service Funds		(4,012,862)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(27,203,610)</u>
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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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ 26,071,271	\$ 24,362,771	\$ 28,007,656	\$ 3,644,885
Licenses, permits, and impact fees	2,242,134	1,347,100	1,447,553	100,453
Fines and penalties	225,500	180,500	124,706	(55,794)
Use of money and property	311,600	313,400	336,716	23,316
Intergovernmental revenue	227,303	2,070,849	2,437,425	366,576
Charges for current services	2,420,265	3,839,207	4,418,685	579,478
Other revenue	128,825	279,225	246,949	(32,276)
	<u>31,626,898</u>	<u>32,393,052</u>	<u>37,019,690</u>	<u>4,626,638</u>
<b>EXPENDITURES:</b>				
Current:				
General government	5,334,053	5,672,238	5,452,758	219,480
Public safety	12,671,324	12,412,970	11,904,737	508,233
Public works	5,120,792	4,784,472	4,428,515	355,957
Parks and recreation	1,519,955	2,449,587	2,127,678	321,909
Capital outlay		224,465	224,465	
Debt Service:				
Principal	35,400	35,252	35,252	
Interest and fiscal charges	2,183	1,718	1,718	
	<u>24,683,707</u>	<u>25,580,702</u>	<u>24,175,123</u>	<u>1,405,579</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>6,943,191</u>	<u>6,812,350</u>	<u>12,844,567</u>	<u>6,032,217</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of property		2,000	1,926	(74)
Transfers in	479,793	463,893	361,989	(101,904)
Transfers out	(7,422,984)	(8,548,579)	(8,431,001)	117,578
	<u>(6,943,191)</u>	<u>(8,082,686)</u>	<u>(8,067,086)</u>	<u>15,600</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (1,270,336)</u>	<u>4,777,481</u>	<u>\$ 6,047,817</u>
<b>BEGINNING FUND BALANCE</b>			<u>18,575,420</u>	
<b>ENDING FUND BALANCE</b>			<u>\$ 23,352,901</u>	

See accompanying notes to financial statements.

**CITY OF SOUTH LAKE TAHOE  
CITY HOUSING & ECONOMIC DEVELOPMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$ 1,600	\$ 1,600	\$ 684	\$ (916)
Intergovernmental revenue		685,079	128,733	(556,346)
Charges for services	<u>175,600</u>	<u>272,444</u>	<u>272,444</u>	
Total Revenues	<u>177,200</u>	<u>959,123</u>	<u>401,861</u>	<u>(557,262)</u>
EXPENDITURES:				
Current:				
General government	35,745	909,660	200,899	708,761
Capital outlay		<u>89,495</u>	<u>71,780</u>	<u>17,715</u>
Total Expenditures	<u>35,745</u>	<u>999,155</u>	<u>272,679</u>	<u>726,476</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>141,455</u>	<u>(40,032)</u>	<u>129,182</u>	<u>169,214</u>
OTHER FINANCING SOURCES (USES)				
Transfers out		<u>(11,499)</u>	<u>(565)</u>	<u>10,934</u>
NET CHANGE IN FUND BALANCE	<u>\$ 141,455</u>	<u>\$ (51,531)</u>	128,617	<u>\$ 180,148</u>
BEGINNING FUND BALANCE			<u>774,221</u>	
ENDING FUND BALANCE			<u>\$ 902,838</u>	

See accompanying notes to financial statements.

## 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.

**Airport Fund** - Established for the operation, development, maintenance and capital improvements 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 garage.

**Internal Service Funds** – The City has internal service funds which provide services to other departments on a cost-reimbursement basis including Health, Vision and Dental Self Insurance, and Worker’s Compensation Self Insurance.

**CITY OF SOUTH LAKE TAHOE  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airport	Parking Garage	Other Enterprise Funds	Totals	
<b>ASSETS</b>					
Current Assets:					
Cash and investments (Note 3)	\$ 976,899	\$ 731,604	\$ 502,242	\$ 2,210,745	\$ 4,891,309
Restricted cash and investments (Note 3)		1,627,201		1,627,201	26,065
Accounts receivable - net	210,126		52,434	262,560	
<b>Total Current Assets</b>	<b>1,187,025</b>	<b>2,358,805</b>	<b>554,676</b>	<b>4,100,506</b>	<b>4,917,374</b>
Non-Current Assets:					
Advances to RDA Successor Agency (Note 4C)					332,742
Capital assets (Note 6):					
Nondepreciable	1,509,181	1,463,616	1,315,373	4,288,170	
Depreciable	12,975,334	5,378,849	3,353,572	21,707,755	
<b>Total Noncurrent Assets</b>	<b>14,484,515</b>	<b>6,842,465</b>	<b>4,668,945</b>	<b>25,995,925</b>	<b>332,742</b>
<b>Total Assets</b>	<b>15,671,540</b>	<b>9,201,270</b>	<b>5,223,621</b>	<b>30,096,431</b>	<b>5,250,116</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	119,506			119,506	
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	107,828	4,986	9,950	122,764	11,485
Accrued interest payable		116,667	844	117,511	
Unearned revenue					17,057
Deposits	39,759			39,759	
Due to developers	1,352			1,352	
Current portion of long-term debt (Note 7)	6,448	215,000	42,148	263,596	
Compensated absences (Note 8)	17,635			17,635	
Uninsured losses payable (Note 12)					1,142,197
<b>Total Current Liabilities</b>	<b>173,022</b>	<b>336,653</b>	<b>52,942</b>	<b>562,617</b>	<b>1,170,739</b>
Long-Term Liabilities:					
Advance from other funds (Note 4C)		999,413		999,413	
Net OPEB obligation (Note 11)					6,110,313
Uninsured losses payable (Note 12)					3,604,000
Net pension liability	1,022,230			1,022,230	
Long-term debt (Note 7)	93,805	7,315,000	43,716	7,452,521	
<b>Total Long-Term Liabilities</b>	<b>1,116,035</b>	<b>8,314,413</b>	<b>43,716</b>	<b>9,474,164</b>	<b>9,714,313</b>
<b>Total Liabilities</b>	<b>1,289,057</b>	<b>8,651,066</b>	<b>96,658</b>	<b>10,036,781</b>	<b>10,885,052</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	160,790			160,790	
<b>NET POSITION (Note 9):</b>					
Net investment in capital assets	14,384,262	(687,535)	4,668,945	18,365,672	
Restricted for debt service		1,627,201		1,627,201	
Unrestricted	(43,063)	(389,462)	458,018	25,493	(5,634,936)
<b>Total Net Position (Deficit)</b>	<b>\$ 14,341,199</b>	<b>\$ 550,204</b>	<b>\$ 5,126,963</b>	<b>\$ 20,018,366</b>	<b>\$ (5,634,936)</b>

See accompanying notes to financial statements.

**CITY OF SOUTH LAKE TAHOE  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airport	Parking Garage	Other Enterprise Funds	Totals	
<b>OPERATING REVENUES</b>					
Charges for current services	\$ 53,825	\$ 1,003,136	\$ 238,986	\$ 1,295,947	\$ 3,000,876
Rental and reimbursements	652,553	4,675	122,157	779,385	452,678
Other income		330,000		330,000	
<b>Total Operating Revenues</b>	<b>706,378</b>	<b>1,337,811</b>	<b>361,143</b>	<b>2,405,332</b>	<b>3,453,554</b>
<b>OPERATING EXPENSES</b>					
Salaries and wages	297,555	39,214	85,529	422,298	
Payroll expenses	172,177	29,545	91,204	292,926	
Contracted services	544,901	22,078	6,938	573,917	102,356
Supplies	161,387	63,784	21,922	247,093	282
Communication	7,991	4,049	482	12,522	
Repairs and maintenance	40,126			40,126	
Advertising and printing	1,395			1,395	
Insurance			81,497	81,497	
Claims					5,252,326
OPEB expenses					3,068,000
General expenses	28,786	9,888	35,114	73,788	32,113
Depreciation (Note 6)	953,002	193,832	289,937	1,436,771	
<b>Total Operating Expenses</b>	<b>2,207,320</b>	<b>362,390</b>	<b>612,623</b>	<b>3,182,333</b>	<b>8,455,077</b>
<b>Operating Income (Loss)</b>	<b>(1,500,942)</b>	<b>975,421</b>	<b>(251,480)</b>	<b>(777,001)</b>	<b>(5,001,523)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest expense	(4,889)	(381,367)	(3,527)	(389,783)	
Investment earnings	1,533	2,242	1,023	4,798	8,537
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(3,356)</b>	<b>(379,125)</b>	<b>(2,504)</b>	<b>(384,985)</b>	<b>8,537</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(1,504,298)</b>	<b>596,296</b>	<b>(253,984)</b>	<b>(1,161,986)</b>	<b>(4,992,986)</b>
Capital grants and contributions	711,597			711,597	
Transfers in (Note 4A)	389,286		51,000	440,286	1,010,212
Transfers out (Note 4A)	(40,326)			(40,326)	(30,088)
<b>Total Contributions and Transfers</b>	<b>1,060,557</b>		<b>51,000</b>	<b>1,111,557</b>	<b>980,124</b>
<b>Change in Net Position</b>	<b>(443,741)</b>	<b>596,296</b>	<b>(202,984)</b>	<b>(50,429)</b>	<b>(4,012,862)</b>
<b>BEGINNING NET POSITION, (DEFICIT), As Restated</b>	<b>14,784,940</b>	<b>(46,092)</b>	<b>5,329,947</b>	<b>20,068,795</b>	<b>(1,622,074)</b>
<b>ENDING NET POSITION (DEFICIT)</b>	<b>\$ 14,341,199</b>	<b>\$ 550,204</b>	<b>\$ 5,126,963</b>	<b>\$ 20,018,366</b>	<b>\$ (5,634,936)</b>

See accompanying notes to financial statements.

**CITY OF SOUTH LAKE TAHOE  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airport	Parking Garage	Other Enterprise Funds	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 537,649	\$ 1,337,811	\$ 343,762	\$ 2,219,222	\$ 3,460,681
Payments to suppliers	(785,339)	(97,381)	(146,591)	(1,029,311)	(67,627)
Payments to employees	(510,765)	(68,759)	(176,733)	(756,257)	
Payments to OPEB trust					(1,344,035)
Claims paid					(3,006,344)
Net cash provided by (used for) Operating Activities	(758,455)	1,171,671	20,438	433,654	(957,325)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	389,286		51,000	440,286	1,010,212
Transfers out	(40,326)			(40,326)	(30,088)
Net cash provided by (used for) Noncapital Financing Activities	348,960		51,000	399,960	980,124
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital grants	711,597			711,597	
Capital asset purchases	(74,876)			(74,876)	
Principal payments on debt	(6,165)	(205,000)	(47,967)	(259,132)	
Interest paid	(4,889)	(383,417)	(3,927)	(392,233)	
Net cash provided by (used for) Capital and Related Financing Activities	625,667	(588,417)	(51,894)	(14,644)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	1,533	2,242	1,023	4,798	8,537
Net increase in cash and investments	217,705	585,496	20,567	823,768	31,336
Cash and investments at beginning of period	759,194	1,773,309	481,675	3,014,178	4,886,038
Cash and investments at end of period	\$ 976,899	\$ 2,358,805	\$ 502,242	\$ 3,837,946	\$ 4,917,374
<b>Reconciliation of Operating Income (Loss) to net cash Provided by (used by) Operating Activities:</b>					
Operating income (loss)	\$ (1,500,942)	\$ 975,421	\$ (251,480)	\$ (777,001)	\$ (5,001,523)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	953,002	193,832	289,937	1,436,771	
Increase (decrease) in pension related amounts	(36,909)			(36,909)	
Change in assets and liabilities:					
Prepaid items					65,970
Receivables, net	(170,081)		(17,381)	(187,462)	5,936
Other assets and liabilities					1,723,965
Accounts payable and other accrued expenses	(3,525)	2,418	(638)	(1,745)	2,248,327
Net cash provided by (used for) Operating Activities	\$ (758,455)	\$ 1,171,671	\$ 20,438	\$ 433,654	\$ (957,325)

See accompanying notes to financial statements.

<b>FIDUCIARY FUNDS</b>
------------------------

Fiduciary funds are presented separately from the Government-wide and Fund financial statements. The City had the following types of fiduciary funds in fiscal year 2015:

**RETIREE HEALTH SAVINGS PLAN TRUST FUND**

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

**REDEVELOPMENT OBLIGATION RETIREMENT PRIVATE-PURPOSE TRUST FUND**

This fund was established to account for the assets, liabilities and activities of the Successor Agency to the South Tahoe Redevelopment Agency.

**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 POSITION  
SEPTEMBER 30, 2015**

	<u>Retiree Health Savings Plan Trust Fund</u>	<u>Redevelopment Obligation Retirement Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and investments (Note 3)		\$ 6,350	\$ 2,916,368
Restricted cash and investments (Note 3)		7,775,610	983,080
Mutual funds (Note 3)	\$ 6,138,166		
Capital Assets (Note 20):			
Land		8,017,332	
Depreciable capital assets, net		<u>2,226,044</u>	
Total Assets	<u>6,138,166</u>	<u>18,025,336</u>	<u>\$ 3,899,448</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding		<u>1,172,228</u>	
<b>LIABILITIES</b>			
Accounts payable			\$ 4,146
Deposits and other accruals			1,969,272
Due to developers			1,926,030
Advances payable to City of South Lake Tahoe		5,289,178	
Long-term liabilities (Note 20):			
Due in one year		945,000	
Due in more than one year		<u>77,797,428</u>	
Total Liabilities		<u>84,031,606</u>	<u>\$ 3,899,448</u>
<b>NET POSITION (DEFICIT)</b>			
Restricted for OPEB	<u>\$ 6,138,166</u>		
Held in trust for other governments		<u>\$ (64,834,042)</u>	

See accompanying notes to financial statements.

**CITY OF SOUTH LAKE TAHOE  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Retiree Health Savings Plan Trust Fund	Redevelopment Obligation Retirement Private-Purpose Trust Fund
<b>ADDITIONS</b>		
Taxes and assessments		\$ 3,038,099
Employer contributions		
Interest income	\$ 49,748	733
Transfer in of Transient Occupancy Taxes for Debt Service		2,541,000
	49,748	5,579,832
Total Additions		
<b>DEDUCTIONS</b>		
General government		98,871
Interest and fiscal charges		3,603,441
Cost of issuance		1,618,495
		5,320,807
Total Deductions		
Net Change in Net Position	49,748	259,025
<b>NET POSITION (DEFICIT) HELD IN TRUST FOR OPEB BENEFITS OR OTHER GOVERNMENTS</b>		
Beginning of year	6,088,418	(65,093,067)
End of year	\$ 6,138,166	\$ (64,834,042)

See accompanying notes to financial statements.



**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The City of South Lake Tahoe is a year-round resort community with a permanent estimated population of 21,738. 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 Joint Powers Financing Authority** was formed by the City and Former Redevelopment Agency (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 the Agency. The Authority therefore provides a financial benefit and burden to the City. Financial activities have been included in the City Debt Service Fund and the Private Purpose Trust Fund.

**The South 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. The Authority therefore provides a financial benefit and burden to the City. 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 Authority therefore provides a financial benefit and burden to the City. The financial activities of the Authority have been included in the City Housing & Economic Development Special Revenue Fund.

**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.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**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 Position 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 and any residual balance between Government Activities and Business Type Activities are reported as internal balances. 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.

**C. Major Funds**

Major funds are defined as funds that have either assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 because of relevance to financial statement users should be presented as major funds.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**C. Major Funds (Continued)**

The City reports 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, public works, development services, parks and recreation, and general government.

**City Housing & Economic Development Special Revenue Fund** – Established by the City of South Lake Tahoe to account for restricted former redevelopment tax allocations set aside for low and moderate income housing, 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. The funding sources for City Capital Projects are the General Fund and grant funds from various granting agencies.

**City Debt Service Fund** – Established to account for the financing and debt service activities within the City.

The City reports the following enterprise funds as major funds in the accompanying financial statements:

**Airport Fund** - Established for the operation, development, maintenance and capital improvements 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 garage.

The City also reports the following fund types:

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

**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 Retiree Health Savings Plan Trust, which accounts for accumulation of resources to be used for retirement healthcare benefits, and the Redevelopment Obligation Retirement Private-Purpose Trust Fund, which accounts for the activities of the Successor Agency to the South Tahoe Redevelopment Agency.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

***D. Basis of Accounting***

The government-wide, proprietary and fiduciary 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 property taxes revenues to be available if collected within sixty days after year-end. All other revenues reported in the governmental funds are considered to be available if the revenues are collected within three hundred and sixty five 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*.

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 before all eligibility requirements are met is accounted for as unearned 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 position 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.

***E. Materials, Parts and Fuel***

Materials, parts and fuel inventories are held for consumption and are valued at cost on a first-in, first-out basis.

***F. Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are reduced as the items are utilized or consumed.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**G. *Deferred Outflows/Inflows of Resources***

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions which are the result of the implementation of GASB 68.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflows or resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item, unavailable revenue, arises only under modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from principle and interest receivable on loans. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. At the government-wide statements, this item is eliminated and recognized as revenue since “availability” or resources is not a criteria used in the government-wide statements. The City also reports deferred inflows related to pensions as a result of the implementation of GASB 68.

**H. *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 three years.

All capital assets with limited useful lives are 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 statement of net position as a reduction in the book value of capital assets.

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 (Years)</u>	<u>Threshold</u>
Buildings	30-40	\$50,000
Vehicles	3-6	7,000
Furniture, machinery, and equipment	3-10	7,000
Buses	10	7,000
Transit center buildings	30-40	50,000
Terminal buildings	30-40	50,000
Streets	30-40	200,000
Bike paths	20	200,000
Streetscape	30-40	200,000

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**H. Capital Assets (Continued)**

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.

**I. Property Tax**

El Dorado County assesses properties and bills, collects, and distributes property taxes to the City. The City participates in the County “Teeter Plan” method of property tax distribution. Under the Teeter Plan, 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.

**J. 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. For all governmental funds, amounts representing permanent liquidations are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Position. A roll-forward of the compensated absences balances is included at Note 8.

**K. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**L. Cash and Cash Equivalents**

The City's cash and cash equivalents reported in the proprietary fund statements are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**M. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employees’ Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**N. *Adopted New Accounting Pronouncements***

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the City's financial reporting process. The City became subject to the following significant GASB Statements for the year ended September 30, 2015.

**GASB Statement No. 68** – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement was implemented by the City as of October 1, 2014.

**GASB Statement No. 71** – In November 2013, GASB issued Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement should be applied simultaneously with the provisions of Statement No. 68. This statement was implemented by the City as of October 1, 2014.

**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 directors 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 the proposed City budget during the month of 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;

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**A. Budgeting Procedures (Continued)**

4. The approved budget is placed in the City accounting system and monitored by the Financial Services Division of the Administrative Services Department;
5. Department directors 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 Administrative Services 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 are adopted on a GAAP basis. Budgeted amounts are as originally adopted and 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 for the Stateline 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 a component of assigned, committed or restricted fund balance, since they are not expenditures. Unencumbered appropriations lapse at year end.

The total amount of encumbrances outstanding as of September 30, 2015, that were re-appropriated into the 2015-2016 fiscal year budget was \$1,360,177, of which \$476,210 is attributed to the General Fund and \$883,967 to Special Revenue Funds.

**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 funds to finance these excesses:

Fund	Amount
Non-major Governmental Funds:	
Ski Run Business Improvement Special Revenue Fund	\$ 1,113
Tourism Improvement District Special Revenue Fund	208,139

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**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**

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.

**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 other agreements.

Cash and investments comprised the following at September 30, 2015:

Cash and investments	\$ 37,387,914
Restricted cash and investments	<u>5,294,640</u>
Total City cash and investments	<u>42,682,554</u>
Cash and investments in Fiduciary Funds	2,922,718
Restricted cash and investments in Fiduciary Funds	8,758,690
Investments in Mutual Funds in Fiduciary Funds	<u>6,138,166</u>
Total Cash and Investments	<u><u>\$ 60,502,128</u></u>

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**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	Standard and Poors Minimum Credit Quality	Maximum Percentage / Amount Allowed
Certificates of Deposit	No Limit	AAA	5%, not to exceed \$500,000 per institution
Bankers' Acceptances	180 days	No Limit	20% and \$1,000,000 per institution
Securities of the U.S. Government or its agencies	5 years	No Limit	50%
Commercial Paper	270 days	AAA	15%
Medium-Term Corporate Notes	5 years	A	30% and \$2,000,000 per corporation
Local Agency Investment Fund (State Pool)	No Limit	No Limit	\$50 million
Negotiable Certificates of Deposit	5 years	No Limit	20%
Passbook Savings Account Demand Deposit	10 working days	No Limit	No Limit
Governmental Security Mutual Funds	No Limit	AAA	15%
Bonds or notes issued by California Local agencies	5 years	A	20%
Bond Proceeds	5 years	No Limit	No Limit
Notes and Bonds of the 50 States	5 years	A	50%

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

***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.

***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	AA	No Limit
Demand Deposits	No Limit	A-1 or better	No Limit
Repurchase Agreements	No Limit	None	No Limit
Bankers' Acceptances	180 days	None	No Limit
Commercial Paper	270 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 higher	No Limit

***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 is to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**F. Interest Rate Risk (Continued)**

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 or earliest call date:

Investment Type	Twelve Months or Less	1 to 5 Years	Total
U.S. Government Agencies		\$ 4,000,000	\$ 4,000,000
Local Agency Investment Fund (State pool)	\$ 28,727,089		28,727,089
Retiree Health Savings Trust - Mutual Funds	6,138,166		6,138,166
Money Market Funds	12,000,279		12,000,279
Certificates of Deposit		3,000,000	3,000,000
Medium Term Notes		2,030,759	2,030,759
Total Investments	<u>\$ 46,865,534</u>	<u>\$ 9,030,759</u>	<u>55,896,293</u>
Cash with Trustee			2,053,030
Cash in Banks and on Hand			<u>2,552,805</u>
Total Cash and Investments			<u>\$ 60,502,128</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, 2015, these investments matured in an average of 210 days.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**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, 2015, for each investment type as provided by Standard and Poor's.

Investment Type	AAA/AAAm	AA+	A	Total
<i>Available for Operations:</i>				
U.S. Government Agencies:		\$ 4,000,000		\$ 4,000,000
Medium Term Notes			\$ 2,030,759	2,030,759
<i>Restricted:</i>				
Money Market Funds	\$ 12,000,279			12,000,279
Totals	<u>\$ 12,000,279</u>	<u>\$ 4,000,000</u>	<u>\$ 2,030,759</u>	<u>18,031,038</u>
<i>Not Rated:</i>				
Retiree Health Savings Trust - Mutual Funds				6,138,166
Local Agency Investment Fund (State Pool)				28,727,089
Certificates of Deposit				3,000,000
<i>Exempt from Credit Rating Disclosures:</i>				
Cash with Trustee				2,053,030
Cash in Banks and on Hand				<u>2,552,805</u>
Total Cash and Investments				<u>\$ 60,502,128</u>

**H. Custodian Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

All of the City's investments in securities are held in the name of the City and held at the location of the City's third party custodian. Therefore, the City is not exposed to custodial credit risk.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**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.

Transfers between funds during the fiscal year ended September 30, 2015, were as follows:

<u>Fund Receiving Transfer</u>	<u>Fund Making Transfer</u>	<u>Transfer Amount</u>	<u>Reason for Transfer</u>
<b>General Fund</b>	City Housing & Economic Development	\$ 565	B
	City Capital Projects Fund	63,842	B
	Non-Major Governmental Funds	267,494	B
	Internal Service Fund	30,088	B
	Total General Fund	<u>361,989</u>	
<b>City Capital Projects Fund</b>	General Fund	1,738,270	C
	Airport	40,326	B
		<u>1,778,596</u>	
<b>City Debt Service Fund</b>	General Fund	<u>2,687,099</u>	D
<b>Airport Enterprise Fund</b>	General Fund	267,786	A
	General Fund	121,500	C
		<u>389,286</u>	
<b>Parking Management Enterprise Fund</b>	General Fund	<u>51,000</u>	A
<b>Non-Major Governmental Funds</b>	General Fund	2,555,134	A, D
	City Capital Projects Fund	80,000	E
	Non-Major Governmental Funds	386,000	C
		<u>3,021,134</u>	
<b>Internal Service Funds</b>	General Fund	<u>1,010,212</u>	A
Total Interfund Transfers		<u>\$ 9,299,316</u>	

Reasons for Transfers

- A To fund operations.
- B To reimburse administrative expenses.
- C To fund capital projects.
- D To reimburse the Debt Service Fund for paying Successor Agency Debt Service for shortfalls in tax increment revenues.
- E To return unused funds

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**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. At September 30, 2015, the General Fund was owed by the following funds:

Funds	Amount
Special Revenue Funds:	
Clean Community	\$ 7,097
Boat Patrol Grant	26,529
DUI/Traffic Safety Grant	1,125
Safe Haven Grant	99,250
Capital Projects Funds:	
Stateline Capital Projects	81,942
	\$ 215,943

**C. Long-Term Interfund Balances**

At September 30, 2015, the funds below had made advances to other city funds which were not expected to be repaid within the next year.

Fund Receiving Advance	Fund Making Advance	Amount of Advance
City Debt Service Fund	City Capital Projects Fund	\$ 694,547
Parking Garage Enterprise Fund	Stateline Capital Projects Fund	999,413
		\$ 1,693,960

At September 30, 2015, the funds below had made advances to the Former Redevelopment Agency (Fiduciary Fund) which were not expected to be repaid within the next year.

Fund Receiving Advance	Fund Making Advance	Amount of Advance
RDA Successor Agency Private Purpose Trust Fund	General Fund	\$ 4,638,627
	Vehicle Replacement Special Revenue Fund	317,809
	Workers Compensation Internal Service Fund	332,742
		\$ 5,289,178

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**C. *Long-Term Interfund Balance (Continued)***

A Loan Repayment Agreement was signed between the City and the Former Redevelopment Agency on March 16, 2004, under which the South Tahoe Redevelopment 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. As of September 30, 2015, the long-term portion of principal and accumulated interest was \$753,808 and \$4,535,370, respectively.

These loans were not originated within the first two years of the formation of the Redevelopment Project Area, therefore, were not allowed to be listed on the initial Recognized Obligation Payment Schedule (ROPS). During the year ended September 30, 2015, the City obtained the finding of completion from the California Department of Finance and approval from the Oversight Board to place these loans onto the RDA Successor Agency's ROPS.

The City pays 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 \$694,547 at September 30, 2015 and is recorded in the City Debt Service Fund.

The Stateline Capital Projects Fund is owed \$999,413 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, 2015, the principal and accumulated interest was \$414,413 and \$585,000, 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.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 5 – HOUSING AGREEMENTS AND LOANS RECEIVABLE**

The Former Redevelopment Agency engaged in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. With the dissolution of the Redevelopment Agency as discussed in Note 19, the City agreed to become the successor to the Redevelopment Agency’s housing activities and as a result, the City assumed the loans receivable of the Redevelopment Agency’s Housing & Economic Development Special Revenue Fund as of February 1, 2012. 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 Former 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 inflows as they are not expected to be repaid during the subsequent fiscal year. These loans receivable comprised the following at September 30, 2015:

Loan Program	Balance at September 30, 2014	Additions to Principal	Interest Accrued	Collections	Balance at September 30, 2015
Housing Rehabilitation Loans	\$ 1,208,235			\$ (9,048)	\$ 1,199,187
Interest on loans	110,600		\$ 12,268	(5,449)	117,419
First-Time Homebuyer Loans	3,534,801			(169,475)	3,365,326
Interest on loans	768,786		85,450	(32,400)	821,836
Moderate Income Loans	945,273				945,273
Interest on loans	116,076		18,906		134,982
Business Loans	228,982			(11,663)	217,319
Interest on loans	43,406		9,532	(1,169)	51,769
Projects Loans	20,073,643				20,073,643
Interest on loans	2,853,775		328,848	(26,585)	3,156,038
Total	<u>\$ 29,883,577</u>	<u>\$ -</u>	<u>\$ 455,004</u>	<u>\$ (255,789)</u>	<u>\$ 30,082,792</u>

**A. Housing Rehabilitation Loans**

The Former Redevelopment Agency administered 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 Former Redevelopment Agency engaged in a first time home-buyer program designed to encourage home ownership among low income persons. This program was funded by Community Development Block Grant, HOME, and Redevelopment Low- & Moderate-Income Housing Funds and was 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.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 5 – HOUSING AGREEMENTS AND LOANS RECEIVABLE (Continued)**

**C. *Moderate Income Loans***

The Former Agency engaged in moderate income loan programs to make homes affordable to moderate income homebuyers by providing low-interest, deferred payment second loans to eligible individuals or households. This program was funded with South Tahoe Redevelopment Agency Housing Funds. The Agency would provide a second loan of up to \$100,000. All loans are secured by second deeds of trust on the properties to be purchased.

**D. *Business Loans***

The Housing Authority engaged in business loan programs through grants designed to provide assistance to small businesses located within the City to increase job creation and retention. Under this program, loans were provided for a period up to ten years with interest rates determined based on the business' financial needs. As of September 30, 2015, the Authority had ten open loans to business owners. All loans are secured by deeds of trust.

**E. *Projects Loans***

The Housing Authority provided 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, 2015, the Authority had made twelve loans to seven organizations.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 6 – CAPITAL ASSETS**

**A. Capital Asset Activity**

Capital assets activity of the City’s Governmental Activities for the year ended September 30, 2015 comprises the following:

	Balance at September 30, 2014	Additions	Transfers	Balance at September 30, 2015
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$ 7,859,458			\$ 7,859,458
Intangible Assets	97,652			97,652
Construction in progress	24,325,831	\$ 5,631,314	\$ (26,369,795)	3,587,350
	<u>32,282,941</u>	<u>5,631,314</u>	<u>(26,369,795)</u>	<u>11,544,460</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Buildings	17,968,628		82,800	18,051,428
Vehicles	2,492,306	315,618		2,807,924
Furniture and equipment	13,282,425	698,622		13,981,047
Improvements other than buildings	5,862,831			5,862,831
Bike paths	3,743,018		1,314,606	5,057,624
Streets	25,396,235			25,396,235
Streetscape	4,844,069		2,853,331	7,697,400
Sidewalks, curbs, gutters, lighting	1,877,596		3,098,860	4,976,456
Basin and stream environment				
Zone Construction	40,220,294		19,020,198	59,240,492
	<u>115,687,402</u>	<u>1,014,240</u>	<u>26,369,795</u>	<u>143,071,437</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Buildings	(13,411,298)	(452,849)		(13,864,147)
Vehicles	(1,941,102)	(206,329)		(2,147,431)
Furniture and equipment	(10,442,792)	(640,347)		(11,083,139)
Improvements other than buildings	(1,350,172)	(585,172)		(1,935,344)
Bike Paths	(1,442,862)	(220,016)		(1,662,878)
Streets	(18,505,244)	(774,880)		(19,280,124)
Streetscape	(1,892,951)	(209,260)		(2,102,211)
Sidewalks, curbs, gutters, lighting	(31,293)	(114,234)		(145,527)
Basin and stream environment zone				
Construction	(6,335,876)	(1,666,145)		(8,002,021)
	<u>(55,353,590)</u>	<u>(4,869,232)</u>		<u>(60,222,822)</u>
Total accumulated depreciation				
Net capital assets being depreciated	<u>60,333,812</u>	<u>(3,854,992)</u>	<u>26,369,795</u>	<u>82,848,615</u>
Governmental activities capital assets, net	<u>\$ 92,616,753</u>	<u>\$ 1,776,322</u>	<u>\$ -</u>	<u>\$ 94,393,075</u>

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**A. Capital Asset Activity (Continued)**

Capital assets activity of the City’s Business Type Activities for the year ended September 30, 2015 comprises the following:

	Balance at September 30, 2014	Additions	Transfers	Balance at September 30, 2015
<i>Business-type activities</i>				
Capital assets not being depreciated:				
Land	\$ 4,288,170			\$ 4,288,170
Construction in progress	1,580,004	\$ 74,876	\$ (1,654,880)	-
Total capital assets not being depreciated	<u>5,868,174</u>	<u>74,876</u>	<u>(1,654,880)</u>	<u>4,288,170</u>
Capital assets, being depreciated:				
Buses and vehicles	382,450			382,450
Transit center buildings	6,512,815			6,512,815
Terminal buildings	4,315,007			4,315,007
Runways	17,295,643		1,654,880	18,950,523
Machinery and equipment	3,745,952			3,745,952
Parking garage	7,942,112			7,942,112
Total capital assets being depreciated	<u>40,193,979</u>		<u>1,654,880</u>	<u>41,848,859</u>
Less accumulated depreciation for:				
Buses and vehicles	(159,355)	(38,245)		(197,600)
Transit center buildings	(3,082,658)	(251,692)		(3,334,350)
Terminal buildings	(3,011,534)	(140,728)		(3,152,262)
Runways	(7,176,430)	(689,128)		(7,865,558)
Machinery and equipment	(2,894,042)	(123,145)		(3,017,187)
Parking garage	(2,380,314)	(193,833)		(2,574,147)
Total accumulated depreciation	<u>(18,704,333)</u>	<u>(1,436,771)</u>		<u>(20,141,104)</u>
Total capital assets being depreciated, net	<u>21,489,646</u>	<u>(1,436,771)</u>	<u>1,654,880</u>	<u>21,707,755</u>
Business-type activities capital assets, net	<u>\$ 27,357,820</u>	<u>\$ (1,361,895)</u>	<u>\$ -</u>	<u>\$ 25,995,925</u>

**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 is as follows:

**Governmental Activities**

General government	\$ 113,224
Public safety	438,105
Public works	1,932,957
Parks and recreation	1,216,888
Streets	<u>1,168,058</u>
Current Year Depreciation Expense	<u>\$ 4,869,232</u>

**Business-Type Activities**

Transit	\$ 289,937
Airport	953,002
Parking Garage	<u>193,832</u>
Current Year Depreciation Expense	<u>\$ 1,436,771</u>

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 7 - LONG-TERM DEBT**

The City 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 incurred by proprietary fund types and at the governmental activities level are amortized over the term of the debt using the bonds-outstanding method, which approximates the effective interest method.

**A. Current Year Transactions and Balances**

	Balance at September 30, 2014	Additions	Retirements	Balance at September 30, 2015	Current Portion
<b>Governmental Activities</b>					
Refunding Revenue Bonds, 2006 Series A, 3.75% - 5.125% due serially until 10/1/2025	\$ 16,170,000		\$ 1,055,000	\$ 15,115,000	\$ 1,095,000
1997 State Revolving Fund Loan, 2.8%, due 2/4/2017	193,552		62,744	130,808	64,501
1998 State Revolving Fund Loan, 2.6%, due 3/2/2018	599,386		113,808	485,578	116,767
2002 State Revolving Fund Loan, 2.6% due 3/19/2022	88,339		10,076	78,263	10,338
2010 California Energy Commission Loan 3.0% due serially until 6/22/2026	601,228		42,317	558,911	43,552
2012 Certificates of Participation (COPs) 2.0% - 4.0%, due serially until 9/1/2042	5,645,000		120,000	5,525,000	125,000
2014 Lease for Road Improvements (Harrison Avenue) 3.990% due serially until 10/1/2029	2,110,000			2,110,000	110,000
2014 Taxable Pension Obligation Bonds 1.875% - 4.000% due serially until 6/1/2027		\$ 11,905,000		11,905,000	
Capital lease obligations:					
Mower/Tractor Lease 4.22% due serially until 11/26/2015	43,547		28,728	14,819	14,819
Various Equipment 4.15% due serially until 12/1/2016	573,643		222,414	351,229	231,740
Police Department Vehicles 4.70% due 11/21/2016	271,086		86,245	184,841	90,298
Fire Department Ladder Truck 2.74% due 12/13/2023	1,051,818		98,354	953,464	101,067
Streets and Motor Pool Equipment 1.68% due 12/13/2018	180,744		38,998	141,746	39,656
Computer Hardware/Software upgrade 2.21% due 12/13/2020	653,493		94,562	558,931	96,664
Fire Department Pumper Truck 2.406% due 10/10/2023		565,526	62,793	502,733	50,695
Police Department Vehicles 5.45% due 4/15/2018		139,525	37,705	101,820	32,156
	<u>\$ 28,181,836</u>	<u>\$ 12,610,051</u>	<u>\$ 2,073,744</u>	<u>\$ 38,718,143</u>	<u>\$ 2,222,253</u>
Total governmental activities long term debt					
<b>Business-type Activities</b>					
2010 State Department of Transportation Loan 4.594% due serially until 9/22/2029	\$ 106,418		\$ 6,165	\$ 100,253	\$ 6,448
2013 California First National Bank Capital Lease 3.718% due serially until 7/1/2017	133,831		47,967	85,864	42,148
Parking Revenue Bonds, Series 2013 3.00% - 5.375% due serially until 12/1/2036	7,735,000		205,000	7,530,000	215,000
	<u>\$ 7,975,249</u>		<u>\$ 259,132</u>	<u>\$ 7,716,117</u>	<u>\$ 263,596</u>
Total business-type activities long term debt					

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**B. Long-Term Debt Issues**

**Governmental Activities**

**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, in the amount of \$23,245,000, the proceeds of which were used to refund Lease Revenue Bonds, 1995 Series A. 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.

The 2006 Series A bonds are secured and repayable from a pledge of lease rental payments from the General fund. The total principal remaining to be repaid on the bonds at September 30, 2015 was \$15,115,000.

**2012 Certificates of Participation**

On July 1, 2012, the City entered into an agreement with the South Tahoe Joint Powers Financing Authority for a lease amount of \$5,765,000. Proceeds from the Certificates were used to finance street and other capital improvements within the City benefitting Parks and Recreation. The Certificates bear interest of 2% to 4%. Principal and interest payments are payable semi-annually on each March 1 and September 1 of each year until 2042, commencing September 1, 2012. The debt service is funded by transfers from the General Fund. The total principal remaining to be paid on the loan was \$5,525,000 as of September 30, 2015.

**State Revolving Fund Loans**

As of September 30, 2015, the City drew down \$1,023,515 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. The outstanding balance on the loan as of September 30, 2015 was \$130,808.

As of September 30, 2015, the City had drawn down \$1,998,000 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 2018. The outstanding balance on the loan as of September 30, 2015 was \$485,578.

As of September 30, 2015, the City had drawn down \$190,936 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 outstanding balance on the loan as of September 30, 2015 was \$78,263.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**B. Long-Term Debt Issues (Continued)**

The City has pledged future transient occupancy tax revenues for the repayment of the State Revolving Fund loans. The pledge of future transient occupancy tax revenues ends upon repayment of \$694,649 remaining debt service on the loans, which is scheduled to occur in 2022. For fiscal year 2015, transient occupancy tax revenue amounted to \$7,977,275 which represented coverage of 38 times over the total debt service of \$186,628 and \$23,300 of principal and interest, respectively.

**2010 California Energy Commission Loan**

During fiscal year 2011-12, the City entered into an agreement with the California State Department of Energy Resources Conservation and Development Commission for a loan amount of \$657,461. Proceeds from the loan were used to upgrade the chiller replacement, interior and exterior lighting upgrade and data center server cooling control upgrade. The loan bears interest of 3.00%. Principal and interest payments are payable semiannually on December 22 and June 22 of each year until 2026, commencing December 22, 2012. The loan is repayable from savings made from energy costs and the City's General Fund. The outstanding balance on the loan as of September 30, 2015 was \$558,911.

**2014 Lease for Road Improvements**

During the fiscal year 2013-14, the City entered into a Lease agreement with Western Alliance Bank for a Lease amount of \$2,110,000 for Road Improvements for the Harrison Avenue Streets Improvement Project. The Lease bears interest at 3.99%. Principal and interest payments are payable semiannually on April 1 and October 1 of each year until 2029, commencing October 1, 2014. The outstanding balance on the lease at September 30, 2015 was \$2,110,000.

**2014 Taxable Pension Obligation Bonds**

On December 1, 2014, the City issued \$11,905,000 in Taxable Pension Obligation Bonds, Series 2014 to refund the outstanding "side fund" obligations of the City to the California Public Employees' Retirement System (PERS) with respect to the City's Safety Plan. The City paid off its Safety Plan Side Fund balance (lump sum payment of \$11,447,671 as of December 18, 2014) with proceeds of the bonds.

The bonds bear interest rates ranging from 1.875% to 4.000%, payable on June 1 and December 1 of each year, commencing June 1, 2015 until maturity year of 2027. First principal payment is due to occur in fiscal year 2017-18.

Payment of the principal of and interest on the bonds is not limited to any special source of funds and is payable from any legally available moneys of funds of the City. The City is not empowered or obligated to levy or pledge taxes to make payments on the bonds or fund a reserve fund for the bonds.

**Capital Lease Obligations**

The City has various capital lease obligations under a Master Equipment Lease Purchase Agreement that the City entered into with Bank of America on May 9, 2006. The outstanding balance on these capital leases as of September 30, 2015 was \$366,048.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**B. Long-Term Debt Issues (Continued)**

**Capital Lease Obligations (Continued)**

The City has various capital lease obligations, including Police Department Vehicles, Fire Department Ladder Truck, Street and Motor Pool Equipment, and Computer Hardware/Software Upgrade, under a Master Equipment Lease Purchase Agreement that the City entered into with Bank of America on December 13, 2013. The outstanding balance on these capital leases as of September 30, 2015 was \$1,838,982.

On October 10, 2014, the City entered into an agreement in the amount of \$565,526 with U.S. Bancorp Government Leasing and Finance, Inc. for the lease of Fire Department Pumper Truck. The lease, bearing interest rate of 2.406%, is due in ten equal annual payments of \$62,793 (principal and interest) commencing on October 10, 2014. The principal balance outstanding as of September 30, 2015 was \$502,733.

On April 15, 2015, the City entered into an agreement in the amount of \$139,525 with Ford Motor Credit Company for the lease of Police Department Vehicles. The lease bears interest rate of 5.45% and is due in 2018. The lease is to be paid in four annual installments of principal and interest total of \$37,705, commencing on April 15, 2015. The principal balance as of September 30, 2015 was \$101,820.

**Business-Type Activities**

**2010 State Department of Transportation Loan**

On September 3, 2009, the City entered into an agreement with the State Department of Transportation for a loan amount of \$128,456. Proceeds from the loan were used for the reconstruction of the airport terminal aprons at the Lake Tahoe Airport. The loan bears interest of 4.594%. Principal and interest payments are payable annually on October 30 until 2029.

The City has pledged future airport gross revenues to repay the 2010 State Department of Transportation loan through 2029, respectively. The Airport Enterprise Fund's total principal remaining to be paid on the loans was \$100,253 as of September 30, 2015. The Airport Enterprise Fund's total principal and interest paid for the current year and total customer revenues were \$6,165 and \$706,378, respectively.

**California First National Bank Capital Lease**

On July 1, 2013, the City of South Lake Tahoe entered into a Master Equipment Lease/Purchase Agreement for thirty-two pay and display parking kiosks for the city paid parking program for the amount of \$223,250. The capital lease bears interest of 3.718% and principal and interest payments are payable annually on July 1 until 2017. The outstanding balance on the lease as of September 30, 2015 was \$85,864.

The following is a schedule of property under capital leases by major class at September 30, 2015:

	Governmental Activities	Business-Type Activities
Vehicles	\$ 581,310	
Equipment	4,196,397	\$ 223,250
Intangibles	193,160	
Less: accumulated depreciation	(2,213,247)	
Total	<u>\$ 2,757,620</u>	<u>\$ 223,250</u>

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

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

**B. Long-Term Debt Issues (Continued)**

**Parking Revenue Bonds 2013**

On November 20, 2013, the South Tahoe Joint Powers Parking Financing Authority issued \$7,735,000 in Parking Revenue Refunding Bonds, Series 2013 with a term of 23 years and interest rates ranging from 3.0% to 5.375%. The Series 2013 Bonds were issued to refund the Authority's Parking Revenue Bonds, Series 2002 A in the outstanding amount of \$7,270,000 and to pay the costs of issuance associated with the Series 2013 bonds. Interest on the Parking Revenue Bonds is payable semiannually on each June 1 and December 1. Principal matures annually each December 1. The outstanding balance on the bonds as of September 30, 2015 was \$7,530,000.

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. For fiscal year 2015, Parking Enterprise Fund's customer revenues amounted to \$1,337,811, which represented coverage of 2.40 times over the total debt service of \$205,000 and \$353,075 of principal and interest, respectively

**C. Debt Service Requirements**

Aggregate principal and interest payments on all outstanding long-term debt are as follows at September 30, 2015:

For the Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 2,222,253	\$ 1,500,023	\$ 263,596	\$ 354,573
2017	2,169,473	1,416,864	275,459	344,985
2018	2,831,721	1,341,365	242,054	333,850
2019	2,891,066	1,249,557	247,378	324,026
2020	2,888,527	1,143,267	257,717	315,137
2021-2025	16,103,402	3,887,820	1,444,240	1,423,115
2026-2030	6,486,701	1,035,500	1,745,673	1,074,704
2031-2035	1,130,000	536,600	2,190,000	585,488
2036-2040	1,370,000	293,800	1,050,000	57,244
2041-2042	625,000	37,800		
<b>Total</b>	<b>\$ 38,718,143</b>	<b>\$ 12,442,596</b>	<b>\$ 7,716,117</b>	<b>\$ 4,813,122</b>

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 8 – COMPENSATED ABSENCES**

The City accumulates compensated absences for vacation and sick leave that is payable upon termination from City employment. As of September 30, 2015, compensated absences balances are as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 1,538,516	\$ 21,759	\$ 1,560,275
Additions	1,630,176	32,542	1,662,718
Payments	(1,479,757)	(36,666)	(1,516,423)
Ending Balance	\$ 1,688,935	\$ 17,635	\$ 1,706,570
Current Portion	\$ 1,688,935	\$ 17,635	\$ 1,706,570

Compensated absences are liquidated by the fund that has recorded the liability. The current portion of compensated absences is liquidated by the General Fund and proprietary funds.

**NOTE 9 – NET POSITION AND FUND EQUITY**

**A. *Net Position***

Net Position is the excess of all the City’s assets over all its liabilities and deferred inflows and outflows. Net Position is divided into three captions. These captions apply only to Net Position, which is determined at the government-wide and proprietary fund levels, and are described below:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the City’s capital assets, less the outstanding balance of any debt issued to finance these assets.

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

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

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 9 – NET POSITION AND FUND EQUITY (Continued)**

***B. Governmental Fund Balance***

The City's fund balances are classified based on spending constraints imposed on the use of resources.

For governmental funds with multiple funding sources, the City's policy is to spend restricted fund balance first, before spending unrestricted fund balance. The City's policy is that committed and assigned for balance is considered to be spent before unassigned balances, when expenditures are incurred for purposes in which any of those committed or assigned classifications could be used.

Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable fund balances represent balances set aside to indicate items that do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with restricted resources.

Committed fund balances include amounts that can only be used for a specific purpose and have formal constraints imposed by resolution of the City Council which may be altered only by resolution of the City Council. Encumbrance amounts subject to council commitments are included along with committed resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or City Manager and may be changed at the discretion of the City Council or City Manager. This category includes encumbrances, proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 9 – NET POSITION AND FUND EQUITY (Continued)**

**B. Governmental Fund Balance (Continued)**

Detailed classifications of the City’s Fund Balances, as of September 30, 2015, are below:

Fund Balance Classifications	General Fund	City Housing & Economic Development Fund	City Capital Project Fund	City Debt Service	Other Governmental Funds	Total
<b>Nonspendable:</b>						
Items not in spendable form:						
Inventory	\$ 251,178					\$ 251,178
Prepaid expenses	126,093					126,093
Land held for resale	800,000					800,000
Long-term interfund receivables	4,638,627		\$ 694,547		\$ 1,317,222	6,650,396
<b>Total Nonspendable Fund Balances</b>	<b>5,815,898</b>		<b>694,547</b>		<b>1,317,222</b>	<b>7,827,667</b>
<b>Restricted for:</b>						
Debt service				\$ 4,120,949		4,120,949
General liability claims	750,000					750,000
Housing and economic development		\$ 902,838				902,838
Gas tax					266,674	266,674
Public safety					1,148,891	1,148,891
Snow removal					1,003,981	1,003,981
Solid waste					222,184	222,184
Vehicle replacement					441,241	441,241
Community improvement					469,755	469,755
Tourism improvement					399,956	399,956
Measure S					418,334	418,334
Transportation					7,319	7,319
<b>Total Restricted Fund Balances</b>	<b>750,000</b>	<b>902,838</b>		<b>4,120,949</b>	<b>4,378,335</b>	<b>10,152,122</b>
<b>Committed to:</b>						
Capital projects			5,096,856			5,096,856
<b>Assigned to:</b>						
Encumbrances	476,210					476,210
Rental properties					12,018	12,018
Transient occupancy tax					456,343	456,343
<b>Total Assigned Fund Balances</b>	<b>476,210</b>				<b>468,361</b>	<b>944,571</b>
<b>Unassigned:</b>						
General fund	16,310,793					16,310,793
Deficit residuals					(66,066)	(66,066)
<b>Total Unassigned Fund Balances</b>	<b>16,310,793</b>				<b>(66,066)</b>	<b>16,244,727</b>
<b>Total Fund Balances</b>	<b>\$ 23,352,901</b>	<b>\$ 902,838</b>	<b>\$ 5,791,403</b>	<b>\$ 4,120,949</b>	<b>\$ 6,097,852</b>	<b>\$ 40,265,943</b>

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 9 – NET POSITION AND FUND EQUITY (Continued)**

**C. Contingency Arrangements and Reserve Policies**

The City’s Reserve Policy requires the City to maintain an Unassigned General Fund reserve at a minimum of 25% of General Fund operating expenses. Funds may be appropriated from the Unassigned Fund Balance 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 25% Unassigned Fund Balance during the preceding fiscal year. To the extent that fund accumulate in excess of the required 25% Unassigned General Fund Reserve, these one-time funds may be transferred to the Capital Projects Fund upon completion of the annual audit as of September 30, 2015, the reserve balance was \$8,564,719.

**D. Fund Deficits**

The following funds had fund balance or net position deficits at September 30, 2015:

Funds	Deficit Amount
Health, Vision and Dental Self Insurance Fund	\$ 4,529,649
Workers' Compensation Self Insurance Fund	1,105,287
Boat Patrol Special Revenue Fund	10,134

The deficit in the Health Vision and Dental Self Insurance Fund is due to the City choosing to pre-fund the City’s OPEB obligation at a level less than the actuarial required contribution and therefore choosing to pay some costs on the pay-as-you-go method. The prefunding contributions that are made are recorded in the Retiree Health Savings Plan Trust Fund. The City is also continually reviewing options to reduce retiree health costs.

The deficit in the Workers’ Compensation Self Insurance Fund is due to the City choosing to pay all costs on the pay-as-you-go method.

The deficit in the Boat Patrol Special Revenue Fund is expected to be eliminated by future revenues.

**NOTE 10 – PENSION PLANS**

As of September 30, 2015, the City reported total net pension liability, deferred outflows of resources and deferred inflows of resources for both Miscellaneous and Safety Plans as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan	\$ 25,555,745	\$ 2,987,655	\$ 4,019,746
Safety Plan	24,987,173	3,670,715	5,217,808
Total	\$ 50,542,918	\$ 6,658,370	\$ 9,237,554

**CITY OF SOUTH LAKE TAHOE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015**

**NOTE 10 – PENSION PLANS (Continued)**

**CalPERS Safety and Miscellaneous Employees’ Plans**

**A. *Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan***

**Plan Description** - Substantially all full time City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CalPERS). The City’s employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. CalPERS operates an agent multiple employer defined benefit pension plan for the City’s miscellaneous plans and operates a cost sharing multiple employer defined benefit plan for the City’s safety plans. CalPERS 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.

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 June 30 by CalPERS; the City must contribute these amounts.

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

***Benefits Provided***

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The basic death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. Benefit provisions and all other requirements are established by State statute and may be amended by city contracts with employee bargaining groups.

The Miscellaneous Plan’s provisions and benefits in effect at September 30, 2015 are summarized as follows:

	<u>Classic</u>	<u>PEPRA</u>
	<u>Miscellaneous</u>	<u>Miscellaneous</u>
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of salary	2.00% - 2.70%	2.00%
Required employee contribution rates:		
Oct 1, 2014 - June 30, 2015	7-8%	6.75%
July 1, 2015 - September 30, 2015	7-8%	6.75%
Required employer contribution rates:		
Oct 1, 2014 - June 30, 2015	28.52%	28.52%
July 1, 2015 - September 30, 2015	30.84%	30.84%

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 10 – PENSION PLANS (Continued)**

**CalPERS Safety and Miscellaneous Employees’ Plans (Continued)**

**A. *Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan (Continued)***

***Contributions***

Section 20814(c) of the California Public Employee's Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015, Miscellaneous and PEPRAs are required to contribute 7-8% and 6.75% of their annual covered salary, respectively. Total contributions made by the City to Miscellaneous Plan during fiscal year 2015 were \$2,039,415.

***Employees Covered***

At the June 30, 2014 valuation date, the following employees were covered by the benefit terms for the Miscellaneous Plan:

Active employees	107
Inactive employees receiving benefits	215
Inactive employees not receiving benefits	137
Total	459

***Net Pension Liability***

The City’s Miscellaneous plan's net pension liability is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is illustrated below.

***Actuarial Assumptions***

The total pension liabilities were determined using the following actuarial assumptions:

	<b>Miscellaneous Plan</b>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.65% (1)
Mortality	Based on CalPERS Experience Study

(1) Net of pension plan investment expenses, including inflation

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 10 – PENSION PLANS (Continued)**

**CalPERS Safety and Miscellaneous Employees’ Plans (Continued)**

**A. *Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan (Continued)***

There was a change in the discount rate assumption for the June 30, 2015 measurement date. GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. The underlying mortality assumptions and all other actuarial assumptions used in the June 2014 valuation were based on results of a 2010 CalPERS Experience Study for the period from 1997 to 2011. The experience study report can be obtained at CalPERS’ website under Forms and Publications.

***Discount Rate*** - The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 10 – PENSION PLANS (Continued)**

**CalPERS Safety and Miscellaneous Employees’ Plans (Continued)**

**A. Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan (Continued)**

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	<u>100.0%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

***Changes in the Net Pension Liability***

The change in the Net Pension Liability for the Miscellaneous Plan, measured as of June 30, 2015 follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<b>Balance at June 30, 2014</b>	<b>\$ 81,032,930</b>	<b>\$ 56,936,600</b>	<b>\$ 24,096,330</b>
<b>Changes in the year:</b>			
Service cost	1,289,914		1,289,914
Interest on the total pension liability	5,921,706		5,921,706
Changes in assumptions	(1,373,535)		(1,373,535)
Differences between expected and actual experience	(675,672)		(675,672)
Contribution - employer		1,964,036	(1,964,036)
Contribution - employee		538,590	(538,590)
Net Investment Income		1,263,648	(1,263,648)
Benefit payments, including refunds of employee contributions	(4,441,507)	(4,441,507)	
Administrative expense		(63,276)	63,276
<b>Net changes</b>	<u>720,906</u>	<u>(738,509)</u>	<u>1,459,415</u>
<b>Balance at June 30, 2015</b>	<b>\$ 81,753,836</b>	<b>\$ 56,198,091</b>	<b>\$ 25,555,745</b>

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 10 – PENSION PLANS (Continued)**

**CalPERS Safety and Miscellaneous Employees’ Plans (Continued)**

**A. Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan (Continued)**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the City for Miscellaneous Plan, calculated using the discount rate for this Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1 - percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	(6.65%)	(7.65%)	(8.65%)
Net Pension Liability	<u>\$35,845,613</u>	<u>\$25,555,745</u>	<u>\$17,015,004</u>

***Pension Plan Fiduciary Net Position*** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

***Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

For the measurement period ended June 30, 2015, the City recognized pension expense of \$1,114,106. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 587,033	
Changes of Assumptions		\$ (719,471)
Differences between expected and actual experiences		(353,923)
Net differences between projected and actual earnings on plan investments	2,400,622	(2,946,352)
Total	<u>\$ 2,987,655</u>	<u>\$ (4,019,746)</u>

\$587,033 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended September 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2016	\$ (1,357,774)
2017	(479,542)
2018	(381,962)
2019	600,154
Total	<u>\$ (1,619,124)</u>

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 10 – PENSION PLANS (Continued)**

**CalPERS Safety and Miscellaneous Employees' Plans (Continued)**

***B. Safety Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan***

***Plan Description*** - Substantially all full time City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CalPERS). The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. CalPERS operates an agent multiple employer defined benefit pension plan for the City's miscellaneous plans and operates a cost sharing multiple employer defined benefit for the City's safety plans. CalPERS 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.

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 June 30 by CalPERS; the City must contribute these amounts. Audited annual financial statements are available from CalPERS at P.O. Box 942709, Sacramento, California 94229-2709.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The basic death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by State statute and may be amended by city contracts with employee bargaining groups.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 10 – PENSION PLANS (Continued)**

**CalPERS Safety and Miscellaneous Employees' Plans (Continued)**

**B. Safety Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Continued)**

The Plan's provisions and benefits in effect at September 30, 2015, are summarized as follows:

	<u>Classic</u>	<u>PEPRA</u>
	<u>Safety</u>	<u>Safety</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	57
Monthly benefits, as a % of salary	3.00%	2.70%
	<u>October 1, 2014 - June 30, 2015</u>	<u>July 1, 2015 - September 30, 2015</u>
	<u>Safety</u>	<u>Safety</u>
Required employee contribution rates		
Classic	9.00%	9.00%
PEPRA	12.50%	12.50%
Required employer contribution rates:		
<i>Classic:</i>		
Police Tier 1	59.88%	20.23%
Police Tier 2	28.59%	19.26%
Police Tier 3	23.07%	17.30%
Fire Tier 1	77.28%	20.23%
Fire Tier 2	28.59%	19.26%
Fire Tier 3	23.07%	17.30%
<i>PEPRA:</i>		
Safety Police	12.50%	11.92%
Safety Fire	12.50%	11.92%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Total contributions made by the City to the Safety Plan during fiscal year 2015 were \$1,692,799.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 10 – PENSION PLANS (Continued)**

**CalPERS Safety and Miscellaneous Employees' Plans (Continued)**

***B. Safety Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Continued)***

***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

As of September 30, 2015, based on the measurement date of June 30, 2015, the City reported a net pension liability of \$24,987,173 for its proportionate share of the net PERF C Cost Sharing pension liability.

The City's net pension liability for each Tier is measured as the proportionate share of net pension liability. The net pension liability of each of the Tiers is measured as of June 30, 2015, and the total pension liability for each Tier used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015. The City's proportion of the net pension liability based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the PERF C Cost Sharing measured as of June 30, 2014 and 2015 was 0.5245% and 0.3640%, respectively.

On December 1, 2014, the City issued \$11,905,000 in Taxable Pension Obligation Bonds, Series 2014 to refund the outstanding "side fund" obligations of the City to the California Public Employees' Retirement System (PERS) with respect to the City's Safety Plan. The City paid off its Safety Plan Side Fund balance (lump sum payment of \$11,447,671 as of December 18, 2014) with proceeds of the bonds, which affected the City's change in proportion.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 10 – PENSION PLANS (Continued)**

**CalPERS Safety and Miscellaneous Employees’ Plans (Continued)**

**B. Safety Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Continued)**

For the year ended September 30, 2015, the City recognized pension expense of \$1,680,814. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Safety Plan</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 298,105	
Changes of assumptions		\$ (1,238,568)
Differences between expected and actual experiences		(269,290)
Changes in proportions	290,374	
Net difference between projected and actual earnings on plan investments	3,082,236	(3,709,950)
Total	\$ 3,670,715	\$ (5,217,808)

\$298,105 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended September 30	<b>Deferred Outflows (Inflows) of Resources</b>
2016	\$ (894,908)
2017	(898,267)
2018	(822,582)
2019	770,559
Total	\$ (1,845,198)

***Actuarial Assumptions***

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 10 – PENSION PLANS (Continued)**

**CalPERS Safety and Miscellaneous Employees’ Plans (Continued)**

**B. Safety Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Continued)**

	<b>Safety Plan</b>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.65% (1)
Mortality	Based on CalPERS Experience Study

(1) Net of pension plan investment expenses, including inflation

There was a change in the discount rate assumption for the June 30, 2015 measurement date. GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. The underlying mortality assumptions and all other actuarial assumptions used in the June 2014 valuation were based on results of a 2010 CalPERS Experience Study for the period from 1997 to 2011. The experience study report can be obtained at CalPERS’ website under Forms and Publications

**Discount Rate** - The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building- block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 10 – PENSION PLANS (Continued)**

**CalPERS Safety and Miscellaneous Employees’ Plans (Continued)**

**B. Safety Plan, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Continued)**

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	<u>100.0%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City's proportionate share of the net pension liability for the Safety Plan, calculated using the discount rate of 7.65 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 - percentage point lower or 1 - percentage point higher than the current rate:

	<u>Safety Plan</u>		
	1% Decrease	Current Discount Rate	1% Increase
City's proportionate of the net pension liability	<u>6.65%</u> \$40,063,019	<u>7.65%</u> \$24,987,173	<u>8.65%</u> \$12,625,256

*Pension Plan Fiduciary Net Position* – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS**

The City provides postretirement health, dental, and vision care benefits for retirees under the City of South Lake Tahoe Other Post Employment Benefit Plan, a single-employer defined benefit healthcare plan. 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.

Financial statement information is included in the City’s Basic Financial Statements in the Retiree Health Savings Plan Trust Fund.

The City provides for continued membership in the City’s Medical Plan and pays a percentage of the retiree’s premiums as follows:

Years of Service	Percent of Premiums
less than 10	0%
10 - 14	25%
15 - 19	50% + 5% for each additional year
20 - 24	75% + 5% for each additional year
25+	100%

The City elected to establish an irrevocable trust to provide a funding mechanism for the OPEB and the activities of the Trust are accounted for in the Retiree Health Savings Plan Trust Fund. The City Council oversees the activities of the Trust Fund and the assets of the trust are managed by America’s VEBA.

On October 1, 2014, the City through agreement with its bargaining units eliminated Retiree Health Benefits for those employees who had not yet retired as of September 30, 2014 and will cease monthly contributions to retiree medical savings accounts (RMSA) for employees hired on or after January 1, 2008. Employees retired prior to September 30, 2015, may choose (i) the City’s paid benefit to earlier of 10 years or age 65, with premiums increases paid by retiree, or (ii) the Transitional Retiree Health Benefit of 5 annual payments (\$12,000 decreasing to \$4,000) to RHSA starting at retirement. The remaining assets held in the OPEB trust will be used to pay retiree health benefits for employees who retired from the City prior to September 30, 2014.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (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 2008-10 (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 September 30, 2012, 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 in the September 30, 2014 actuarial valuation (the most recent actuarial valuation) included (a) a 5.75% investment rate of return including a 3% general inflation rate, (b) 3.25% projected annual salary increase, and (c) a healthcare trend of declining annual increases ranging from 7.5% in 2016 to 5% for years starting 2021. 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 an 11-year amortization period. Eleven years are remaining as of September 30, 2014.

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. During the fiscal year ended September 30, 2015, the City contributed \$1,344,035 to the Plan, including \$1,344,035 for pay-as-you-go expenditures. As a result, the City has calculated and recorded the Net OPEB Obligation, representing the difference between the ARC, and contributions, as presented below:

Annual required contribution (ARC)	\$	3,214,000
Interest on Net OPEB obligation		197,000
Adjustment to ARC		(343,000)
Annual OPEB Cost		3,068,000
Contributions made:		
City's portion of current year expenditures paid		1,344,035
Increase (decrease) in net OPEB obligation		1,723,965
Net OPEB Obligation September 30, 2014		4,386,348
<b>Net OPEB obligation September 30, 2015</b>	<b>\$</b>	<b>6,110,313</b>

The other post-employment benefit liability is reported in and liquidated by the Health, Vision and Dental Self Insurance Internal Service Fund.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

The Plan’s annual required contributions and actual contributions for the year ended September 30, 2015 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Asset (Obligation)</u>
September 30, 2013	\$ 4,381,000	\$ 1,772,803	40%	\$ (2,933,329)
September 30, 2014	2,992,000	1,538,981	51%	(4,386,348)
September 30, 2015	3,068,000	1,344,035	44%	(6,110,313)

The funded status of the plans is presented below:

<u>Valuation Date</u>	<u>Actuarial</u>		<u>Overfunded (Underfunded) Actuarial</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Overfunded (Underfunded) Liability as a % of Payroll</u>
	<u>Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Accrued Liability</u>			<u>Liability as a % of Payroll</u>
September 30, 2014	\$ 19,275,000	\$ 6,663,000	\$ (12,612,000)	35%	\$ 357,000	(3,533%)

The Schedule of Funding Progress presented as Required Supplementary Information 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.

**NOTE 12 – 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 \$35,000,000 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 \$45,000,000. 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, California 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, 2015, the City paid \$2,125,566 for medical and dental and \$36,959 for vision claims.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 12 – 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:

	2015			
	Workers' Compensation Claims	General Liability Claims	Healthcare Claims	Totals
Beginning Balance	\$ 2,233,843	\$ -	\$ 266,372	\$ 2,500,215
Liability for current fiscal year claims and claims incurred but not reported (IBNR)	2,782,657	100,000	2,454,151	5,336,808
Claims paid	(712,500)		(2,278,326)	(2,990,826)
Ending Balance	\$ 4,304,000	\$ 100,000	\$ 442,197	\$ 4,846,197
Balance due within one year	\$ 700,000	\$ 100,000	\$ 442,197	\$ 1,242,197
	2014			
	Workers' Compensation Claims	General Liability Claims	Healthcare Claims	Totals
Beginning Balance	\$ 3,069,473	\$ -	\$ 637,137	\$ 3,706,610
Liability for current fiscal year claims and claims incurred but not reported (IBNR)	(42,970)	3,043	1,939,859	1,899,932
Claims paid	(792,660)	(3,043)	(2,310,624)	(3,106,327)
Ending Balance	\$ 2,233,843	\$ -	\$ 266,372	\$ 2,500,215
Balance due within one year	\$ 800,000	\$ -	\$ 266,372	\$ 1,066,372

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

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS**

***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.

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 1996-97 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 2008-09.

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. The Authority is separately audited every 2 years and financial statements can be obtained by contacting the City of South Lake Tahoe at 1901 Airport Road, South Lake Tahoe, California 96150.

***Cal-Tahoe Emergency Services Operations Authority***

The California Tahoe Emergency Services Operations Authority (Cal-Tahoe) is a Joint Powers Authority (JPA) formed in 2001 by the City of South Lake Tahoe Fire Department and Lake Valley Fire Protection District as a transport contractor for ambulance services under a contract with the County of El Dorado to the Tahoe South Shore service area and parts of northwestern Alpine County. Cal Tahoe JPA operates three full-time ambulances and maintains two reserve ambulances that are dispatched by the City of South Lake Tahoe Police Department. The City Fire Department bills the Cal Tahoe JPA for services provided during the year and records these billings in the EMS Special Revenue Fund. The City has no ongoing financial responsibility for the operations of the Cal Tahoe JPA. The Authority is separately audited and financial statements can be obtained by contacting the Authority at 2211 Keetak Street, South Lake Tahoe, California 96150.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 14 - PARK AVENUE COMMUNITY FACILITIES DISTRICT NO. 2001-1 BONDS,  
WITHOUT CITY COMMITMENT**

In prior years, the Former South Tahoe Redevelopment 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, 2015, was \$6,160,000. 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 City 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 City.

**NOTE 15 – COMMITMENTS & CONTINGENCIES**

**A. *Litigation***

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.

**B. *Federal and State Grants***

The City participates in several federal and State grant programs. These programs are subject to audit by the City's independent auditors in accordance with the provisions of the Federal Single Audit Act amendments of 1996 and applicable State requirements. 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, 2015**

**NOTE 16 – RELATED PARTY TRANSACTIONS**

The Great Ideas For Tahoe (GIFT) fund was incorporated as a 501(C)3 non-profit corporation with the California Secretary of State in March, 2011. GIFT was subsequently granted tax exempt status by the Franchise Tax Board of the State of California and the Internal Revenue Service.

The formation of GIFT was supported by the City Council of the City of South Lake Tahoe with the intent to “promote, develop and support the City of South Lake Tahoe’s park, recreation, public safety, neighborhood improvement and cultural art programs and projects” through the tax exempt donations of private individuals.

The GIFT bylaws require a board of between five to seven appointed members that serve two year terms. One annual meeting of the board is required as is the filing of an annual tax return. The board has previously almost exclusively consisted of city employees. As of October 2, 2012, the City Council elected to become the Board of Directors of GIFT.

For fiscal year 2014-15, no interest was earned, no donations were collected, and \$8,818 was disbursed. The bank balance of the GIFT fund as of September 30, 2015 was \$10,890.

The City Council, acting as the Board of Directors of GIFT will be determining in the next year the direction to take with GIFT with the goal of continuing to “promote, develop and support the City of South Lake Tahoe’s park, recreation, public safety, neighborhood improvement, cultural art programs and projects.”

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 17 – NONEXCHANGE FINANCIAL GUARANTEE**

The City of South Lake Tahoe provided nonexchange financial guarantees to certain debt issuances of the former South Tahoe Redevelopment Agency including the 1999 Series A Refunding Revenue Bonds, the 2003A Revenue Refunding Bonds, the 2004A Refunding Revenue Bonds, the 2005 Refunding Revenue Bonds and the 2007A Revenue Refunding Bonds. Additional information on each of the bond terms is included with Note 20.

The nonexchange financial guarantee pledged the Transient Occupancy Tax (TOT) of the City as a secondary revenue source to be used for debt service where the tax increment funding of the former Redevelopment Agency is not sufficient to make the debt service.

At September 30, 2015, the City of South Lake Tahoe has recorded a liability in the governmental activities for the guarantee as follows:

<i>Governmental Activities:</i>	Balance at September 30, 2014	Additions	Retirements	Balance at September 30, 2015
<b>Nonexchange Financial Guarantee</b>				
Successor Agency	\$ 8,542,746	\$ 33,418,933	\$ (2,541,000)	\$ 39,420,679

The City transferred a total of \$2,541,000 of TOT revenues to the Successor Agency in order to make guarantee payments for fiscal year 2015.

Future anticipated payments on the nonexchange financial guarantee are as follows:

For the Year Ending September 30	Nonexchange Financial Guarantee
2016	\$ 2,300,671
2017	2,260,891
2018	2,212,918
2019	2,161,733
2020	2,117,254
2021-2025	9,825,207
2026-2030	8,491,579
2031-2035	7,051,021
2036-2038	2,999,405
Total	\$ 39,420,679

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLES**

As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions –an amendment of GASB Statement No. 27*, as of October 1, 2014 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB No. 68*. The impact of the implementation on the beginning net position is as follows:

<b>Airport Fund</b>	<b>September 30, 2014</b>		<b>October 1, 2014</b>
	<b>Previously Presented</b>	<b>Restatement</b>	<b>Restated</b>
Deferred outflows of resources	\$ -	\$ 20,569	\$ 20,569
Deferred inflows of resources	-	(157,139)	(157,139)
Net pension liability	-	(963,853)	(963,853)
Net position, beginning of year	15,885,363	(1,100,423)	14,784,940

<b>Business Type Activities</b>	<b>September 30, 2014</b>		<b>October 1, 2014</b>
	<b>Previously Presented</b>	<b>Restatement</b>	<b>Restated</b>
Deferred outflows of resources	\$ -	\$ 20,569	\$ 20,569
Deferred inflows of resources	-	(157,139)	(157,139)
Net pension liability	-	(963,853)	(963,853)
Net position, beginning of year	21,169,218	(1,100,423)	20,068,795

<b>Government Wide Governmental Activities</b>	<b>September 30, 2014</b>		<b>October 1, 2014</b>
	<b>Previously Presented</b>	<b>Restatement</b>	<b>Restated</b>
Deferred outflows of resources	\$ -	\$ 1,217,614	\$ 1,217,614
Deferred inflows of resources	-	(9,852,270)	(9,852,270)
Net pension liability	-	(55,769,423)	(55,769,423)
Net position, beginning of year	118,728,218	(64,404,079)	54,324,139

**NOTE 19 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**

**A. *Redevelopment Dissolution***

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB 1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on February 1, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 19 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

**A. *Redevelopment Dissolution (Continued)***

Certain assets of the Redevelopment Agency were to be distributed to a Housing Successor and all remaining Redevelopment Agency assets and liabilities were to be distributed to a Successor Agency. The activities of the Housing Successor are reported in the City Housing & Economic Development Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law. The City also elected to become the Successor Agency. The Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency and are recorded in the Redevelopment Obligation Retirement Private-Purpose Trust Fund.

ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established on April 30, 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of the City Council and one former Redevelopment Agency employee appointed by the Mayor.

**B. *Cash***

Cash and investments of the Successor Agency as of September 30, 2015 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of September 30, 2015.

**C. *Capital Assets***

Capital assets recorded in the Successor Agency Private Purpose Trust Fund at September 30, 2015 comprise:

	Balance at September 30, 2014	Additions	Balance at September 30, 2015
<i>Successor Agency</i>			
Capital assets not being depreciated:			
Land	\$ 8,017,332		\$ 8,017,332
Total capital assets not being depreciated	8,017,332		8,017,332
Capital assets, being depreciated:			
Streets	3,287,695		3,287,695
Total capital assets being depreciated	3,287,695		3,287,695
Less accumulated depreciation for:			
Streets	(979,459)	\$ (82,192)	(1,061,651)
Total accumulated depreciation	(979,459)	(82,192)	(1,061,651)
Total capital assets being depreciated, net	2,308,236	(82,192)	2,226,044
Successor Agency capital assets, net	\$ 10,325,568	\$ (82,192)	\$ 10,243,376

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 19 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

**D. Long-Term Debt**

The Successor Agency assumed the long-term debt of the Former Redevelopment Agency as of February 1, 2012. Current year balances reported in the private purpose trust fund as of September 30, 2015 are as follows:

	Balance at September 30, 2014	Additions	Retirements	Balance at September 30, 2015	Current Portion
<b>Successor Agency</b>					
Redevelopment Agency Obligations					
Advance due to the City	\$ 5,289,178			\$ 5,289,178	
Refunding Revenue Bonds, 1999 Series A, 4.0% - 5.375%, due serially until 10/1/2030	7,830,000		\$ 7,830,000		
Refunding Revenue Bonds, 2003 Series A, 2.0% - 5.45%, due serially until 10/1/2033	10,520,000		10,520,000		
Refunding Revenue Bonds, 2004 Series A, 2.0% - 5.0%, due serially until 10/1/2034	10,855,000		10,855,000		
Refunding Revenue Bonds, 2005 Series A, 5.0%, due serially until 10/1/2035	31,245,000		31,245,000		
Refunding Revenue Bonds, 2007 Series A 4.0% - 5.0%, due serially until 10/1/2038	19,215,000		220,000	\$ 18,995,000	\$ 230,000
Refunding Revenue Bonds, 2014 Series A 2.0% - 5.0%, due serially until 10/1/2034		\$ 29,230,000		29,230,000	715,000
Add: Premiums		1,009,975	48,094	961,881	
Refunding Revenue Bonds, 2015 Series A 2.0% - 5.0%, due serially until 10/1/2035		27,525,000		27,525,000	
Add: Premiums		2,030,547		2,030,547	
	<u>\$ 84,954,178</u>	<u>\$ 59,795,522</u>	<u>\$ 60,718,094</u>	<u>\$ 84,031,606</u>	<u>\$ 945,000</u>
Total successor agency long-term debt					

The annual debt service requirements to maturity for the outstanding Revenue Bonds at September 30, 2015, were as follows:

For the Year Ending September 30	Private Purpose Trust Fund	
	Principal	Interest
2016	\$ 945,000	\$ 2,779,894
2017	2,020,000	3,296,366
2018	2,125,000	3,227,191
2019	2,210,000	3,140,160
2020	2,300,000	3,042,449
2021-2025	13,275,000	13,379,303
2026-2030	16,635,000	9,979,035
2031-2035	20,650,000	5,906,922
2036-2038	<u>15,590,000</u>	<u>1,196,750</u>
Total	\$ 75,750,000	<u>\$ 45,948,070</u>
Advance due to City	<u>5,289,178</u>	
Total Successor Agency Long-Term Debt	<u>\$ 84,031,606</u>	

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 19 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

***D. Long-Term Debt (Continued)***

**Advances due from the RDA Successor Agency**

As a result of obtaining the finding of completion from the State of California Department of Finance, the Oversight Board of the Redevelopment Agency reviewed certain advances between the City and the Former Redevelopment Agency which had become invalid and non-binding when the Former RDA was dissolved. However, after dissolution, AB 1484 allowed for City loans to be re-established after a finding of completion is obtained and the Oversight Board finds the loans to be for legitimate redevelopment purposes. The Oversight Board concluded through Resolution 2014-6 that the City Loans were for legitimate redevelopment purposes and therefore these loans were re-established onto the financial statements. As of September 30, 2015, the total advance due to the City was \$5,289,178.

**Refunding Revenue Bonds, 1999 Series A**

On April 1, 1999, the South Tahoe Joint Powers Financing Authority issued the Refunding Revenue Bonds, 1999 Series A in the amount of \$9,295,000, 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.

The Refunding Revenue Bonds, 1999 Series A were refunded with the issuance of the Refunding Revenue Bonds 2014 Series A, issued on November 20, 2014 by the South Tahoe Joint Powers Financing Authority.

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

On May 1, 2003, the South Lake Tahoe Joint Powers Financing Authority issued the Refunding Revenue Bonds, 2003 Series A and Subordinate Bond Anticipation Notes, 2003 Series B in the amounts of \$10,855,000 and \$37,930,000 respectively. The proceeds of the bonds 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.

The Refunding Revenue Bonds, 2003 Series A and Subordinate Bond Anticipation Notes, 2003 Series B were refunded with the issuance of the Refunding Revenue Bonds 2014 Series A, issued on November 20, 2014 by the South Tahoe Joint Powers Financing Authority.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 19 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

**D. Long-Term Debt (Continued)**

**Refunding Revenue Bonds, 2004 Series A**

On August 19, 2004, the South Tahoe Joint Powers 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.

The Refunding Revenue Bonds, 2004 Series A were refunded with the issuance of the Refunding Revenue Bonds 2014 Series A, issued on November 20, 2014 by the South Tahoe Joint Powers Financing Authority.

**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, 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.

The Refunding Revenue Bonds, 2005 Series A, were refunded with the issuance of the Refunding Revenue Bonds 2015 Series A, issued on September 16, 2015 by the South Tahoe Joint Powers Financing Authority.

**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 in the amount of \$20,360,000, 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.

**Refunding Revenue Bonds 2014 Series A**

On November 20, 2014, the South Tahoe Joint Powers Financing Authority, a joint powers authority between the City and the former South Tahoe Redevelopment Agency, issued Refunding Revenue Bonds 2014 Series A in the amount of \$29,230,000, plus a premium of \$1,009,974, for the South Tahoe Redevelopment Project Area No. 1. The Authority assisted the Successor Agency to the South Tahoe Redevelopment Agency (the Successor Agency) to achieve interest cost savings by refunding the Authority's remaining outstanding obligations of the 1999 Series A Bonds, 2003 Series A Bonds, and the 2004 Series A Bonds and to pay costs of issuance for the 2014 Bonds. Principal and Interest are payable on April 1 and October 1 of each year and interest rates range from 2% to 5% on the debt.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 19 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

***D. Long-Term Debt (Continued)***

An economic gain of \$3,967,715 and debt service savings (cost) of \$6,194,999 was achieved through the refunding which is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements. A deferred amount on refunding of \$812,990 was recognized with the issuance of the bonds.

**Refunding Revenue Bonds 2015 Series A**

On September 16, 2015, the South Tahoe Joint Powers Financing Authority, a joint powers authority between the City and the former South Lake Tahoe Redevelopment Agency, issued the 2015 Series A Refunding Revenue Bonds in the amount of \$27,525,000 plus a premium of \$2,030,547. The 2015 Bonds bear interest rates ranging from 2% to 5% and mature serially until 2035. The net proceeds of the 2015 Bonds are to be used to fund two loans to the Successor Agency to the South Tahoe Redevelopment Agency and will enable the Authority to refund prior loans made to the former Redevelopment Agency and in turn refund the Authority's remaining outstanding 2005 Series A Bonds.

An economic gain of \$4,301,832 and debt service savings (cost) of \$5,859,044 was achieved through the refunding which is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements. A deferred amount on refunding of \$399,748 was recognized with the issuance of the bonds.

**Pledged Revenue**

Debt service on the 2007 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 primary pledge of property tax increment received by the Agency. Transient occupancy tax (TOT) revenues levied by the Agency are pledged as a secondary revenue source, but only to the extent that property tax increment is insufficient to pay bond debt service, and only for bond debt service. 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 for the repayment of the 1999, 2003, 2004, 2005 and 2007 Refunding Revenue Bonds. In FY2015, the 2014A Refunding Revenue Bonds refunded the 1999, 2003 and 2004 Bonds. In FY2015, the 2015A Refunding Revenue Bonds were issued to refund the 2005 Bonds. As a result, the debt issuances of the former South Tahoe Redevelopment Agency, to which the City provides nonexchange financial guarantees, consist of the 2007, 2014 and 2015 Refunding Revenue Bonds as of September 30, 2015. The pledge of all future tax increment revenues ends upon repayment of \$122,698,070 remaining debt service on the Bonds, which is scheduled to occur in 2038. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. Total property tax distributions for the year ended September 30, 2015 from the County's RPTTF totaled collections of \$3,038,099, which represented coverage of 55% of the \$5,521,548 of debt service. The remaining amount was paid with TOT revenues.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 19 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

**D. Long-Term Debt (Continued)**

At September 30, 2015, the balance of the outstanding defeased principal for the 1999 Series A Bonds, 2003 Series A Bonds, and 2004 Series A Bonds, and 2005 Series A Bonds is \$7,690,000, \$10,470,000, \$10,635,000, and \$30,110,000 respectively.

**E. Commitments and Contingencies**

***State Approval of Enforceable Obligations***

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The Successor Agency expects such amounts, if any, to be immaterial.

**NOTE 20 – NEW PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the City's financial reporting process. Future new standards which may impact the City include the following:

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures should be organized by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City has not determined its effect on the financial statements.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2017. The City has not determined its effect on the financial statements.

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, statement 43, and statement No. 50, Pension Disclosures. The provisions in statement 74 are effective for fiscal years beginning after June 15, 2017. The City has not determined its effect on the financial statements.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 20 – NEW PRONOUNCEMENTS (Continued)**

GASB Statement No. 75 - In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in statement 75 are effective for fiscal years beginning after June 15, 2018. The City has not determined its effect on the financial statements.

GASB Statement No. 76 – In June 2015, GASB issues Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify in the context of the current governmental financial reporting environment the hierarchy of generally accepted accounting principles (GAAP). This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement is effective for reporting periods beginning after June 15, 2016. The City has not determined its effect on the financial statements.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. This statement is effective for reporting periods beginning after December 15, 2017. The City has not determined its effect on the financial statements.

Statement No. 78 – In December 2015, GASB Issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement is intended to assist governments that participate in certain multiple-employer defined benefit pension plans to meet the reporting requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement is effective June 30, 2017. The City has not determined its effect on the financial statements.

Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The Statement provides guidance that will allow many pools to continue to qualify for amortized cost accounting. This Statement is effective June 30, 2017. The City has not determined its effect on the financial statements.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14 – *The Financial Reporting Entity*, as amended. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2016, or the 2016-2017 fiscal year. The City has not determined the effect of this statement.

**CITY OF SOUTH LAKE TAHOE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2015**

**NOTE 20 – NEW PRONOUNCEMENTS (Continued)**

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81 – *Irrevocable Split Interest Agreement*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for periods beginning after December 15, 2016.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82 – *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

**CITY OF SOUTH LAKE TAHOE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2015**

**Retiree Health Plan – Schedule of Funding Progress**

Actuarial							
Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Overfunded (Underfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Overfunded (Underfunded) Liability as a % of Payroll	
September 30, 2010	\$ 48,252,000	\$ 4,262,000	\$ (43,990,000)	9%	\$ 10,218,000	-431%	
September 30, 2012	37,616,000	5,414,000	(32,202,000)	14%	7,720,000	-417%	
September 30, 2014	19,275,000	6,663,000	(12,612,000)	35%	357,000	-3533%	

**Retiree Health Plan – Schedule of Employer Contributions**

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset (Obligation)
September 30, 2013	\$ 4,381,000	\$ 1,772,803	40%	\$ (2,933,329)
September 30, 2014	2,992,000	1,538,981	51%	(4,386,348)
September 30, 2015	3,068,000	1,344,035	44%	(6,110,313)

**CITY OF SOUTH LAKE TAHOE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended September 30, 2015**

**Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period –  
Miscellaneous Plan - Last 10 years\***

	<b>2015</b>
<b>Total pension liability</b>	
Service cost	\$ 1,289,914
Interest on Total Pension Liability	5,921,706
Changes of Assumptions	(1,373,535)
Difference between Expected and Actual Experience	(675,672)
Benefit payments, including refunds of employee contributions	(4,441,507)
<b>Net change in total pension liability</b>	720,906
<b>Total pension liability -- beginning</b>	81,032,930
<b>Total pension liability -- ending (a)</b>	\$ 81,753,836
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,964,036
Contributions - employee	538,590
Net investment income	1,263,648
Benefit Payments, Including Refunds of Employee Contributions	(4,441,507)
Administrative Expense	(63,276)
<b>Net change in fiduciary net position</b>	(738,509)
<b>Plan fiduciary net position -- beginning</b>	56,936,600
<b>Plan fiduciary net position -- ending (b)</b>	\$ 56,198,091
<b>Net pension liability -- ending (a) - (b)</b>	\$ 25,555,745
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	68.74%
<b>Covered-employee payroll</b>	\$ 6,923,639
<b>Net pension liability as a percentage of covered-employee payroll</b>	369.11%

**Notes to Schedule:**

**Benefit changes:** the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years of Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in assumptions:** the discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent.

\* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

**CITY OF SOUTH LAKE TAHOE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 For the Year Ended September 30, 2015**

**Schedule of Contributions – Miscellaneous Plan - Last 10 years\***

	<b>2015</b>
Actuarially determined contributions	\$ 2,039,415
Contributions in relation to the actuarially determined contribution	(2,039,415)
Contribution deficiency (excess)	\$ -
 Covered-employee payroll	\$ 7,025,581
 Contributions as a percentage of covered-employee payroll	 29.03%

\*Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

**CITY OF SOUTH LAKE TAHOE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended September 30, 2015**

**Schedule of the City's Proportionate Share of the Net Pension Liability – Safety Cost Sharing Plan –  
Last 10 Years\***

	<b>2015</b>
City's proportion of the net pension liability	0.3640%
City's proportionate share of the net pension liability	\$ 24,987,173
City's covered - employee payroll	\$ 6,149,004
City's proportionate Share of the net pension liability as a percentage of covered-employee payroll	406.36%
Plan fiduciary net position as a percentage of the total pension liability	78.4%

\* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

**Notes to Schedule:**

**Benefit changes:** the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years of Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in assumptions:** the discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent.

**CITY OF SOUTH LAKE TAHOE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 For the Year Ended September 30, 2015**

**Schedule of Contributions – Safety Cost Sharing Plan - Last 10 years\***

	<b>2015</b>
Actuarially determined contributions	\$ 1,692,799
Contributions in relation to the actuarially determined contribution	(13,140,470)
Contribution deficiency (excess)	\$ (11,447,671)
 Covered-employee payroll	\$ 6,110,069
 Contributions as a percentage of covered-employee payroll	-215.06%

\* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

**MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND  
SPECIAL REVENUE FUNDS – BUDGET TO ACTUAL**

**CITY OF SOUTH LAKE TAHOE  
CITY CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Use of money and property		\$ 508	\$ 508
Intergovernmental revenue	\$ 10,911,838	4,760,075	(6,151,763)
Other revenue		1,000	1,000
	<u>10,911,838</u>	<u>4,761,583</u>	<u>(6,150,255)</u>
Total Revenues			
EXPENDITURES			
Capital outlay	15,165,580	6,161,667	9,003,913
	<u>15,165,580</u>	<u>6,161,667</u>	<u>9,003,913</u>
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,253,742)</u>	<u>(1,400,084)</u>	<u>2,853,658</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,930,813	1,778,596	(152,217)
Transfers (out)	(185,529)	(143,842)	41,687
	<u>1,745,284</u>	<u>1,634,754</u>	<u>(110,530)</u>
Total Other Financing Sources (Uses)			
NET CHANGE IN FUND BALANCES	<u>\$ (2,508,458)</u>	234,670	<u>\$ 2,743,128</u>
BEGINNING FUND BALANCE		<u>5,556,733</u>	
ENDING FUND BALANCE		<u>\$ 5,791,403</u>	

**CITY OF SOUTH LAKE TAHOE  
CITY DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ 2,000	\$ 709	\$ (1,291)
Other revenue	<u>84,788</u>	<u>84,788</u>	
Total Revenues	<u>86,788</u>	<u>85,497</u>	<u>(1,291)</u>
<b>EXPENDITURES</b>			
Current:			
General government	8,100	7,322	778
Public safety		11,447,671	(11,447,671)
Debt service:			
Principal	12,942,856	1,494,505	11,448,351
Interest and fiscal charges	1,427,415	1,394,024	33,391
Debt issuance costs	<u>239,147</u>	<u>178,427</u>	<u>60,720</u>
Total Expenditures	<u>14,617,518</u>	<u>14,521,949</u>	<u>95,569</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,530,730)</u>	<u>(14,436,452)</u>	<u>94,278</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,687,099	2,687,099	
Transfers out			
Issuance of long term debt	11,905,000	11,905,000	
Issuance discount	<u>(218,182)</u>	<u>(218,182)</u>	
Total Other Financing Sources (Uses)	<u>14,373,917</u>	<u>14,373,917</u>	
NET CHANGE IN FUND BALANCES	<u>\$ (156,813)</u>	<u>(62,535)</u>	<u>\$ 94,278</u>
BEGINNING FUND BALANCE		<u>4,183,484</u>	
ENDING FUND BALANCE		<u>\$ 4,120,949</u>	



## NON-MAJOR GOVERNMENTAL FUNDS

The funds described below include the individual nonmajor funds of the City. This includes the City's nonmajor special revenue and capital projects funds.

### ***Special Revenue Funds***

**Gas Tax** – Used to account for the Highway User's Tax revenues received from the State of California under Sections 2105, 2106 and 2107 of the Streets and Highways Code.

**TOT** – To account for the collection of Transient Occupancy Taxes formerly associated with the Redevelopment Project areas to be utilized to backfill any shortfalls in tax increment revenue in the Redevelopment Successor Agency.

**Snow Removal** – Used to account for the Highway User's Tax revenues received from the State of California under section 2107.5 of the Streets and Highways code restricted to snow removal operations, and for revenue and expenditures related to replacement of snow removal equipment.

**Vehicle Replacement** – Used to account for revenues and expenditures related to the replacement of city vehicles and safety vehicles.

**Solid Waste** – To account for fees from AB 939 to promote environmentally friendly practices to reduce solid waste by diversion of recycling materials.

**Safety Sales Tax** – Used to account for the Proposition 172 Safety Sales Tax revenues and expenditures.

**AB3229 COPS** – To account for COPS grant funds received for paying for office overtime for projects associated with Community Oriented Policing.

**Local Law Enforcement** – To account for the receipt and expenditure of Local Law Enforcement Block Grants (LLEBG) received from State and Federal agencies.

**Asset Forfeiture** – To account for asset forfeiture funds received as a result of forfeiture of criminal assets to be used for contract services along with special police investigations.

**Stormwater Management** – To account for South Tahoe Refuse funds that pay for Street and Snow Sweeping and Stormwater projects and employees.

**EMS** – To account for participation in the CalTahoe Emergency Services Authority and the costs of operations of three advanced life support ambulances.

**Clean Community** – To account for funds from South Tahoe Refuse to remove litter from highly visible locations along public roadways and neighborhoods, issue trash violations and provide education and special events.

<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**Special Revenue Funds (Continued)**

**Abatement** – To account for vehicle abatement activities in accordance with City Code to coordinate with tow companies to remove abandoned vehicles and for nuisance abatement to process all complaints of nuisances as identified in City Code.

**Ski Run Business Improvement** – Used to account for the fees collected from business tax payments for the purpose of supporting landscaping and snow removal in the Ski Run Business Improvement District located on Ski Run Boulevard between Pioneer Trail and Lake Tahoe Blvd.

**Measure S Maintenance** – To account for the Measure S assessment for the Community Facilities District Recreation Joint Powers Authority assessment for maintenance of bike trails, athletic facilities, Paradise Park facilities, and the ice rink.

**General Plan / Community Plan** – Used to account for the fees collected and expenses incurred for the update of the general plan.

**Boat Patrol** – To account for Boat Patrol grants to provide law enforcement services in open waters and harbor areas of the City of South Lake Tahoe.

**Domestic Violence Grant** – To account for the grant supporting collaboration between SLTPD and Live Violence Free to use an integrated community oriented approach to address domestic violence.

**DUI/Traffic Safety Grant** – Used to account for the revenues and expenditures related to the Police Department DUI and Traffic Safety Grants received from State and Federal agencies.

**Explore Tahoe Transit Center** – To account for the contributions to Explore Tahoe at Heavenly Village to provide education and transportation for visitors to recreational and cultural activities.

**Tourism Improvement District** – Used to account for the collection and passing through of the nightly per room assessment for the purpose of tourism promotion in the South Lake Tahoe area.

**Arts Program** – Used to account for funds to be utilized for Public Art programs in the City of South Lake Tahoe.

**Safe Haven** – Used to account for the revenues and expenditures related to the Police Department Safe Haven Grant.

**Vacation Home Rental Program** – To account for the Vacation Home Rental Program to improve the efficiency and enforcement of the City Vacation Home Rental Ordinance.

**Homeland Security** – Used to account for the revenues and expenditures related to the Police Department Homeland Security Grants.

<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**Special Revenue Funds (Continued)**

**Ice Arena** – To account for the Management and Operations Agreement with Tahoe Sports Entertainment to operate and maintain the Ice Arena.

**Rental Properties** - To account for revenues derived from rental of the property purchased as a future site for the City of South Lake Tahoe corporation yard until operations are moved to the new location.

**Capital Projects Funds**

**Stateline Capital Project Fund** – To account for capital projects being completed in the Stateline area of the City of South Lake Tahoe.

**CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2015**

SPECIAL REVENUE FUNDS

	Gas Tax	TOT	Snow Removal	Vehicle Replacement
<b>ASSETS</b>				
Cash and investments	\$ 278,559	\$ 456,343	\$ 1,010,467	\$ 459,500
Restricted cash and investments				
Accounts receivable - net	405			
Advances to other funds				
Advances to RDA Successor Agency				317,809
Total Assets	\$ 278,964	\$ 456,343	\$ 1,010,467	\$ 777,309
<b>LIABILITIES</b>				
Accounts payable	\$ 12,290		\$ 1,627	
Accrued expenditures			4,859	\$ 18,259
Due to other funds				
Deposits				
Unearned Revenue				
Advances from other funds				
Total Liabilities	12,290		6,486	18,259
<b>FUND BALANCE</b>				
Nonspendable				317,809
Restricted	266,674		1,003,981	441,241
Assigned		456,343		
Unassigned				
Total Fund Balances	266,674	456,343	1,003,981	759,050
Total Liabilities and Fund Balances	\$ 278,964	\$ 456,343	\$ 1,010,467	\$ 777,309

SPECIAL REVENUE FUNDS

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Solid Waste	Safety Sales Tax	AB3229 COPS	Local Law Enforcement	Asset Forfeiture	Stormwater Management	EMS
\$ 222,184	\$ 424,964	\$ 239,226	\$ 3,310	\$ 46,348	\$ 32,205	\$ 273,543
	47,764	26,872			18,018	67,856
<u>\$ 222,184</u>	<u>\$ 472,728</u>	<u>\$ 266,098</u>	<u>\$ 3,310</u>	<u>\$ 46,348</u>	<u>\$ 50,223</u>	<u>\$ 341,399</u>
	\$ 10,873	\$ 1,036			\$ 6,152	\$ 4,469
<u>-</u>	<u>10,873</u>	<u>1,036</u>			<u>6,152</u>	<u>4,469</u>
222,184	461,855	265,062	3,310	46,348	44,071	336,930
<u>222,184</u>	<u>461,855</u>	<u>265,062</u>	<u>3,310</u>	<u>46,348</u>	<u>44,071</u>	<u>336,930</u>
<u>\$ 222,184</u>	<u>\$ 472,728</u>	<u>\$ 266,098</u>	<u>\$ 3,310</u>	<u>\$ 46,348</u>	<u>\$ 50,223</u>	<u>\$ 341,399</u>

(Continued)

**CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2015**

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		\$ 245,665	\$ 3,015	\$ 427,515	\$ 19,474	
Restricted cash and investments						
Accounts receivable - net	\$ 42,301	49,884				\$ 18,379
Advances to other funds						
Advances to RDA Successor Agency						
Total Assets	<u>\$ 42,301</u>	<u>\$ 295,549</u>	<u>\$ 3,015</u>	<u>\$ 427,515</u>	<u>\$ 19,474</u>	<u>\$ 18,379</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 600	\$ 291		\$ 9,181		\$ 1,984
Accrued expenditures						
Due to other funds	7,097					26,529
Deposits						
Unearned Revenue						
Advances from other funds						
Total Liabilities	<u>7,697</u>	<u>291</u>		<u>9,181</u>		<u>28,513</u>
<b>FUND BALANCE</b>						
Nonspendable						
Restricted	34,604	295,258	\$ 3,015	418,334	\$ 19,474	
Assigned						
Unassigned						(10,134)
Total Fund Balances	<u>34,604</u>	<u>295,258</u>	<u>3,015</u>	<u>418,334</u>	<u>19,474</u>	<u>(10,134)</u>
Total Liabilities and Fund Balances	<u>\$ 42,301</u>	<u>\$ 295,549</u>	<u>\$ 3,015</u>	<u>\$ 427,515</u>	<u>\$ 19,474</u>	<u>\$ 18,379</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
\$ 6,337		\$ 11,767	\$ 286,228	\$ 30,000		\$ 400,201
49,522	\$ 24,856	2,060			\$ 162,063	
<u>\$ 55,859</u>	<u>\$ 24,856</u>	<u>\$ 13,827</u>	<u>\$ 286,228</u>	<u>\$ 30,000</u>	<u>\$ 162,063</u>	<u>\$ 400,201</u>
\$ 24,730	\$ 1,507	\$ 3,008	\$ 280,495		\$ 34,513	\$ 8,993
	1,125				99,250	
		3,500				
<u>24,730</u>	<u>2,632</u>	<u>6,508</u>	<u>280,495</u>		<u>133,763</u>	<u>8,993</u>
31,129	22,224	7,319	5,733	30,000	28,300	391,208
<u>31,129</u>	<u>22,224</u>	<u>7,319</u>	<u>5,733</u>	<u>30,000</u>	<u>28,300</u>	<u>391,208</u>
<u>\$ 55,859</u>	<u>\$ 24,856</u>	<u>\$ 13,827</u>	<u>\$ 286,228</u>	<u>\$ 30,000</u>	<u>\$ 162,063</u>	<u>\$ 400,201</u>

(Continued)

**CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2015**

				CAPITAL PROJECTS FUND	Total Nonmajor Governmental Funds
	Homeland Security	Ice Arena	Rental Properties	Stateline Capital Projects	
<b>ASSETS</b>					
Cash and investments	\$ 81	\$ 31,480	\$ 17,844		\$ 4,926,256
Restricted cash and investments					
Accounts receivable - net		5,584			515,564
Advances to other funds				\$ 999,413	999,413
Advances to RDA Successor Agency					317,809
<b>Total Assets</b>	<u>\$ 81</u>	<u>\$ 37,064</u>	<u>\$ 17,844</u>	<u>\$ 999,413</u>	<u>\$ 6,759,042</u>
<b>LIABILITIES</b>					
Accounts payable		\$ 6,851	\$ 1,261		\$ 409,861
Accrued expenditures		4,203			27,321
Due to other funds				\$ 81,942	215,943
Deposits					3,500
Unearned Revenue			4,565		4,565
Advances from other funds					
<b>Total Liabilities</b>	<u>-</u>	<u>11,054</u>	<u>5,826</u>	<u>81,942</u>	<u>661,190</u>
<b>FUND BALANCE</b>					
Nonspendable				999,413	1,317,222
Restricted	\$ 81				4,378,335
Assigned			12,018		468,361
Unassigned		26,010		(81,942)	(66,066)
<b>Total Fund Balances</b>	<u>81</u>	<u>26,010</u>	<u>12,018</u>	<u>917,471</u>	<u>6,097,852</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 81</u>	<u>\$ 37,064</u>	<u>\$ 17,844</u>	<u>\$ 999,413</u>	<u>\$ 6,759,042</u>



**CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	SPECIAL REVENUE FUNDS			
	Gas Tax	TOT	Snow Removal	Vehicle Replacement
<b>REVENUES</b>				
Taxes and assessments			\$ 229,364	
Licenses, permits and impact fees				
Fines and penalties				
Use of money and property	\$ 2,358	\$ 2,990	704	\$ 380
Intergovernmental revenue	691,291		730,061	
Charges for current services				9,920
Other revenue	7,288			27,020
	700,937	2,990	960,129	37,320
<b>EXPENDITURES</b>				
Current:				
General government				
Public safety				12,611
Public works				
Parks and recreation				
Streets	896,551		990,678	
Capital outlay	12,600		32,491	922,249
Debt Service:				
Principal repayment			196,321	291,652
Interest and fiscal charges			10,388	41,580
Payment of Financial Guarantee		2,541,000		
	909,151	2,541,000	1,229,878	1,268,092
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(208,214)	(2,538,010)	(269,749)	(1,230,772)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		1,300,000	450,000	446,000
Transfers (out)				
Proceeds from sale of property				15,150
Capital lease				705,051
Total Other Financing Sources (Uses)		1,300,000	450,000	1,166,201
<b>NET CHANGE IN FUND BALANCES</b>				
	(208,214)	(1,238,010)	180,251	(64,571)
<b>BEGINNING FUND BALANCES (DEFICITS)</b>				
	474,888	1,694,353	823,730	823,621
<b>ENDING FUND BALANCES (DEFICITS)</b>				
	\$ 266,674	\$ 456,343	\$ 1,003,981	\$ 759,050

SPECIAL REVENUE FUNDS

Solid Waste	Safety Sales Tax	AB3229 COPS	Local Law Enforcement	Asset Forfeiture	Stormwater Management	EMS
\$ 66,943	\$ 676,062				\$ 7,089	
433	1,009	\$ 633 130,388	\$ 10,449	\$ 108	18	\$ 90
					85,150	
						1,110,196
67,376	677,071	131,021	10,449	108	92,257	1,110,286
66,675	93,420	70,873	10,357		310,456	1,569,984
	22,762	971			131,334 14,570	
	13,697 939					
66,675	130,818	71,844	10,357		456,360	1,569,984
701	546,253	59,177	92	108	(364,103)	(459,698)
	(386,000)		(92)		317,867 (30,000)	418,667
	(386,000)		(92)		287,867	418,667
701	160,253	59,177		108	(76,236)	(41,031)
221,483	301,602	205,885	3,310	46,240	120,307	377,961
\$ 222,184	\$ 461,855	\$ 265,062	\$ 3,310	\$ 46,348	\$ 44,071	\$ 336,930

(Continued)

**CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	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			\$ 606		
Fines and penalties			12,521		
Use of money and property	\$ 3	\$ 108		\$ 786	
Intergovernmental revenue					
Charges for current services	147,924	189,492			\$ 7,743
Other revenue				69,250	
<b>Total Revenues</b>	<b>147,927</b>	<b>189,600</b>	<b>13,127</b>	<b>70,036</b>	<b>7,743</b>
<b>EXPENDITURES</b>					
Current:					
General government					
Public safety					
Public works	152,856	156,069	18,713		11,169
Parks and Recreation				33,933	
Streets					
Capital outlay					
Debt Service:					
Principal repayment					
Interest and fiscal charges					
Payment of Financial Guarantee					
<b>Total Expenditures</b>	<b>152,856</b>	<b>156,069</b>	<b>18,713</b>	<b>33,933</b>	<b>11,169</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,929)</b>	<b>33,531</b>	<b>(5,586)</b>	<b>36,103</b>	<b>(3,426)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in			8,600		
Transfers (out)					
Proceeds from sale of property					
Capital lease					
<b>Total Other Financing Sources (Uses)</b>			<b>8,600</b>		
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,929)</b>	<b>33,531</b>	<b>3,014</b>	<b>36,103</b>	<b>(3,426)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>39,533</b>	<b>261,727</b>	<b>1</b>	<b>382,231</b>	<b>22,900</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$ 34,604</b>	<b>\$ 295,258</b>	<b>\$ 3,015</b>	<b>\$ 418,334</b>	<b>\$ 19,474</b>

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
\$ 40,542							\$ 399,554
			\$ 54,143	\$ 713			584
59,503	\$ 193,442	\$ 32,212	20,858	2,314,487		\$ 158,492	
			15,314				
<u>100,045</u>	<u>193,442</u>	<u>32,212</u>	<u>90,315</u>	<u>2,315,200</u>		<u>158,492</u>	<u>400,138</u>
93,463	126,366	32,213				130,192	171,831
			98,197	2,287,139			31,606
			498				
<u>93,463</u>	<u>126,366</u>	<u>32,213</u>	<u>98,695</u>	<u>2,287,139</u>		<u>130,192</u>	<u>203,437</u>
6,582	67,076	(1)	(8,380)	28,061		28,300	196,701
(4,217)	(55,044)			(28,149)	30,000		(45,141)
					(16)		
<u>(4,217)</u>	<u>(55,044)</u>			<u>(28,149)</u>	<u>29,984</u>		<u>(45,141)</u>
2,365	12,032	(1)	(8,380)	(88)	29,984	28,300	151,560
<u>(12,499)</u>	<u>19,097</u>	<u>22,225</u>	<u>15,699</u>	<u>5,821</u>	<u>16</u>		<u>239,648</u>
<u>\$ (10,134)</u>	<u>\$ 31,129</u>	<u>\$ 22,224</u>	<u>\$ 7,319</u>	<u>\$ 5,733</u>	<u>\$ 30,000</u>	<u>\$ 28,300</u>	<u>\$ 391,208</u>

(Continued)

**CITY OF SOUTH LAKE TAHOE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUND	Total Nonmajor Governmental Funds
	Homeland Security	Ice Arena	Rental Properties	Stateline Capital Projects	
<b>REVENUES</b>					
Taxes and assessments					\$ 1,012,911
Licenses, permits and impact fees					407,249
Fines and penalties					12,521
Use of money and property		\$ 24,696	\$ 102,107		191,863
Intergovernmental revenue					2,005,838
Charges for current services					2,775,574
Other revenue		34,200			1,263,268
<b>Total Revenues</b>		<b>58,896</b>	<b>102,107</b>		<b>7,669,224</b>
<b>EXPENDITURES</b>					
Current:					
General government					-
Public safety	-				2,311,310
Public works			3,608		751,152
Parks and recreation		20,682			2,439,951
Streets					2,018,563
Capital outlay					1,005,643
Debt Service:					
Principal repayment		42,317			543,987
Interest and fiscal charges		17,404			70,809
Payment of Financial Guarantee					2,541,000
<b>Total Expenditures</b>		<b>80,403</b>	<b>3,608</b>		<b>11,682,415</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
		(21,507)	98,499		(4,013,191)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in		50,000			3,021,134
Transfers (out)			(104,835)		(653,494)
Proceeds from sale of property					15,150
Capital lease					705,051
<b>Total Other Financing Sources (Uses)</b>		<b>50,000</b>	<b>(104,835)</b>		<b>3,087,841</b>
<b>NET CHANGE IN FUND BALANCES</b>		<b>28,493</b>	<b>(6,336)</b>		<b>(925,350)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	\$ 81	(2,483)	18,354	\$ 917,471	7,023,202
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$ 81</b>	<b>\$ 26,010</b>	<b>\$ 12,018</b>	<b>\$ 917,471</b>	<b>\$ 6,097,852</b>



**CITY OF SOUTH LAKE TAHOE  
BUDGETED NON-MAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	GAS TAX			TOT		
	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		\$ 2,358	\$ 2,358		\$ 2,990	\$ 2,990
Intergovernmental revenue	\$ 600,000	691,291	91,291			
Charges for current services						
Other revenue		7,288	7,288			
<b>Total Revenues</b>	<b>600,000</b>	<b>700,937</b>	<b>100,937</b>		<b>2,990</b>	<b>2,990</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety						
Public works						
Streets	910,841	896,551	14,290			
Parks and recreation						
Capital outlay	16,062	12,600	3,462			
Debt service:						
Principal repayment						
Interest and fiscal charges						
Payment of Financial Guarantee				\$ 2,632,867	2,541,000	91,867
<b>Total Expenditures</b>	<b>926,903</b>	<b>909,151</b>	<b>17,752</b>	<b>2,632,867</b>	<b>2,541,000</b>	<b>91,867</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(326,903)</b>	<b>(208,214)</b>	<b>118,689</b>	<b>(2,632,867)</b>	<b>(2,538,010)</b>	<b>94,857</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				1,300,000	1,300,000	
Transfers (out)						
Proceeds from sale of property						
Debt Service to RDA Successor Agency						
Capital lease						
<b>Total Other Financing Sources (Uses)</b>				<b>1,300,000</b>	<b>1,300,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (326,903)</b>	<b>(208,214)</b>	<b>\$ 118,689</b>	<b>\$ (1,332,867)</b>	<b>(1,238,010)</b>	<b>\$ 94,857</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<b>474,888</b>			<b>1,694,353</b>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<b>\$ 266,674</b>			<b>\$ 456,343</b>	

SNOW REMOVAL			VEHICLE REPLACEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 220,000	\$ 229,364	\$ 9,364			
2,000	704	(1,296)	\$ 350	\$ 380	\$ 30
738,400	730,061	(8,339)	596,000		(596,000)
			9,920	9,920	
				27,020	27,020
<u>960,400</u>	<u>960,129</u>	<u>(271)</u>	<u>606,270</u>	<u>37,320</u>	<u>(568,950)</u>
			25,000	12,611	12,389
1,553,295	990,678	562,617			
385,000	32,491	352,509	1,577,151	922,249	654,902
191,277	196,321	(5,044)	292,355	291,652	703
18,509	10,388	8,121	43,768	41,580	2,188
<u>2,148,081</u>	<u>1,229,878</u>	<u>918,203</u>	<u>1,938,274</u>	<u>1,268,092</u>	<u>670,182</u>
<u>(1,187,681)</u>	<u>(269,749)</u>	<u>917,932</u>	<u>(1,332,004)</u>	<u>(1,230,772)</u>	<u>101,232</u>
450,000	450,000		446,000	446,000	
				15,150	15,150
			705,051	705,051	
<u>450,000</u>	<u>450,000</u>		<u>1,151,051</u>	<u>1,166,201</u>	<u>15,150</u>
<u>\$ (737,681)</u>	180,251	<u>\$ 917,932</u>	<u>\$ (180,953)</u>	(64,571)	<u>\$ 116,382</u>
	823,730			823,621	
	<u>\$ 1,003,981</u>			<u>\$ 759,050</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 YEAR ENDED SEPTEMBER 30, 2015**

	SOLID WASTE			SAFETY SALES TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes and assessments	\$ 66,000	\$ 66,943	\$ 943	\$ 560,000	\$ 676,062	\$ 116,062
Licenses, permits and impact fees						
Fines and penalties						
Use of money and property	50	433	\$ 383	1,500	1,009	(491)
Intergovernmental revenue						
Charges for current services						
Other revenue						
Total Revenues	<u>66,050</u>	<u>67,376</u>	<u>1,326</u>	<u>561,500</u>	<u>677,071</u>	<u>115,571</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety				238,387	93,420	144,967
Public works	81,760	66,675	15,085			
Streets						
Parks and recreation						
Capital outlay				24,888	22,762	2,126
Debt service:						
Principal repayment				12,808	13,697	(889)
Interest and fiscal charges				1,829	939	890
Payment of Financial Guarantee						
Total Expenditures	<u>81,760</u>	<u>66,675</u>	<u>15,085</u>	<u>277,912</u>	<u>130,818</u>	<u>147,094</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(15,710)</u>	<u>701</u>	<u>16,411</u>	<u>283,588</u>	<u>546,253</u>	<u>262,665</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers (out)				(386,000)	(386,000)	
Proceeds from sale of property						
Debt Service to RDA Successor Agency						
Capital lease						
Total Other Financing Sources (Uses)				<u>(386,000)</u>	<u>(386,000)</u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (15,710)</u>	<u>701</u>	<u>\$ 16,411</u>	<u>\$ (102,412)</u>	<u>160,253</u>	<u>\$ 262,665</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>221,483</u>			<u>301,602</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$ 222,184</u>			<u>\$ 461,855</u>	

AB3229 COPS			LOCAL LAW ENFORCEMENT GRANT			ASSET FORFEITURE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 100,000	\$ 633 130,388	\$ 633 30,388	\$ 23,166	\$ 10,449	\$ (12,717)	\$ 2,005	\$ 108	\$ (1,897)
						10,000		(10,000)
<u>100,000</u>	<u>131,021</u>	<u>31,021</u>	<u>23,166</u>	<u>10,449</u>	<u>(12,717)</u>	<u>12,005</u>	<u>108</u>	<u>(11,897)</u>
69,083	70,873	(1,790)	11,984	10,357	1,627	4,058		4,058
40,168	971	39,197						
<u>109,251</u>	<u>71,844</u>	<u>37,407</u>	<u>11,984</u>	<u>10,357</u>	<u>1,627</u>	<u>4,058</u>		<u>4,058</u>
<u>(9,251)</u>	<u>59,177</u>	<u>68,428</u>	<u>11,182</u>	<u>92</u>	<u>(11,090)</u>	<u>7,947</u>	<u>108</u>	<u>(7,839)</u>
			(92)	(92)				
			(92)	(92)				
<u>\$ (9,251)</u>	<u>59,177</u>	<u>\$ 68,428</u>	<u>\$ 11,090</u>	<u>\$ -</u>	<u>\$ (11,090)</u>	<u>\$ 7,947</u>	<u>108</u>	<u>\$ (7,839)</u>
	<u>205,885</u>			<u>3,310</u>			<u>46,240</u>	
	<u>\$ 265,062</u>			<u>\$ 3,310</u>			<u>\$ 46,348</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 YEAR ENDED SEPTEMBER 30, 2015**

	STORMWATER MANAGEMENT			EMS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes and assessments						
Licenses, permits and impact fees	\$ 11,500	\$ 7,089	\$ (4,411)			
Fines and penalties						
Use of money and property		18	18	\$ 1,000	\$ 90	\$ (910)
Intergovernmental revenue						
Charges for current services	144,620	85,150	(59,470)			
Other revenue				1,125,758	1,110,196	(15,562)
<b>Total Revenues</b>	<b>156,120</b>	<b>92,257</b>	<b>(63,863)</b>	<b>1,126,758</b>	<b>1,110,286</b>	<b>(16,472)</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety				1,591,061	1,569,984	21,077
Public works	435,834	310,456	125,378			
Streets	116,367	131,334	(14,967)			
Parks and recreation						
Capital outlay	15,263	14,570	693			
Debt service:						
Principal repayment						
Interest and fiscal charges						
Payment of Financial Guarantee						
<b>Total Expenditures</b>	<b>567,464</b>	<b>456,360</b>	<b>111,104</b>	<b>1,591,061</b>	<b>1,569,984</b>	<b>21,077</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(411,344)</b>	<b>(364,103)</b>	<b>47,241</b>	<b>(464,303)</b>	<b>(459,698)</b>	<b>4,605</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	317,867	317,867		418,667	418,667	
Transfers (out)	(30,000)	(30,000)				
Proceeds from sale of property						
Debt Service to RDA Successor Agency						
Capital lease						
<b>Total Other Financing Sources (Uses)</b>	<b>287,867</b>	<b>287,867</b>		<b>418,667</b>	<b>418,667</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (123,477)</b>	<b>(76,236)</b>	<b>\$ 47,241</b>	<b>\$ (45,636)</b>	<b>(41,031)</b>	<b>\$ 4,605</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<b>120,307</b>			<b>377,961</b>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<b>\$ 44,071</b>			<b>\$ 336,930</b>	

CLEAN COMMUNITY			ABATEMENT			SKI RUN BUSINESS IMPROVEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$ 9,000	\$ 606 12,521	\$ 606 3,521
\$ 5,959	\$ 3	\$ 3 (5,959)	\$ 500	\$ 108	\$ (392) (100,000)			
145,000	147,924	2,924	196,600	189,492	(7,108)			
<u>150,959</u>	<u>147,927</u>	<u>(3,032)</u>	<u>297,100</u>	<u>189,600</u>	<u>(\$107,500)</u>	<u>9,000</u>	<u>13,127</u>	<u>4,127</u>
159,500	152,856	6,644	310,946	156,069	154,877	17,600	18,713	(1,113)
<u>159,500</u>	<u>152,856</u>	<u>6,644</u>	<u>310,946</u>	<u>156,069</u>	<u>154,877</u>	<u>17,600</u>	<u>18,713</u>	<u>(1,113)</u>
<u>(8,541)</u>	<u>(4,929)</u>	<u>3,612</u>	<u>(13,846)</u>	<u>33,531</u>	<u>47,377</u>	<u>(8,600)</u>	<u>(5,586)</u>	<u>3,014</u>
(959)		959				8,600	8,600	
<u>(959)</u>		<u>959</u>				<u>8,600</u>	<u>8,600</u>	
<u>\$ (9,500)</u>	<u>(4,929)</u>	<u>\$ 4,571</u>	<u>\$ (13,846)</u>	<u>33,531</u>	<u>\$ 47,377</u>	<u>\$ -</u>	<u>3,014</u>	<u>\$ 3,014</u>
	<u>39,533</u>			<u>261,727</u>			<u>1</u>	
	<u>\$ 34,604</u>			<u>\$ 295,258</u>			<u>\$ 3,015</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 YEAR ENDED SEPTEMBER 30, 2015**

	MEASURE S MAINTENANCE			GENERAL PLAN/COMMUNITY PLAN		
	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		\$ 786	\$ 786			
Intergovernmental revenue						
Charges for current services				\$ 10,000	\$ 7,743	\$ (2,257)
Other revenue	66,750	69,250	2,500			
Total Revenues	<u>66,750</u>	<u>70,036</u>	<u>3,286</u>	<u>10,000</u>	<u>7,743</u>	<u>(2,257)</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety						
Public works				24,979	11,169	13,810
Streets						
Parks and recreation	67,427	33,933	33,494			
Capital outlay	18,300		18,300			
Debt service:						
Principal repayment						
Interest and fiscal charges						
Payment of Financial Guarantee						
Total Expenditures	<u>85,727</u>	<u>33,933</u>	<u>51,794</u>	<u>24,979</u>	<u>11,169</u>	<u>13,810</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(18,977)</u>	<u>36,103</u>	<u>55,080</u>	<u>(14,979)</u>	<u>(3,426)</u>	<u>(11,553)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers (out)						
Proceeds from sale of property						
Debt Service to RDA Successor Agency						
Capital lease						
Total Other Financing Sources (Uses)						
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (18,977)</u>	<u>36,103</u>	<u>\$ 55,080</u>	<u>\$ (14,979)</u>	<u>(3,426)</u>	<u>\$ 11,553</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>382,231</u>			<u>22,900</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$ 418,334</u>			<u>\$ 19,474</u>	

BOAT PATROL			DOMESTIC VIOLENCE GRANT			DUI/TRAFFIC SAFETY GRANT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 80,694	\$ 40,542	(\$40,152)						
99,947	59,503	(40,444)	\$ 225,379	\$ 193,442	\$ (31,937)	\$ 47,100	\$ 32,212	\$ (14,888)
<u>180,641</u>	<u>100,045</u>	<u>(80,596)</u>	<u>225,379</u>	<u>193,442</u>	<u>(31,937)</u>	<u>47,100</u>	<u>32,212</u>	<u>(14,888)</u>
138,899	93,463	45,436	137,756	126,366	11,390	47,100	32,213	14,887
<u>138,899</u>	<u>93,463</u>	<u>45,436</u>	<u>137,756</u>	<u>126,366</u>	<u>11,390</u>	<u>47,100</u>	<u>32,213</u>	<u>14,887</u>
<u>41,742</u>	<u>6,582</u>	<u>(35,160)</u>	<u>87,623</u>	<u>67,076</u>	<u>(20,547)</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
(1,200)	(4,217)	(3,017)	(87,623)	(55,044)	32,579			
<u>(1,200)</u>	<u>(4,217)</u>	<u>(3,017)</u>	<u>(87,623)</u>	<u>(55,044)</u>	<u>32,579</u>			
<u>\$ 40,542</u>	<u>2,365</u>	<u>\$ (38,177)</u>	<u>\$ -</u>	<u>12,032</u>	<u>\$ 12,032</u>	<u>\$ -</u>	<u>(1)</u>	<u>\$ (1)</u>
	(12,499)			19,097			22,225	
	<u>\$ (10,134)</u>			<u>\$ 31,129</u>			<u>\$ 22,224</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 YEAR ENDED SEPTEMBER 30, 2015**

	EXPLORE TAHOE TRANSIT CENTER			TOURISM IMPROVEMENT DISTRICT		
	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	\$ 54,143	\$ 5,443		\$ 713	\$ 713
Intergovernmental revenue						
Charges for current services	17,900	20,858	2,958	\$ 2,100,000	2,314,487	214,487
Other revenue	10,000	15,314	5,314			
Total Revenues	76,600	90,315	13,715	2,100,000	2,315,200	215,200
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety						
Public works						
Streets						
Parks and recreation	99,004	98,197	807	2,079,000	2,287,139	(208,139)
Capital outlay						
Debt service:						
Principal repayment						
Interest and fiscal charges	600	498	102			
Payment of Financial Guarantee						
Total Expenditures	99,604	98,695	909	2,079,000	2,287,139	(208,139)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	(23,004)	(8,380)	14,624	21,000	28,061	7,061
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers (out)				(21,000)	(28,149)	(7,149)
Proceeds from sale of property						
Debt Service to RDA Successor Agency						
Capital lease						
Total Other Financing Sources (Uses)				(21,000)	(28,149)	(7,149)
<b>NET CHANGE IN FUND BALANCES</b>						
	\$ (23,004)	(8,380)	\$ 14,624	\$ -	(88)	\$ (88)
<b>BEGINNING FUND BALANCES (DEFICITS)</b>						
		15,699			5,821	
<b>ENDING FUND BALANCES (DEFICITS)</b>						
		\$ 7,319			\$ 5,733	

SAFE HAVEN			VACATION HOME RENTAL PROGRAMS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$ 218,535 900	\$ 399,554 584	\$ 181,019 (900) 584
\$ 338,848	\$ 158,492	\$ (180,356)			
<u>338,848</u>	<u>158,492</u>	<u>(180,356)</u>	<u>219,435</u>	<u>400,138</u>	<u>180,703</u>
314,883	130,192	184,691	181,104 36,734	171,831 31,606	9,273 5,128
<u>314,883</u>	<u>130,192</u>	<u>184,691</u>	<u>217,838</u>	<u>203,437</u>	<u>14,401</u>
<u>23,965</u>	<u>28,300</u>	<u>4,335</u>	<u>1,597</u>	<u>196,701</u>	<u>195,104</u>
(23,965)		23,965	(45,141)	(45,141)	
<u>(23,965)</u>		<u>23,965</u>	<u>(45,141)</u>	<u>(45,141)</u>	
\$ -	28,300	\$ 28,300	\$ (43,544)	151,560	\$ 195,104
				<u>239,648</u>	
	<u>\$ 28,300</u>			<u>\$ 391,208</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 YEAR ENDED SEPTEMBER 30, 2015**

	HOMELAND SECURITY			ICE ARENA		
	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				\$ 24,000	\$ 24,696	\$ 696
Intergovernmental revenue						
Charges for current services						
Other revenue				60,040	34,200	(25,840)
<b>Total Revenues</b>				<b>84,040</b>	<b>58,896</b>	<b>(25,144)</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety						
Public works						
Streets						
Parks and recreation				24,000	20,682	3,318
Capital outlay						
Debt service:						
Principal repayment				42,318	42,317	1
Interest and fiscal charges				17,723	17,404	319
Payment of Financial Guarantee						
<b>Total Expenditures</b>				<b>84,041</b>	<b>80,403</b>	<b>3,638</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				<b>(1)</b>	<b>(21,507)</b>	<b>(21,506)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				50,000	50,000	
Transfers (out)						
Proceeds from sale of property						
Debt Service to RDA Successor Agency						
Capital lease						
<b>Total Other Financing Sources (Uses)</b>				<b>50,000</b>	<b>50,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>				<b>\$ 49,999</b>	<b>28,493</b>	<b>\$ (21,506)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		\$ 81			(2,483)	
<b>ENDING FUND BALANCES (DEFICITS)</b>		\$ 81			\$ 26,010	

<u>RENTAL PROPERTIES</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ 140,000	\$ 102,107	\$ (37,893)
<u>140,000</u>	<u>102,107</u>	<u>(37,893)</u>
35,165	3,608	31,557
<u>35,165</u>	<u>3,608</u>	<u>31,557</u>
<u>104,835</u>	<u>98,499</u>	<u>(6,336)</u>
(104,835)	(104,835)	
<u>(104,835)</u>	<u>(104,835)</u>	
<u>\$ -</u>	<u>(6,336)</u>	<u>\$ (6,336)</u>
	<u>18,354</u>	
	<u>\$ 12,018</u>	



<b>NON-MAJOR ENTERPRISE FUNDS</b>
-----------------------------------

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

**Parking Management Fund** – Established for metered areas, parking enforcement and parking citations. Funding for this program is received from parking meters and citation revenue.

**CITY OF SOUTH LAKE TAHOE  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

	Transit	Parking Management	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and investments (Note 3)	\$ 327,431	\$ 174,811	\$ 502,242
Accounts receivable - net	19,359	33,075	52,434
<b>Total Current Assets</b>	<b>346,790</b>	<b>207,886</b>	<b>554,676</b>
Non-Current Assets:			
Capital assets (Note 6):			
Nondepreciable	1,315,373		1,315,373
Depreciable	3,353,572		3,353,572
<b>Total Noncurrent Assets</b>	<b>4,668,945</b>		<b>4,668,945</b>
<b>Total Assets</b>	<b>5,015,735</b>	<b>207,886</b>	<b>5,223,621</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable		9,950	9,950
Accrued interest payable		844	844
Current portion of long-term debt (Note 7)		42,148	42,148
<b>Total Current Liabilities</b>		<b>52,942</b>	<b>52,942</b>
Long-Term Liabilities:			
Long-term debt (Note 7)		43,716	43,716
<b>Total Long-Term Liabilities</b>		<b>43,716</b>	<b>43,716</b>
<b>Total Liabilities</b>		<b>96,658</b>	<b>96,658</b>
<b>NET POSITION (Note 9):</b>			
Net investment in capital assets	4,668,945		4,668,945
Unrestricted	346,790	111,228	458,018
<b>Total Net Position</b>	<b>\$ 5,015,735</b>	<b>\$ 111,228</b>	<b>\$ 5,126,963</b>

**CITY OF SOUTH LAKE TAHOE  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Transit	Parking Management	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for current services		\$ 238,986	\$ 238,986
Rental and reimbursements	\$ 122,157		122,157
<b>Total Operating Revenues</b>	<b>122,157</b>	<b>238,986</b>	<b>361,143</b>
<b>OPERATING EXPENSES</b>			
Salaries and wages		85,529	85,529
Payroll expenses		91,204	91,204
Contracted services		6,938	6,938
Supplies	3,526	18,396	21,922
Communication		482	482
Insurance	81,497		81,497
General expenses		35,114	35,114
Depreciation (Note 6)	289,937		289,937
<b>Total Operating Expenses</b>	<b>374,960</b>	<b>237,663</b>	<b>612,623</b>
<b>Operating Income (Loss)</b>	<b>(252,803)</b>	<b>1,323</b>	<b>(251,480)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest expense		(3,527)	(3,527)
Investment earnings	702	321	1,023
<b>Total Nonoperating Revenues (Expenses)</b>	<b>702</b>	<b>(3,206)</b>	<b>(2,504)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(252,101)</b>	<b>(1,883)</b>	<b>(253,984)</b>
Transfers in (Note 4A)		51,000	51,000
<b>Total Contributions and Transfers</b>		<b>51,000</b>	<b>51,000</b>
<b>Change in Net Position</b>	<b>(252,101)</b>	<b>49,117</b>	<b>(202,984)</b>
<b>BEGINNING NET POSITION</b>	<b>5,267,836</b>	<b>62,111</b>	<b>5,329,947</b>
<b>ENDING NET POSITION</b>	<b>\$ 5,015,735</b>	<b>\$ 111,228</b>	<b>\$ 5,126,963</b>

**CITY OF SOUTH LAKE TAHOE  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Transit	Parking Management	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 122,096	\$ 221,666	\$ 343,762
Payments to suppliers	(85,023)	(61,568)	(146,591)
Payments to employees		(176,733)	(176,733)
Net cash provided by (used for) Operating Activities	<u>37,073</u>	<u>(16,635)</u>	<u>20,438</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in		51,000	51,000
Net cash provided by (used for) Noncapital Financing Activities		<u>51,000</u>	<u>51,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments on debt		(47,967)	(47,967)
Interest paid		(3,927)	(3,927)
Net cash provided by (used for) Capital and Related Financing Activities		<u>(51,894)</u>	<u>(51,894)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	702	321	1,023
Net cash provided (used for) Investing Activities	<u>702</u>	<u>321</u>	<u>1,023</u>
Net increase (decrease) in cash and investments	37,775	(17,208)	20,567
Cash and investments at beginning of period	<u>289,656</u>	<u>192,019</u>	<u>481,675</u>
Cash and investments at end of period	<u>\$ 327,431</u>	<u>\$ 174,811</u>	<u>\$ 502,242</u>
<b>Reconciliation of Operating Income (Loss) to net cash Provided by (used by) Operating Activities:</b>			
Operating income (loss)	\$ (252,803)	\$ 1,323	\$ (251,480)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	289,937		289,937
Change in assets and liabilities:			
Receivables, net	(61)	(17,320)	(17,381)
Accounts payable and other accrued expenses		(638)	(638)
Net cash provided by (used for) Operating Activities	<u>\$ 37,073</u>	<u>\$ (16,635)</u>	<u>\$ 20,438</u>

<b>INTERNAL SERVICE FUNDS</b>
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The funds described below include the internal service funds that provide services to the other City funds and departments on a cost reimbursement basis.

**Health, Vision and Dental Self Insurance Fund** – To account for and fund the City’s Self Insurance for Employee and Retiree Health Insurance.

**Worker’s Compensation Self Insurance Fund** – To account for and fund the City’s Self Insured Worker’s Compensation Program.

**CITY OF SOUTH LAKE TAHOE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

	Health, Vision and Dental Self Insurance	Workers' Compensation Self Insurance	Total
	<u>Insurance</u>	<u>Insurance</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 2,035,873	\$ 2,855,436	\$ 4,891,309
Restricted cash and investments	<u>7,682</u>	<u>18,383</u>	<u>26,065</u>
Total current assets	<u>2,043,555</u>	<u>2,873,819</u>	<u>4,917,374</u>
Non-Current Assets:			
Advances to RDA Successor Agency		<u>332,742</u>	<u>332,742</u>
Total Assets	<u>2,043,555</u>	<u>3,206,561</u>	<u>5,250,116</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	3,637	7,848	11,485
Unearned revenue	17,057		17,057
Uninsured losses payable	<u>442,197</u>	<u>700,000</u>	<u>1,142,197</u>
Total current liabilities	<u>462,891</u>	<u>707,848</u>	<u>1,170,739</u>
Long-Term Liabilities:			
Net OPEB obligation	6,110,313		6,110,313
Uninsured losses payable		<u>3,604,000</u>	<u>3,604,000</u>
Total long-term liabilities	<u>6,110,313</u>	<u>3,604,000</u>	<u>9,714,313</u>
Total Liabilities	<u>6,573,204</u>	<u>4,311,848</u>	<u>10,885,052</u>
<b>NET POSITION</b>			
Unrestricted (Deficit)	<u>(4,529,649)</u>	<u>(1,105,287)</u>	<u>(5,634,936)</u>
Total Net Position (Deficit)	<u>\$ (4,529,649)</u>	<u>\$ (1,105,287)</u>	<u>\$ (5,634,936)</u>

See accompanying notes to financial statements.

**CITY OF SOUTH LAKE TAHOE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Health, Vision and Dental Self Insurance	Workers' Compensation Self Insurance	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,820,918	\$ 1,179,958	\$ 3,000,876
Rental and reimbursements	452,678		452,678
<b>Total Operating Revenues</b>	<u>2,273,596</u>	<u>1,179,958</u>	<u>3,453,554</u>
<b>OPERATING EXPENSES</b>			
Contracted services	45,827	56,529	102,356
Supplies	59	223	282
Claims	2,399,793	2,852,533	5,252,326
OPEB expenses	3,068,000		3,068,000
General expenses	27,694	4,419	32,113
<b>Total Operating Expenses</b>	<u>5,541,373</u>	<u>2,913,704</u>	<u>8,455,077</u>
<b>Operating Income (Loss)</b>	<u>(3,267,777)</u>	<u>(1,733,746)</u>	<u>(5,001,523)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income (expense)	2,219	6,318	8,537
<b>Income (Loss) Before Transfers</b>	<u>(3,265,558)</u>	<u>(1,727,428)</u>	<u>(4,992,986)</u>
Transfers in	1,010,212		1,010,212
Transfers (out)	(10,029)	(20,059)	(30,088)
<b>Change in Net Position</b>	<u>(2,265,375)</u>	<u>(1,747,487)</u>	<u>(4,012,862)</u>
<b>BEGINNING NET POSITION (DEFICIT)</b>	<u>(2,264,274)</u>	<u>642,200</u>	<u>(1,622,074)</u>
<b>ENDING NET POSITION (DEFICIT)</b>	<u>\$ (4,529,649)</u>	<u>\$ (1,105,287)</u>	<u>\$ (5,634,936)</u>

See accompanying notes to financial statements.

**CITY OF SOUTH LAKE TAHOE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Health, Vision and Dental Self Insurance	Workers' Compensation Self Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,280,723	\$ 1,179,958	\$ 3,460,681
Payments to suppliers	(6,703)	(60,924)	(67,627)
OPEB payments	(1,344,035)		(1,344,035)
Claims paid	(2,223,968)	(782,376)	(3,006,344)
Net cash provided by (used for) Operating Activities	<u>(1,293,983)</u>	<u>336,658</u>	<u>(957,325)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	1,010,212		1,010,212
Transfers out	(10,029)	(20,059)	(30,088)
Net cash provided by (used for) Noncapital Financing Activities	<u>1,000,183</u>	<u>(20,059)</u>	<u>980,124</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Income (Expense)	<u>2,219</u>	<u>6,318</u>	<u>8,537</u>
Net cash provided by (used for) Investing Activities	<u>2,219</u>	<u>6,318</u>	<u>8,537</u>
Net increase (decrease) in cash and investments	(291,581)	322,917	31,336
Cash and investments at beginning of period	<u>2,335,136</u>	<u>2,550,902</u>	<u>4,886,038</u>
Cash and investments at end of period	<u>\$ 2,043,555</u>	<u>\$ 2,873,819</u>	<u>\$ 4,917,374</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>			
Operating income (loss)	\$ (3,267,777)	\$ (1,733,746)	\$ (5,001,523)
<b>Change in assets and liabilities:</b>			
Prepaid items	\$65,970		65,970
Accounts receivable	5,936		5,936
Net OPEB obligation	1,723,965		1,723,965
Accounts and other payables	177,923	2,070,404	2,248,327
Net cash provided by (used for) Operating Activities	<u>\$ (1,293,983)</u>	<u>\$ 336,658</u>	<u>\$ (957,325)</u>

See accompanying notes to financial statements.

## AGENCY FUNDS

The funds described below include the agency funds that hold resources in trust for other agencies.

**Special Assessment District** – To account for the fees charged and disbursed on behalf of the Special Assessment Districts.

**Other Agency Funds** – To account for miscellaneous agency funds held by the City.

**Tahoe Basin Solid Waste Management Authority** – To account for resources and the collection and disbursement of fees on behalf of the Tahoe Basin Solid Waste Management Authority.

**Park Avenue CFD** – To account for the resources and the collection of resources for the Park Avenue Community Facilities District.

**Harrison Avenue CFD** – To account for the resources and the collection of resources for the Harrison Avenue Community Facilities District.

**Parent/School Partnership** – To account for funds held in a custodial capacity for the Partner/School Partnership Program.

**South Tahoe Refuse Trust Fund** – To account for the collection and disbursement of fees on behalf of the South Tahoe Refuse.

**Bijou ECP CFD** – To account for the resources and the collection of resources for the Bijou Erosion Control Community Facility District.

**CITY OF SOUTH LAKE TAHOE  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Balance at September 30, 2014	Additions	Deductions	Balance at September 30, 2015
<u>Special Assessment District</u>				
<u>Assets</u>				
Cash and investments	\$ 4,572	\$ -	\$ -	\$ 4,572
Total Assets	<u>\$ 4,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,572</u>
<u>Liabilities</u>				
Deposits	<u>\$ 4,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,572</u>
<u>Other Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 13,257	\$ -	\$ 8,924	\$ 4,333
Total Assets	<u>\$ 13,257</u>	<u>\$ -</u>	<u>\$ 8,924</u>	<u>\$ 4,333</u>
<u>Liabilities</u>				
Deposits	<u>\$ 13,257</u>	<u>\$ -</u>	<u>\$ 8,924</u>	<u>\$ 4,333</u>
<u>Tahoe Basin Solid Waste Management Authority</u>				
<u>Assets</u>				
Cash and investments	\$ 2,087,583	\$ -	\$ 123,916	\$ 1,963,667
Total Assets	<u>\$ 2,087,583</u>	<u>\$ -</u>	<u>\$ 123,916</u>	<u>\$ 1,963,667</u>
<u>Liabilities</u>				
Accounts payable	\$ 8,037	\$ -	\$ 4,737	\$ 3,300
Deposits and other accruals	<u>2,079,546</u>	<u>-</u>	<u>119,179</u>	<u>1,960,367</u>
	<u>\$ 2,087,583</u>	<u>\$ -</u>	<u>\$ 123,916</u>	<u>\$ 1,963,667</u>
<u>Park Avenue CFD</u>				
<u>Assets</u>				
Cash and investments	\$ 799,517	\$ 868,835	\$ 928,992	\$ 739,360
Cash with fiscal agents	<u>976,787</u>	<u>6,293</u>	<u>-</u>	<u>983,080</u>
Total Assets	<u>\$ 1,776,304</u>	<u>\$ 875,128</u>	<u>\$ 928,992</u>	<u>\$ 1,722,440</u>
<u>Liabilities</u>				
Due to developers	<u>\$ 1,776,304</u>	<u>\$ 875,128</u>	<u>\$ 928,992</u>	<u>\$ 1,722,440</u>
	<u>\$ 1,776,304</u>	<u>\$ 875,128</u>	<u>\$ 928,992</u>	<u>\$ 1,722,440</u>

See accompanying notes to financial statements.

**CITY OF SOUTH LAKE TAHOE  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Bijou ECP CFD				
<u>Assets</u>				
Cash and investments	\$ -	\$ 115,396	\$ -	\$ 115,396
Total Assets	\$ -	\$ 115,396	\$ -	\$ 115,396
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 846	\$ -	\$ 846
Due to developers	-	114,550	-	114,550
	\$ -	\$ 115,396	\$ -	\$ 115,396
Harrison Ave CFD				
<u>Assets</u>				
Cash and investments	\$ 124,447	\$ 54,129	\$ 91,346	\$ 87,230
Total Assets	\$ 124,447	\$ 54,129	\$ 91,346	\$ 87,230
<u>Liabilities</u>				
Due to developers	\$ 124,447	\$ 54,129	\$ 91,346	\$ 87,230
	\$ 124,447	\$ 54,129	\$ 91,346	\$ 87,230
Parent/School Partnership				
<u>Assets</u>				
Cash and investments	\$ 1,806	\$ 4	\$ -	\$ 1,810
Total Assets	\$ 1,806	\$ 4	\$ -	\$ 1,810
<u>Liabilities</u>				
Due to developers	\$ 1,806	\$ 4	\$ -	\$ 1,810
	\$ 1,806	\$ 4	\$ -	\$ 1,810
South Tahoe Refuse Trust Fund				
<u>Assets</u>				
Cash and investments	\$ 1,715	\$ (1,715)	\$ -	\$ -
Total Assets	\$ 1,715	\$ (1,715)	\$ -	\$ -
<u>Liabilities</u>				
Due to developers	\$ 1,715	\$ (1,715)	\$ -	\$ -
	\$ 1,715	\$ (1,715)	\$ -	\$ -
Totals - All Agency Funds				
<u>Assets</u>				
Cash and investments	\$ 3,032,897	\$ 1,036,649	\$ 1,153,178	\$ 2,916,368
Cash and investments with fiscal agents	976,787	6,293	-	983,080
Total Assets	\$ 4,009,684	\$ 1,042,942	\$ 1,153,178	\$ 3,899,448
<u>Liabilities</u>				
Accounts payable	\$ 8,037	\$ 846	\$ 4,737	\$ 4,146
Deposits and other accruals	2,097,375	-	128,103	1,969,272
Due to developers	1,904,272	1,042,096	1,020,338	1,926,030
Total Liabilities	\$ 4,009,684	\$ 1,042,942	\$ 1,153,178	\$ 3,899,448

See accompanying notes to financial statements.



## 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 Position by Component
2. Changes in Net Position
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 Property Tax Payers
4. Principal Transient Occupancy Tax (TOT) Payers
5. 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

### ***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 Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended September 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014 <sup>1</sup>	2015
<b>Governmental Activities</b>										
Net investment in capital assets	\$ -	\$ 4,029,582	\$ 8,551,597	\$ 13,206,249	\$ 19,742,406	\$ 20,509,244	\$ 56,492,790	\$ 59,775,652	\$ 65,950,451	\$ 55,674,932
Restricted	35,781,140	44,804,791	52,792,576	54,916,889	53,872,714	51,916,241	14,486,329	14,599,253	10,121,566	10,152,122
Unrestricted	(41,837,246)	(37,335,673)	(32,433,410)	(32,887,267)	(33,895,465)	(33,392,226)	23,370,604	17,760,649	(21,747,878)	(38,706,525)
Total Governmental Activities Net Position	<u>\$ (6,056,106)</u>	<u>\$ 11,498,700</u>	<u>\$ 28,910,763</u>	<u>\$ 35,235,871</u>	<u>\$ 39,719,655</u>	<u>\$ 39,033,259</u>	<u>\$ 94,349,723</u>	<u>\$ 92,135,554</u>	<u>\$ 54,324,139</u>	<u>\$ 27,120,529</u>
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 11,461,548	\$ 12,305,386	\$ 15,687,677	\$ 18,664,291	\$ 20,600,059	\$ 21,631,385	\$ 20,883,400	\$ 20,053,484	\$ 19,516,402	\$ 18,365,672
Restricted	1,698,705	1,516,633	1,352,023	1,693,932	1,239,307	1,223,793	962,956	898,916	1,236,937	1,627,201
Unrestricted	(1,473,241)	(918,116)	(732,405)	(1,233,902)	(554,018)	(663,130)	307,534	101,638	(684,544)	25,493
Total Business-type Activities Net Position	<u>\$ 11,687,012</u>	<u>\$ 12,903,903</u>	<u>\$ 16,307,295</u>	<u>\$ 19,124,321</u>	<u>\$ 21,285,348</u>	<u>\$ 22,192,048</u>	<u>\$ 22,153,890</u>	<u>\$ 21,054,038</u>	<u>\$ 20,068,795</u>	<u>\$ 20,018,366</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 11,461,548	\$ 16,334,968	\$ 24,239,274	\$ 31,870,540	\$ 40,342,465	\$ 42,140,629	\$ 77,376,190	\$ 79,829,136	\$ 85,466,853	\$ 74,040,604
Restricted	37,479,845	46,321,424	54,144,599	56,610,821	55,112,021	53,140,034	15,449,285	15,498,169	11,358,503	11,779,323
Unrestricted	(43,310,487)	(38,253,789)	(33,165,815)	(34,121,169)	(34,449,483)	(34,055,356)	23,678,138	17,862,287	(22,432,422)	(38,681,032)
Total Primary Government Net Position	<u>\$ 5,630,906</u>	<u>\$ 24,402,603</u>	<u>\$ 45,218,058</u>	<u>\$ 54,360,192</u>	<u>\$ 61,005,003</u>	<u>\$ 61,225,307</u>	<u>\$ 116,503,613</u>	<u>\$ 113,189,592</u>	<u>\$ 74,392,934</u>	<u>\$ 47,138,895</u>

**Source:** Annual Basic Financial Statements, Statement of Net Position

**Notes:** <sup>1</sup> Amounts reported for fiscal year 2014 have been restated to conform with current year presentation. Information regarding this restatement can be found in Note 18 to the basic financial statements for 2015.

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

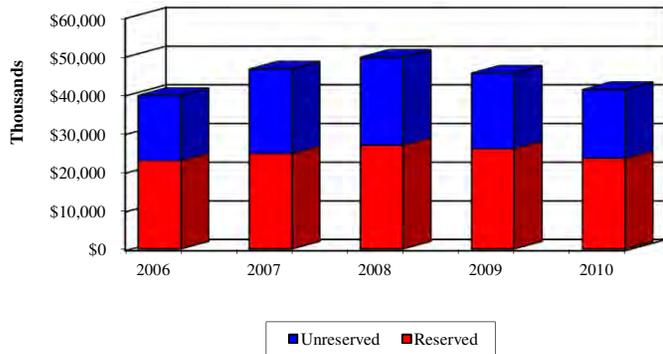
	Fiscal Year Ended September 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 11,189,879	\$ 7,723,493	\$ 8,130,864	\$ 8,974,313	\$ 9,326,600	\$ 8,475,475	\$ 7,982,091	\$ 10,950,323	\$ 6,744,297	\$ 40,433,147
Public safety	13,296,714	14,942,928	15,397,135	16,315,707	16,337,431	17,854,548	18,471,859	17,415,969	15,325,025	17,448,023
Public works	3,238,011	4,681,155	8,976,429	3,562,448	3,895,600	7,142,409	4,506,477	5,289,286	6,526,262	8,303,520
Parks and recreation	3,782,697	5,178,475	5,844,381	5,821,494	5,724,957	6,142,621	5,432,663	5,735,892	5,624,964	5,787,817
Streets	2,607,845	3,972,212	4,095,217	5,793,417	4,076,844	4,182,843	3,895,781	3,262,061	3,373,346	3,527,275
Interest on long term debt	6,528,628	7,069,990	5,545,854	5,784,474	5,630,493	5,623,197	4,031,469	1,511,379	1,172,645	1,466,551
Total Governmental Activities Expenses	<u>40,643,774</u>	<u>43,568,253</u>	<u>47,989,880</u>	<u>46,251,853</u>	<u>44,991,925</u>	<u>49,421,093</u>	<u>44,320,340</u>	<u>44,164,910</u>	<u>38,766,539</u>	<u>76,966,333</u>
Business-Type Activities:										
Transit	1,940,845	1,968,015	1,958,344	1,412,907	1,427,853	1,385,435	314,281	519,184	377,111	374,960
Airport	1,371,615	2,087,157	1,754,032	1,533,655	1,419,280	1,430,962	1,574,321	1,895,208	2,213,505	2,212,209
Parking Garage	1,321,740	1,306,224	1,043,192	1,295,760	1,242,778	1,192,525	1,076,015	1,252,595	1,233,912	743,757
Parking Management	-	-	-	-	-	17,241	136,006	448,103	283,587	241,190
Total Business-Type Activities Expenses	<u>4,634,200</u>	<u>5,361,396</u>	<u>4,755,568</u>	<u>4,242,322</u>	<u>4,089,911</u>	<u>4,026,163</u>	<u>3,100,623</u>	<u>4,115,090</u>	<u>4,108,115</u>	<u>3,572,116</u>
<b>Total Primary Government Expenses</b>	<u>\$ 45,277,974</u>	<u>\$ 48,929,649</u>	<u>\$ 52,745,448</u>	<u>\$ 50,494,175</u>	<u>\$ 49,081,836</u>	<u>\$ 53,447,256</u>	<u>\$ 47,420,963</u>	<u>\$ 48,280,000</u>	<u>\$ 42,874,654</u>	<u>\$ 80,538,449</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,527,661	\$ 2,952,433	\$ 2,780,013	\$ 2,454,730	\$ 2,145,884	\$ 1,901,852	\$ 2,037,021	\$ 1,574,943	\$ 1,956,305	\$ 1,622,100
Public Safety	539,071	715,949	679,907	761,850	769,811	555,592	384,590	1,191,214	1,494,817	1,425,944
Public Works	10,190	103,196	15,961	11,301	11,456	42,209	55,754	904,070	1,620,597	3,070,737
Parks and Recreation	1,690,134	1,741,348	1,805,034	1,784,705	1,483,784	1,420,387	1,082,697	955,921	966,841	1,004,805
Streets	78,366	67,784	679,907	761,850	62,761	65,663	65,441	66,477	70,128	69,127
Operating Grants and Contributions	9,137,229	3,068,020	5,900,633	3,409,226	2,824,975	2,783,790	2,400,067	5,135,389	2,500,485	2,552,430
Capital Grants and Contributions	7,806,129	12,157,944	14,407,663	7,832,970	6,645,939	7,296,356	12,179,227	9,991,080	10,260,322	5,007,671
Total Governmental Activities Program Revenues	<u>21,788,780</u>	<u>20,806,674</u>	<u>26,269,118</u>	<u>17,016,632</u>	<u>13,944,610</u>	<u>14,065,849</u>	<u>18,204,797</u>	<u>19,819,094</u>	<u>18,869,495</u>	<u>14,752,814</u>
Business Type Activities:										
Charges for Services:										
Transit	879,699	788,482	780,969	332,411	349,078	434,937	54,526	110,879	120,072	122,157
Airport	531,631	777,574	697,906	673,750	637,208	632,743	671,348	686,477	705,562	706,378
Parking Garage	942,817	823,748	947,408	767,556	1,093,049	1,096,054	733,105	800,606	963,244	1,007,811
Parking Management	-	-	-	-	-	28,706	292,804	467,617	436,551	238,986
Operating Grants and Contributions	1,239,809	1,758,922	779,613	740,321	640,750	636,909	3,190	2,308	-	-
Capital Grants and Contributions	150,665	26,147	4,098,372	3,204,922	2,831,242	1,233,156	444,633	222,417	1,273,288	711,597
Total Business-Type Activities Program Revenues	<u>3,744,621</u>	<u>4,174,873</u>	<u>7,304,268</u>	<u>5,718,960</u>	<u>5,551,327</u>	<u>4,062,505</u>	<u>2,199,606</u>	<u>2,290,304</u>	<u>3,498,717</u>	<u>2,786,929</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 25,533,401</u>	<u>\$ 24,981,547</u>	<u>\$ 33,573,386</u>	<u>\$ 22,735,592</u>	<u>\$ 19,495,937</u>	<u>\$ 18,128,354</u>	<u>\$ 20,404,403</u>	<u>\$ 22,109,398</u>	<u>\$ 22,368,212</u>	<u>\$ 17,539,743</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (18,854,994)	\$ (22,761,579)	\$ (21,720,762)	\$ (29,235,221)	\$ (31,047,315)	\$ (35,355,244)	\$ (26,115,543)	\$ (24,345,816)	\$ (19,897,044)	\$ (62,213,519)
Business-Type Activities	(889,579)	(1,186,523)	2,548,700	1,476,638	1,461,416	36,342	(901,017)	(1,824,786)	(609,398)	(785,187)
<b>Total Primary Government Net (Expense)/Revenue</b>	<u>\$ (19,744,573)</u>	<u>\$ (23,948,102)</u>	<u>\$ (19,172,062)</u>	<u>\$ (27,758,583)</u>	<u>\$ (29,585,899)</u>	<u>\$ (35,318,902)</u>	<u>\$ (27,016,560)</u>	<u>\$ (26,170,602)</u>	<u>\$ (20,506,442)</u>	<u>\$ (62,998,706)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property taxes	\$ 5,576,489	\$ 6,349,842	\$ 6,081,995	\$ 6,270,926	\$ 6,124,667	\$ 6,118,078	\$ 6,005,873	\$ 6,340,982	\$ 6,500,731	\$ 6,826,592
Incremental property taxes	5,233,873	5,911,106	7,330,807	7,489,176	7,507,727	5,576,585	2,648,900	-	-	-
Educational Revenue Augmentation										
Fund payment	(194,097)	-	-	-	-	-	-	-	-	-
Sales taxes	7,499,467	7,346,746	6,871,050	6,124,288	5,455,969	5,852,278	6,261,989	6,660,893	7,225,536	7,531,605
Transient occupancy taxes	11,932,173	10,209,841	10,047,114	8,271,773	8,455,767	8,670,091	8,824,694	10,297,542	11,034,753	12,708,233
Franchise taxes	1,215,495	1,249,593	1,279,456	1,408,472	1,201,835	1,243,425	1,340,024	1,303,092	1,396,436	1,454,138
Other taxes	3,265,103	4,825,668	5,220,688	4,996,213	5,353,658	5,483,643	5,618,648	4,058,714	4,104,352	4,346,271
Motor vehicle in lieu	167,793	120,143	105,469	65,185	72,663	103,936	12,348	10,219	9,871	-
Use of money and property	1,706,950	2,184,924	1,731,737	727,006	362,824	430,636	251,926	596,344	684,459	802,643
Gain/(loss) from sales of properties	-	-	-	15,784	12,389	-	-	-	-	-
Miscellaneous	1,173,709	1,407,983	1,327,917	729,725	1,623,431	1,810,769	811,687	2,687,567	1,464,650	1,740,387
Transfers	(423,189)	(3,319,043)	(902,581)	(538,219)	(639,831)	(620,593)	(527,457)	(449,562)	(378,011)	(399,960)
Extraordinary item										
Assets transferred to/liabilities assumed by										
Successor Agency	-	-	-	-	-	-	50,183,375	-	-	-
Special items										
Advances due from the RDA Successor Agency	-	-	-	-	-	-	-	-	5,289,178	-
Transfer of Government Use capital assets	-	-	-	-	-	-	-	-	9,157,753	-
<b>Total Governmental Activities</b>	<u>37,153,766</u>	<u>36,286,803</u>	<u>39,093,652</u>	<u>35,560,329</u>	<u>35,531,099</u>	<u>34,668,848</u>	<u>81,432,007</u>	<u>31,505,791</u>	<u>46,489,708</u>	<u>35,009,909</u>
Business-type activities										
Use of money and property	56,032	60,984	57,440	18,813	378	14,125	5,402	4,195	1,421	4,798
Miscellaneous	58,432	69,076	17,722	783,356	59,402	235,640	330,000	271,177	345,146	330,000
Loss on sale of capital assets	-	-	(146,612)	-	-	-	-	-	-	-
Transfers	423,189	3,319,043	902,581	538,219	639,831	620,593	527,457	449,562	378,011	399,960
<b>Total Business-Type Activities</b>	<u>537,653</u>	<u>3,449,103</u>	<u>831,131</u>	<u>1,340,388</u>	<u>699,611</u>	<u>870,358</u>	<u>862,859</u>	<u>724,934</u>	<u>724,578</u>	<u>734,758</u>
<b>Total Primary Government</b>	<u>37,691,419</u>	<u>39,735,906</u>	<u>39,924,783</u>	<u>36,900,717</u>	<u>36,230,710</u>	<u>35,539,206</u>	<u>82,294,866</u>	<u>32,230,725</u>	<u>47,214,286</u>	<u>35,744,667</u>
<b>Change in Net Position</b>										
Governmental Activities	18,298,772	13,525,224	17,372,890	6,325,108	4,483,784	(686,396)	55,316,464	7,159,975	26,592,664	(27,203,610)
Business-Type Activities	(351,926)	2,262,580	3,379,831	2,817,026	2,161,027	906,700	(38,158)	(1,099,852)	115,180	(50,429)
<b>Total Primary Government Change in Net Position</b>	<u>\$ 17,946,846</u>	<u>\$ 15,787,804</u>	<u>\$ 20,752,721</u>	<u>\$ 9,142,134</u>	<u>\$ 6,644,811</u>	<u>\$ 220,304</u>	<u>\$ 55,278,306</u>	<u>\$ 6,060,123</u>	<u>\$ 26,707,844</u>	<u>\$ (27,254,039)</u>

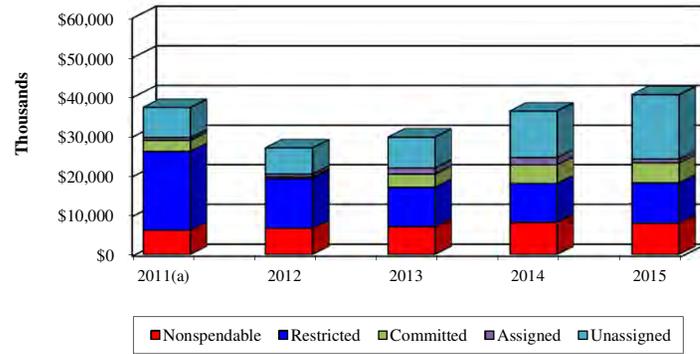
Source: Annual Financial Statements, Statement of Activities

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

**Fund Balances prior to GASB 54 implementation**



**Fund Balances upon GASB 54 implementation**



	Fiscal Year Ended September 30,									
	2006	2007	2008	2009	2010	2011 <sup>(a)</sup>	2012	2013	2014	2015
<b>General Fund</b>										
Reserved	\$6,918,730	\$6,556,484	\$5,855,710	\$5,395,188	\$5,166,684					
Unreserved:										
Designated	955,592	955,592	1,442,235	467,235	679,796					
Undesignated	11,783,479	14,810,316	13,817,366	13,333,120	11,278,785					
Nonspendable						\$4,150,867	\$4,138,642	\$4,653,407	\$5,867,295	\$5,815,898
Restricted						750,000	750,000	750,000	750,000	750,000
Committed										
Assigned						678,804	712,247	349,473	129,569	476,210
Unassigned						9,871,319	10,610,969	11,789,976	11,828,556	16,310,793
<b>Total General Fund</b>	<u>\$19,657,801</u>	<u>\$22,322,392</u>	<u>\$21,115,311</u>	<u>\$19,195,543</u>	<u>\$17,125,265</u>	<u>\$15,450,990</u>	<u>\$16,211,858</u>	<u>\$17,542,856</u>	<u>\$18,575,420</u>	<u>\$23,352,901</u> <sup>(b)</sup>

	Fiscal Year Ended September 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>All Other Governmental Funds</b>										
Reserved	\$15,939,334	\$18,116,908	\$20,960,717	\$20,487,726	\$18,258,012					
Unreserved, Designated, Reported in:										
Special Revenue Funds	348,037	236,556	336,605	320,092	207,045					
Capital Projects Funds			17,703							
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	4,475,526	5,409,949	6,325,576	4,809,681	6,106,699					
Capital Project Funds	(762,353)	406,324	783,084	619,411	(539,772)					
Nonspendable										
Special Revenue Funds						\$479,727	\$1,184,220	\$279,531	\$317,809	\$1,317,222
Capital Projects Funds						1,412,470	1,240,012	2,014,777	1,880,588	694,547
Restricted										
Special Revenue Funds						5,285,624	3,219,180	3,488,441	4,090,197	4,378,335
Housing & Economic Development Funds						981,087				
City Housing & Econ. Develop. Funds							867,610	778,641	774,221	902,838
Redevelopment Debt Service Fund						12,851,108				
City Debt Service Fund							7,716,706	4,941,741	4,183,484	4,120,949
Committed										
Special Revenue Funds						768,868				
Capital Projects Funds						2,042,543	415,274	3,295,976	4,675,558	5,096,856
Assigned										
Special Revenue Funds								1,226,098	1,712,707	468,361
Unassigned										
Special Revenue Funds						263,882	(4,257)	(23,131)	(14,982)	(66,066)
Capital Projects Funds						(2,504,357)	(4,002,251)	(4,028,017)	(81,942)	
<b>Total All Other Governmental Funds</b>	<u>\$20,000,544</u>	<u>\$24,169,737</u>	<u>\$28,423,685</u>	<u>\$26,236,910</u>	<u>\$24,031,984</u>	<u>\$21,580,952</u>	<u>\$10,636,494</u>	<u>\$11,974,057</u>	<u>\$17,537,640</u>	<u>\$16,913,042</u> (b)

**Source:** Annual Financial Statements, Balance Sheet

**Notes:** (a) Beginning in FY 2011, the fund balance terminology changed to be consistent with GASB 54.

(b) 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 Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

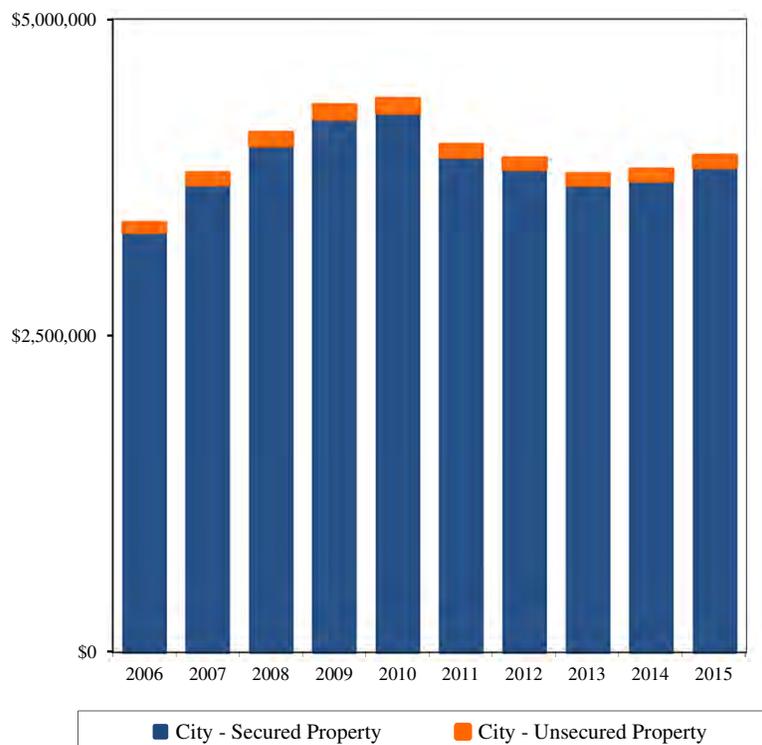
	Fiscal Year Ended September 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes and assessments	\$ 32,036,707	\$ 31,785,472	\$ 32,570,188	\$ 30,563,539	\$ 29,709,825	\$ 28,180,393	\$ 25,734,905	\$ 25,082,970	\$ 26,657,726	\$ 29,020,567
Licenses, permits and impact fees	1,112,422	1,261,237	1,445,312	1,325,167	1,170,064	1,253,122	1,408,270	1,637,462	1,688,855	1,854,802
Fines and penalties	402,541	433,901	361,952	382,900	383,089	286,358	220,874	180,281	227,584	137,227
Use of money and property	1,929,969	2,415,501	1,937,829	1,059,215	557,718	492,449	357,657	404,113	454,098	530,480
Intergovernmental revenue	10,460,274	15,790,771	19,292,649	11,974,370	10,996,144	11,651,283	15,033,903	16,811,291	14,473,970	9,332,071
Charges for current services	4,044,350	5,829,360	5,615,762	5,067,168	4,976,556	5,147,534	5,051,213	5,893,069	6,292,435	7,466,703
Developer reimbursements	7,426,659	732,919	2,580,826	30,941	-	-	-	-	-	-
Other revenue	2,062,356	2,075,704	2,237,448	2,182,881	1,929,524	2,130,484	1,755,759	1,550,338	1,202,620	1,596,005
<b>Total Revenue</b>	<b>59,475,278</b>	<b>60,324,865</b>	<b>66,041,966</b>	<b>52,586,181</b>	<b>49,722,920</b>	<b>49,141,623</b>	<b>49,562,581</b>	<b>51,559,524</b>	<b>50,997,288</b>	<b>49,937,855</b>
<b>Expenditures</b>										
Current:										
General government	8,890,409	12,598,776	10,918,158	12,216,507	9,826,621	8,222,642	7,565,370	9,402,890	6,093,653	5,660,979
Public safety	13,277,804	13,383,756	14,125,964	14,789,345	15,577,803	16,468,321	15,123,953	14,194,122	14,317,848	25,663,718
Public works	2,833,915	4,742,243	3,794,015	3,648,098	3,171,455	2,882,613	2,409,224	3,972,248	4,417,842	5,179,667
Parks and recreation	3,161,633	4,667,947	5,230,867	5,184,210	5,191,671	5,238,389	4,605,557	4,483,569	4,489,461	4,567,629
Streets	2,225,305	3,374,526	2,940,159	4,444,314	2,786,239	3,022,175	2,516,402	2,195,186	1,945,606	2,018,563
Educational Revenue Augmentation										
Fund payment	194,097	-	-	-	-	-	-	-	-	-
Capital outlay	13,498,959	7,657,475	16,023,917	6,540,643	7,251,753	7,320,801	11,563,673	9,506,212	17,175,575	7,463,555
Debt service:										
Principal repayment	2,658,215	1,903,597	2,403,354	2,668,163	2,750,429	2,836,183	3,121,026	1,368,062	1,806,804	2,073,744
Interest and fiscal charges	6,350,448	6,964,860	5,545,854	5,784,474	5,630,493	5,623,197	4,031,469	1,511,379	1,172,645	1,466,551
Debt Issuance Costs	-	-	-	-	-	-	-	-	102,256	178,427
Payment of financial guarantee	-	-	-	-	-	-	-	-	831,398	2,541,000
<b>Total Expenditures</b>	<b>53,090,785</b>	<b>55,293,180</b>	<b>60,982,288</b>	<b>55,275,754</b>	<b>52,186,464</b>	<b>51,614,321</b>	<b>50,936,674</b>	<b>46,633,668</b>	<b>52,353,088</b>	<b>56,813,833</b>
Excess (deficiency) of revenues over (under) expenditures	6,384,493	5,031,685	5,059,678	(2,689,573)	(2,463,544)	(2,472,698)	(1,374,093)	4,925,856	(1,355,800)	(6,875,978)
<b>Other Financing Sources (Uses)</b>										
Proceeds from sale of properties	-	-	-	15,784	12,389	2,313	24,974	8,354	3,065	17,076
Payment to refunded debt escrow agent	(22,860,000)	(19,107,394)	-	-	-	-	-	-	-	-
Issuance of long term debt	23,542,993	22,809,094	-	363,548	-	-	5,765,000	-	4,480,072	12,610,051
Bond issuance premium/(discount)	662,675	-	-	-	-	-	-	-	-	(218,182)
Transfers in	7,264,406	7,302,069	9,808,155	8,403,762	7,680,662	6,752,213	11,414,438	7,002,829	10,171,322	7,848,818
Transfers out	(8,870,457)	(9,201,670)	(11,820,966)	(10,200,064)	(9,504,711)	(8,407,135)	(13,525,878)	(9,268,478)	(11,954,190)	(9,228,902)
<b>Total Other Financing Sources (Uses)</b>	<b>(260,383)</b>	<b>1,802,099</b>	<b>(2,012,811)</b>	<b>(1,416,970)</b>	<b>(1,811,660)</b>	<b>(1,652,609)</b>	<b>3,678,534</b>	<b>(2,257,295)</b>	<b>2,700,269</b>	<b>11,028,861</b>
<b>Net Change in Fund Balances Before Extraordinary and Special Items</b>	<b>6,124,110</b>	<b>6,833,784</b>	<b>3,046,867</b>	<b>(4,106,543)</b>	<b>(4,275,204)</b>	<b>(4,125,307)</b>	<b>2,304,441</b>	<b>2,668,561</b>	<b>1,344,469</b>	<b>4,152,883</b>
<b>Extraordinary Items</b>										
Assets transferred to Housing Successor	-	-	-	-	-	-	564	-	-	-
Assets transferred to/liabilities assumed by Successor Agency	-	-	-	-	-	-	(12,488,595)	-	-	-
<b>Special Items</b>										
RDA Asset Transfer Review	-	-	-	-	-	-	-	-	(37,500)	-
Advances due from the RDA Successor Agency	-	-	-	-	-	-	-	-	5,289,178	-
<b>Net Change in Fund Balance</b>	<b>\$ 6,124,110</b>	<b>\$ 6,833,784</b>	<b>\$ 3,046,867</b>	<b>\$ (4,106,543)</b>	<b>\$ (4,275,204)</b>	<b>\$ (4,125,307)</b>	<b>\$ (10,183,590)</b>	<b>\$ 2,668,561</b>	<b>\$ 6,596,147</b>	<b>\$ 4,152,883</b>
Debt Service as a percentage of non-capital expenditures	19.4%	17.5%	16.1%	17.7%	18.7%	19.0%	18.3%	7.9%	8.3%	7.1%

**Source:** Annual Basic Financial Statements, Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balances

**Note:** Governmental Funds exclude Enterprise funds (Transit, Airport, Parking Garage, and Parking Management) that are classified as Proprietary Funds.

## CITY OF SOUTH LAKE TAHOE

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



Fiscal Year	Assessed Value		Total Assessed Value	Less: Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (2)
	Secured Property	Unsecured Property				
2006	\$ 3,315,576	\$ 77,254	\$ 3,392,830	\$ 17,565	\$ 3,375,265	1.0219
2007	3,691,716	92,580	3,784,296	17,072	3,767,223	1.0199
2008	3,996,923	101,777	4,098,700	16,610	4,082,090	1.0190
2009	4,208,747	109,967	4,318,713	16,277	4,302,437	1.0194
2010	4,256,563	113,697	4,370,259	15,974	4,354,285	1.0452
2011	3,909,772	98,317	4,008,089	15,809	3,992,280	1.0522
2012	3,814,276	88,802	3,903,078	15,687	3,887,391	1.0542
2013	3,686,470	88,299	3,774,769	15,501	3,759,268	1.0684
2014	3,719,613	94,426	3,814,040	15,186	3,798,854	1.0690
2015	3,826,850	93,750	3,920,601	15,110	3,905,491	1.0667

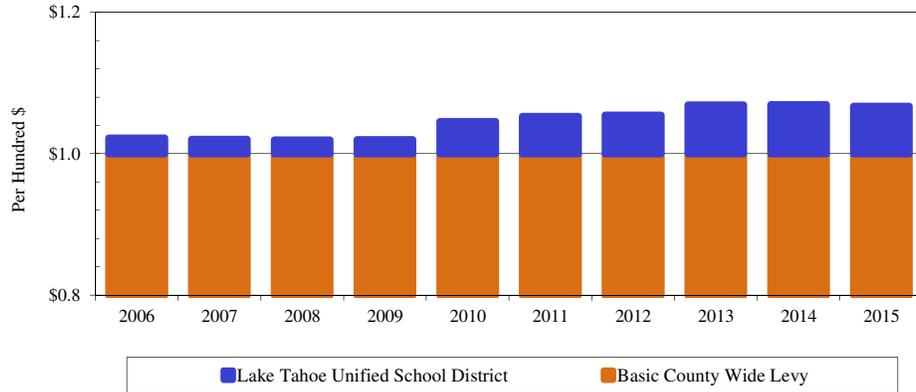
**Source:** El Dorado County Auditor Controller Office

**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.

**CITY OF SOUTH LAKE TAHOE**

**Property Tax Rates  
All Overlapping Governments  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)**

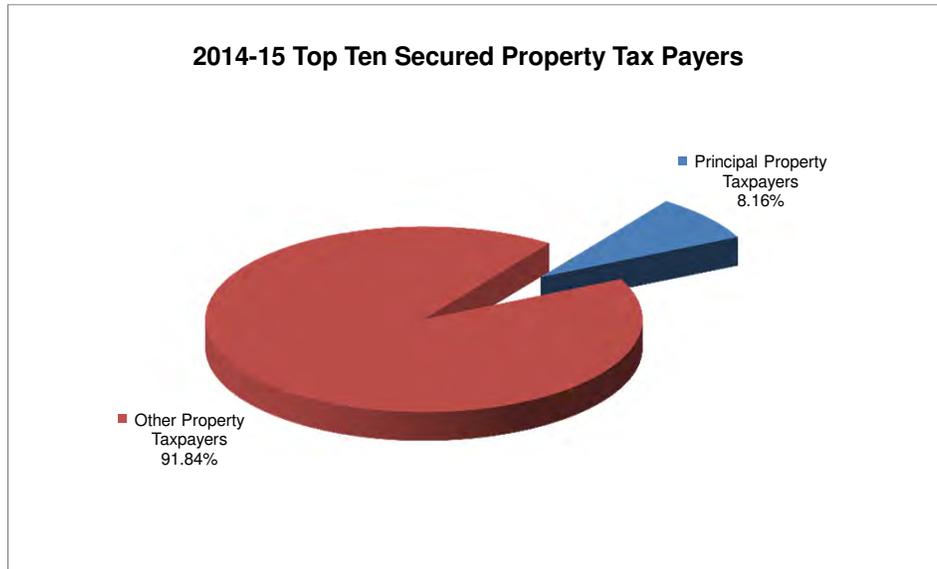


<b>Fiscal Year</b>	<b>Basic County Wide Levy</b>	<b>Lake Tahoe Unified School District</b>	<b>Total Direct Rate</b>
2006	1.0000	0.0219	1.0219
2007	1.0000	0.0199	1.0199
2008	1.0000	0.0190	1.0190
2009	1.0000	0.0194	1.0194
2010	1.0000	0.0452	1.0452
2011	1.0000	0.0522	1.0522
2012	1.0000	0.0542	1.0542
2013	1.0000	0.0684	1.0684
2014	1.0000	0.0690	1.0690
2015	1.0000	0.0667	1.0667

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

**Note:** 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.

**CITY OF SOUTH LAKE TAHOE**  
**Principal Secured Property Tax Payers**  
**Current Year and Nine Years Ago**

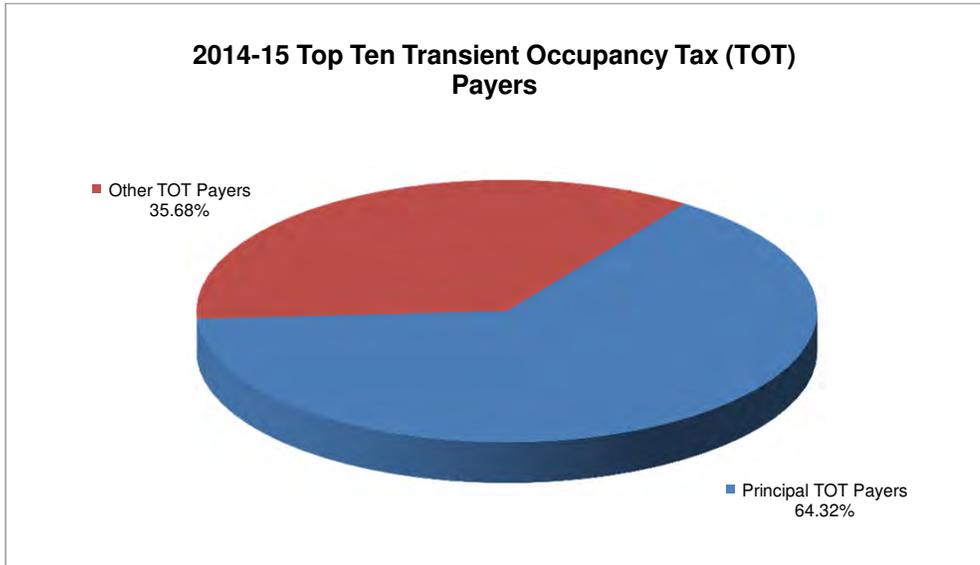


Tax Payer	Land Use	2014-15			2005-06		
		Taxable Assessed Value	Rank	% of Total Secured Assessed Value <sup>2</sup>	Taxable Assessed Value	Rank	% of Total Secured Assessed Value <sup>1</sup>
First American Trust FSB	Timeshare Properties	\$ 60,495,836	1	1.58%			
Roppongi-Tahoe LP	Hotel	53,421,465	2	1.40%	\$ 45,831,551	3	1.38%
Tahoe Stateline Venture	Commercial	40,245,952	3	1.05%			
Heavenly Valley LP / Heavenly Resort Properties	Ski Resort	34,859,828	4	0.91%	49,685,984	2	1.50%
Trans-Sierra Investments	Commercial	27,035,547	5	0.71%	35,803,181	4	1.08%
Tahoe Crescent LP	Commercial	24,230,587	6	0.63%	19,144,871	6	0.58%
Marriott Ownership Resorts	Timeshare Properties	19,429,698	7	0.51%	55,000,654	1	1.66%
South Tahoe Refuse Co. Inc.	Industrial	18,864,077	8	0.49%			
Tahoe Verde Partnership	Mobile Home Park	17,336,430	9	0.45%			
Seven Springs LP	Commercial	16,333,108	10	0.43%	14,363,939	8	0.43%
Robert M. and Lisa Maloff	Hotel				13,549,438	10	0.41%
Lake Tahoe Resort Partners	Resort / Timeshare				26,127,455	5	0.79%
Sierra Shores Inc.	Resort / Timeshare				17,022,274	7	0.51%
Stardust Vacation Club	Timeshare Properties				13,858,430	9	0.42%
<b>Total</b>		<b>\$ 312,252,528</b>		<b>8.16%</b>	<b>\$ 290,387,777</b>		<b>8.76%</b>

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

**Notes:** 1. 2005-06 Local Secured Assessed Valuation : \$3,315,375,912.  
2. 2014-15 Local Secured Assessed Valuation : \$3,826,850,451.

**CITY OF SOUTH LAKE TAHOE**  
**Principal Transient Occupancy Tax (TOT) Payers**  
**Current Year**

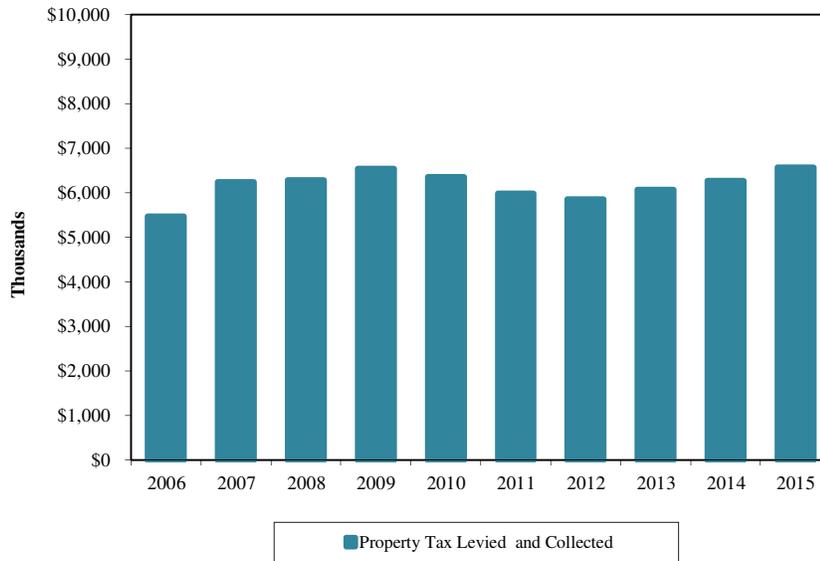


TOT Payer	Type	Effective TOT Rate <sup>(1)</sup>	2014-15		
			Taxable Rents	Rank	% of Total Taxable Rents <sup>(2)</sup>
Lake Tahoe Resort Hotel	Hotel	12%	\$ 11,466,222	1	14.79%
Marriott's Timber Lodge	Hotel	12%	8,747,609	2	11.29%
Marriott's Grand Residence Club	Hotel	12%	6,822,817	3	8.80%
Beach Retreat & Lodge at Tahoe	Hotel	10%	5,098,438	4	6.58%
The Landing Resort and Spa	Hotel	10%	4,360,611	5	5.63%
Forest Suites Resort	Hotel	10%	3,175,876	6	4.10%
Diamond Resorts Management Inc.	Agent	12%	3,269,015	7	4.22%
Holiday Inn Express - South Lake Tahoe	Hotel	10%	2,475,301	8	3.19%
Best Western Station House Inn	Motel	10%	2,378,207	9	3.07%
Inn by the Lake	Motel	10%	2,066,177	10	2.67%
<b>Total</b>			<u>\$ 49,860,273</u>		<u>64.32%</u>

**Source:** City of South Lake Tahoe Revenue Division

- Notes:**
1. The City TOT rate is 10% except specific redevelopment properties where the rate is 12% .
  2. 2014-15 Total Taxable Rents: \$77,515,061
  3. The Administrative Services Department began collecting data for this schedule in fiscal year 2014-15.

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



<u>Fiscal Year</u>	<u>Secured Property Tax Levied and Collected</u>	<u>Unsecured Property Tax Levied and Collected</u>	<u>Total Property Tax Levied and Collected</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
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%
2010	6,220,185	127,618	6,347,803	100%
2011	5,865,545	117,354	5,982,899	100%
2012	5,775,084	70,107	5,845,191	100%
2013	5,933,772	121,722	6,055,494	100%
2014	6,135,394	131,762	6,267,156	100%
2015	6,444,127	119,864	6,563,991	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.

**CITY OF SOUTH LAKE TAHOE**  
**Ratios of Outstanding Debt by Type**  
**Last Ten 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	Taxable Pension Obligation Bonds	Certificates of Participation	Lease Purchase Financing	Loans	Lease Revenue Bonds	Parking Revenue Bonds	Lease Purchase Financing	Loans			
2006	\$ 93,415,000	\$ 18,630,000	\$ 482,918	-	-	\$ 283,333	\$ 2,209,938	\$ 137,082	\$ 8,850,000	-	\$ 946,626	\$ 124,954,897	\$ 5,537	22.85%
2007	112,310,000	-	311,559	-	-	2,194,998	2,058,746	88,440	8,660,000	-	834,299	126,458,042	5,604	23.12%
2008	110,390,000	-	190,830	-	-	1,987,597	1,903,522	54,170	8,455,000	-	715,553	123,696,672	5,622	23.09%
2009	108,215,000	-	62,312	-	-	2,145,862	1,744,159	17,687	8,245,000	-	590,390	121,020,410	5,157	23.54%
2010	105,940,000	-	31,157	-	-	1,865,203	1,580,546	8,842	8,030,000	-	458,808	117,914,556	5,423	25.48%
2011	103,570,000	-	-	-	-	1,598,152	1,412,570	-	7,795,000	-	444,140	114,819,862	5,338	24.55%
2012	18,150,000	-	-	-	\$ 5,765,000	1,119,497	1,897,576	-	7,540,000	-	294,332	34,766,405	1,628	7.13%
2013	17,180,000	-	-	-	5,765,000	858,207	1,705,361	-	7,270,000	\$ 175,282	137,858	33,091,708	1,549	6.75%
2014	16,170,000	-	-	-	5,645,000	4,884,331	1,482,505	-	7,735,000	133,831	106,418	36,157,085	1,677	7.31%
2015	15,115,000	-	-	\$ 11,905,000	5,525,000	4,919,583	1,253,560	-	7,530,000	85,864	100,253	46,434,260	2,136	9.31%

Source: City of South Lake Tahoe

**CITY OF SOUTH LAKE TAHOE**  
**Computation of Direct and Overlapping Debt**  
**September 30, 2015**

2014-2015 Assessed Valuation: \$3,920,600,581

	<u>Total Debt</u>	<u>Percentage Applicable (1)</u>	<u>City's Share of Debt</u>
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Lake Tahoe Community College District	\$19,000,000	64.588%	\$12,271,720
Lake Tahoe Unified School District	76,103,230	64.588%	49,153,554
South Lake Tahoe Recreational Facilities Community Facilities District No. 2000-1	3,836,349	64.588%	2,477,821
South Tahoe Redevelopment Agency Community Facilities District No. 2001-1	6,160,000	100.00%	<u>6,160,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			70,063,095
<b><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u></b>	75,750,000	100.00%	<u>75,750,000</u>
TOTAL OVERLAPPING DEBT			145,813,095
<b><u>CITY DIRECT DEBT</u></b>	<b>\$38,718,143</b>	<b>100.00%</b>	<b>38,718,143</b>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$184,531,238</u></u>

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Ratios to 2014-2015 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.79%
<b>Total Direct Debt</b>	<b>0.99%</b>
Total Direct and Overlapping Debt	4.71%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$391,781,882):

Total Overlapping Tax Increment Debt	19.33%
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**Source:** California Municipal Statistics, Inc.

**Note:** Information is as of 09/30/2015

**CITY OF SOUTH LAKE TAHOE**  
**Computation of Legal Bonded Debt Margin**  
**September 30, 2015**  
**(amounts expressed in thousands)**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$3,811,740
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$142,940
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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	\$142,940
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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
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%
2010	159,022	0	159,022	0.00%
2011	146,024	0	146,024	0.00%
2012	142,447	0	142,447	0.00%
2013	137,661	0	137,661	0.00%
2014	138,916	0	138,916	0.00%
2015	142,940	0	142,940	0.00%

**Source:** City of South Lake Tahoe Administrative Services 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.

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

<b>S.T. Joint Powers Financing Authority</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>Pledged Revenues:</b>										
Transient Occupancy Tax Revenues	\$ 4,867,097	\$ 4,726,553	\$ 5,081,618	\$ 4,161,797	\$ 3,916,351	\$ 4,038,845	\$ 4,085,666	\$ 4,402,214	\$ 4,165,430	\$ 4,390,000
Property Tax Increment Revenues	4,021,005	4,506,107	5,069,995	5,716,035	5,590,117	4,139,953	4,989,888	2,411,606	4,282,119	3,345,028
Total Revenue	8,888,102	9,232,660	10,151,613	9,877,832	9,506,468	8,178,798	9,075,554	6,813,820	8,447,549	7,735,028
<b>Bond Year Debt Service - Parity Bonds:</b>										
1999 Series A <sup>1</sup>	554,261	555,236	555,896	556,218	556,178	550,925	557,678	561,428	559,544	-
2003 Series A <sup>1</sup>	608,155	612,380	606,493	610,485	614,215	617,685	620,136	618,156	621,130	-
2004 Series A <sup>1,2</sup>	-	299,682	747,616	743,566	743,541	742,916	748,566	746,392	748,778	-
2005 Series A <sup>3</sup>	1,618,629	1,890,000	2,675,375	2,679,000	2,675,500	2,674,875	2,692,500	2,696,250	2,697,250	2,700,500
2007 Series A	-	-	587,927	1,160,279	1,162,379	1,159,179	1,167,678	1,164,478	1,166,078	1,165,078
2014 Series A	-	-	-	-	-	-	-	-	-	1,692,129
Total Debt Service - Parity Bonds	2,781,045	3,357,298	5,173,307	5,749,548	5,751,813	5,745,580	5,786,558	5,786,704	5,792,780	5,557,707
<b>Debt Service Coverage - Parity Bonds</b>	<b>320%</b>	<b>275%</b>	<b>196%</b>	<b>172%</b>	<b>165%</b>	<b>135%</b>	<b>157%</b>	<b>118%</b>	<b>146%</b>	<b>139%</b>
Pledged Revenue after Parity Debt	6,107,057	5,875,362	4,978,306	4,128,284	3,754,658	2,023,610	3,288,996	1,027,116	2,654,769	2,177,321
<b>Bond Year Debt Service - Subordinate Bonds:</b>										
1995 Lease Bonds	1,920,920	-	-	-	-	-	-	-	-	-
2003 Series B Notes	1,064,104	871,126	-	-	-	-	-	-	-	-
2006 Lease Bonds	-	1,693,618	1,809,931	1,808,994	1,811,838	1,814,507	1,824,506	1,825,706	1,830,306	1,828,106
Total Debt Service - Subordinate Bonds	2,985,024	2,564,744	1,809,931	1,808,994	1,811,838	1,814,507	1,824,506	1,825,706	1,830,306	1,828,106
<b>Debt Service Coverage - Subordinate Bonds</b>	<b>205%</b>	<b>229%</b>	<b>275%</b>	<b>228%</b>	<b>207%</b>	<b>112%</b>	<b>180%</b>	<b>56%</b>	<b>145%</b>	<b>119%</b>
<b>S.T. Joint Powers Parking Financing Authority</b>										
Operating Revenue	\$ 942,817	\$ 824,348	\$ 947,408	\$ 1,313,350	\$ 1,122,451	\$ 1,096,054	\$ 733,105	\$ 800,606	\$ 978,390	\$ 1,007,811
Operating Expense	644,166	649,740	194,508	667,860	427,968	338,789	239,500	268,200	513,442	168,558
Net Operating Revenue	298,651	174,608	752,900	645,490	694,483	757,265	493,605	532,406	464,948	839,253
Bond Year Debt Service	802,500	802,500	802,500	802,500	802,500	802,500	802,500	802,500	569,550	569,550
Surplus Special Tax Revenue	190,000	240,000	330,000	330,000	330,000	330,000	330,000	271,177	330,000	330,000
Surplus Special Tax Coverage Requirement	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
Net Surplus Special Tax Revenue	172,727	218,182	300,000	300,000	300,000	300,000	300,000	246,525	300,000	300,000
Net Maximum Annual Debt Service	629,773	584,318	502,500	502,500	502,500	502,500	502,500	555,975	269,550	269,550
<b>Debt Service Coverage</b>	<b>47%</b>	<b>30%</b>	<b>150%</b>	<b>128%</b>	<b>138%</b>	<b>151%</b>	<b>98%</b>	<b>96%</b>	<b>172%</b>	<b>311%</b>

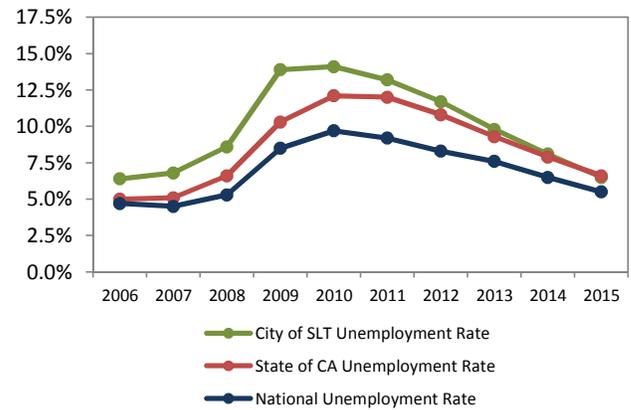
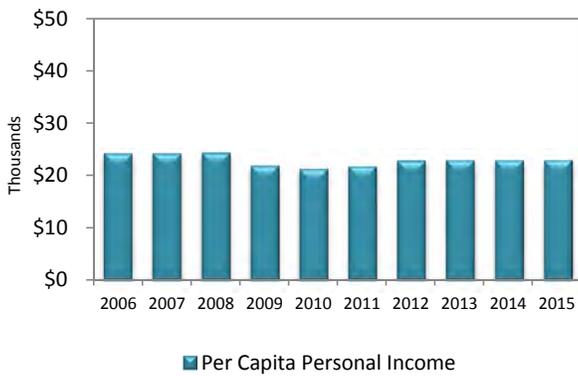
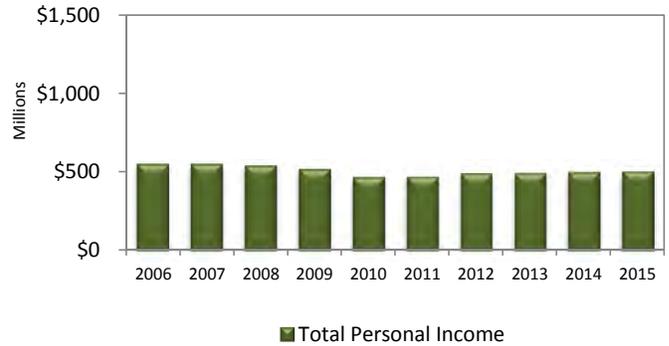
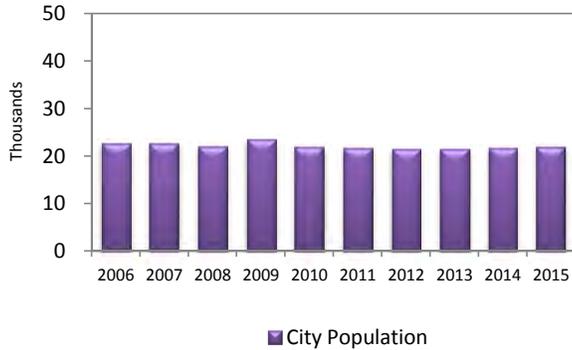
<sup>1</sup> - Refunded by 2014 Series A Bonds.

<sup>2</sup> - Bond debt service was 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 in 2005-06.

Source: City of South Lake Tahoe Administrative Services Department.

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



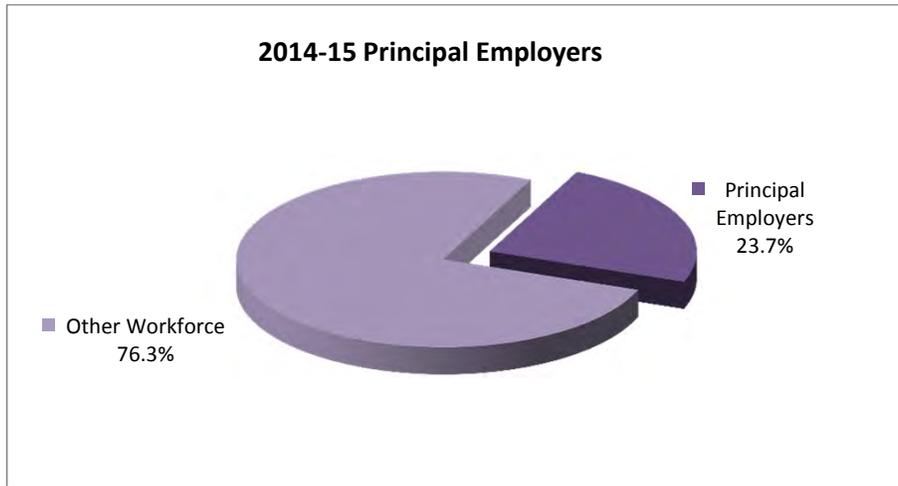
Fiscal Year Ended September 30,	City Population (a)	Total Personal Income (b)	Per Capita Personal Income (a)	City of SLT Unemployment Rate (c)	State of CA Unemployment Rate (c)	National Unemployment Rate (c)
2006	22,566	\$ 546,932,142	\$ 24,237 (c)	6.4%	5.0%	4.7%
2007	22,566	546,932,142	24,237 (c)	6.8%	5.1%	4.5%
2008	22,003	535,685,038	24,346 (c)	8.6%	6.6%	5.3%
2009	23,467	514,091,569	21,907 (c)	13.9%	10.3%	8.5%
2010	21,745	462,755,345	21,281 (c)	14.1%	12.1%	9.7%
2011	21,510	467,777,970	21,747 (c)	13.2%	12.0%	9.2%
2012	21,359	487,412,380	22,820 (c)	11.7%	10.8%	8.3%
2013	21,362	490,151,090	22,945 (c)	9.8%	9.3%	7.6%
2014	21,555	494,579,475	22,945 (c)	8.1%	7.9%	6.5%
2015	21,738	498,778,410	22,945 (c)	6.5%	6.6%	5.5%

**Sources:** California State Department of Finance  
California Employment Development Department  
U.S. Census Bureau, American FactFinder

**Notes:** (a) Based on 3-Year Annual American Community Survey Estimates. Data in years beyond those available from Surveys reflects the closest year available. The population data in the last two years is according to the latest data from the California Department of Finance.  
(b) Calculated by multiplying City Population by Per Capita Personal Income.  
(c) Averaged over 12-fiscal-month period. Not seasonally adjusted. In 2015 the California Employment Development Department has revised the last 5 years of unemployment data for South Lake Tahoe due to new census ratios. According to EDD, new ratios better represent the current economic situation.

**CITY OF SOUTH LAKE TAHOE**

**Principal Employers  
Current Year and Eight Years Ago**

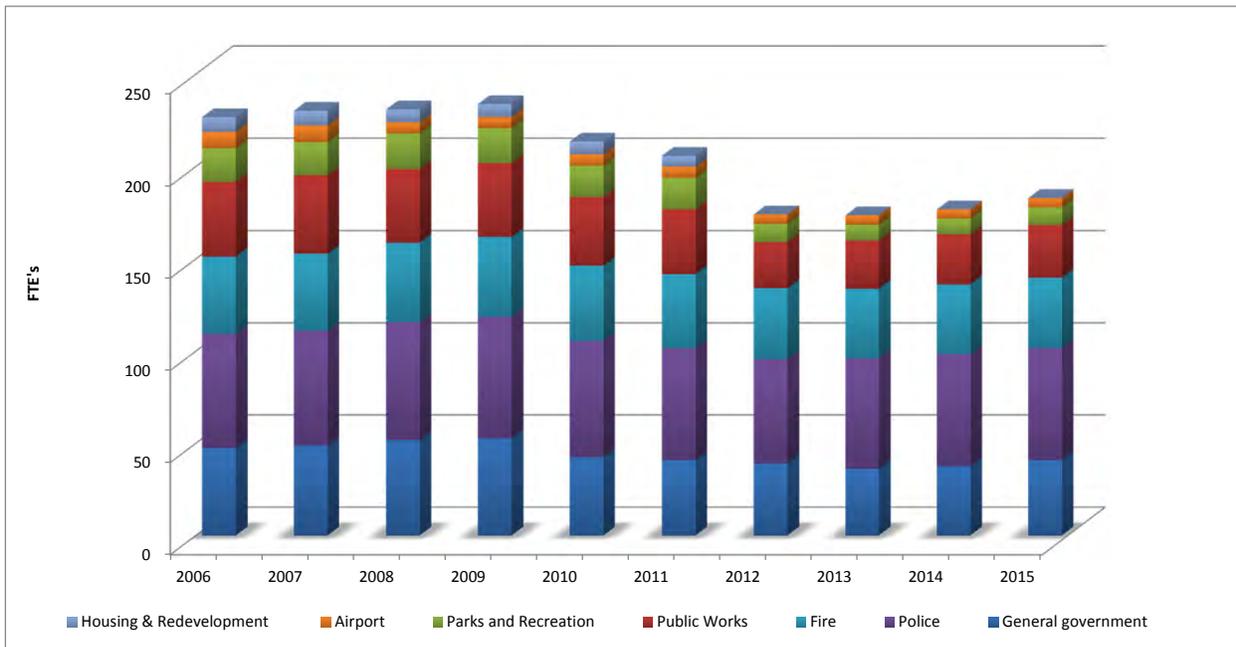


Employer	Product/Service	2014-15			2006-07		
		Number of Employees	Rank	Percentage of Total City Workforce	Number of Employees	Rank	Percentage of Total City Workforce
Barton Memorial Hospital	Health Services	713	1	6.1%	909	1	5.7%
Lake Tahoe Unified School District	Education	402	2	3.4%	458	2	2.9%
Heavenly Mountain Resort	Ski Industry	389	3	3.3%	157	9	1.0%
El Dorado County	Government	237	4	2.0%	225	7	1.4%
<b>City of South Lake Tahoe</b>	<b>Government</b>	<b>199</b>	<b>5</b>	<b>1.7%</b>	<b>208</b>	<b>8</b>	<b>1.3%</b>
Marriott Corporation	Lodging	196	6	1.7%	320	3	2.0%
Lake Tahoe Community College	Education	180	7	1.5%	260	4	1.6%
United States Forest Service	Government	159	8	1.4%	245	5	1.5%
Lake Tahoe Resort Hotel	Lodging	154	9	1.3%	-	-	-
Raley's Supermarket	Food/Drug	152	10	1.3%	227	6	1.4%
South Tahoe Public Utility District	Utilities	-	-	-	113	10	0.7%
Subtotal		<u>2,781</u>		<u>23.7%</u>	<u>3,122</u>		<u>19.5%</u>
<b>Total Workforce</b>		<b>11,762</b>			<b>15,874</b>		

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

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

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



	<b>Fiscal Year Ended September 30,</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Function</b>										
General government	47.40	48.90	51.75	52.75	42.48	40.75	39.00	36.25	37.58	40.75
Public Works	40.43	42.43	39.93	39.93	36.93	34.93	24.93	25.93	26.92	28.42
Police	62.00	62.00	64.00	66.00	63.00	61.00	56.50	59.70	60.60	61.05
Fire	41.80	41.80	43.00	43.00	41.00	40.00	38.50	37.90	38.00	38.00
Parks and Recreation	18.07	18.07	19.07	19.07	17.07	17.07	10.07	8.74	8.58	9.58
Airport	9.00	9.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
Housing & Redevelopment	8.00	8.00	7.00	7.00	7.00	6.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>226.70</b>	<b>230.20</b>	<b>230.75</b>	<b>233.75</b>	<b>213.48</b>	<b>205.75</b>	<b>174.00</b>	<b>173.52</b>	<b>176.68</b>	<b>182.80</b>

Source: City of South Lake Tahoe Administrative Services Department

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police:</b>										
Police calls for Service	22,994	24,261	23,438	21,213	20,730	21,324	23,916	21,093	22,744	24,848
Law violations:										
Homicide	0	1	1	0	0	1	1	3	0	1
Forcible Rape	15	10	8	13	14	5	10	8	14	5
Robbery	21	23	31	30	26	22	27	16	21	19
Aggravated Assaults	112	125	111	100	124	102	111	89	77	41
Violent Crimes, Total	559	602	514	471	469	130	149	116	112	66
Burglary	236	238	260	169	172	153	152	171	147	105
Larceny	389	316	275	237	190	260	360	368	332	404
Motor Vehicle Theft	74	53	37	16	17	15	32	46	37	39
Property Crimes, Total	699	607	572	422	379	428	544	585	516	548
Total Arrests, including citations and juvenile	2,355	1,761	1,934	2,037	1,413	1,517	1,300	1,220	1,455	1,157
<b>Community Development:</b>										
Street reconstruction (travel lane miles)	N/A	2.94	2.74	1.42	2.30	0.00	10.20	0.00	0.00	0.00
Paving/Patching performed in-house (square feet)	N/A	196,815	153,813	N/A	82,524	N/A	N/A	N/A	57,965	48,119
<b>Community Recreation: <sup>(2)</sup></b>										
Recreation Complex participants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	32,352	27,695
Swimming Pool	N/A	N/A	N/A	N/A	N/A	N/A	26,566	23,895	N/A	N/A
Campground	N/A	N/A	N/A	N/A	N/A	N/A	49,200	47,040	46,484	50,464
Golf Course	N/A	N/A	N/A	N/A	N/A	N/A	12,735	13,918	11,546	12,288
<b>Fire:</b>										
Number of incidents related to:										
Fires	117	113	89	94	64	66	105	91	102	76
Hazardous Conditions/ Hazardous Material	113	94	138	98	128	109	96	85	115	83
Rescue, Medical Aid	1,973	1,987	2,082	2,004	2,020	2,246	2,064	2,306	2,182	2,277
Number of calls related to:										
Citizen Assistance	166	169	171	173	194	225	208	217	207	238
Good Intent	359	324	281	343	323	323	325	349	400	534
False Calls	155	204	210	174	168	192	193	205	193	209
Weather Related	4	0	9	2	4	7	1	0	2	0

**Source:** City of South Lake Tahoe

**Notes:** 1. N/A denotes information not available

2. This section's data and calculation approach has been revised starting FY 2011-12

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police:</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles, Total	37	37	37	37	37	35	38	36	40	43
Patrol units	N/A	18	18	18	18	17	19	18	18	19
<b>Fire:</b>										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire vehicles, Total	12	12	14	16	16	16	16	15	17	11
Fire apparatus <sup>(1)</sup>	8	8	8	10	10	10	9	8	10	7
JPA Ambulances <sup>(2)</sup>	2	3	3	3	3	3	3	3	3	3
<b>Community Recreation:</b>										
Community services:										
Athletic Fields	7	7	7	7	7	7	7	7	7	
Parks	1	1	1	1	1	1	1	1	1	1
Ice Arena	1	1	1	1	1	1	1	1	1	1
Skate Park	1	1	1	1	1	1	1	1	1	1
Park Acerage	35	35	35	35	35	35	35	35	35	35
Golf Courses	1	1	1	1	1	1	1	1	1	1
Public Swimming Pools	1	1	1	1	1	1	1	1	1	1
Bike Trails	5	7	7	7	7	7	7	7	7	7
Public Beaches	3	3	3	3	3	3	3	3	3	3
Recreation Center	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
<b>Airport:</b>										
Runway length in feet	8,544	8,544	8,541	8,541	8,541	8,541	8,541	8,541	8,541	8,541
Aircraft Operations	21,268	28,035	22,333	23,224	23,181	22,925	23,075	28,750	30,676	32,176
Air Carriers:										
Major	0	0	0	0	0	0	0	0	0	0
Commuters	0	0	0	0	0	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.

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CITY OF  
SOUTH LAKE  
**TAHOE**  
CALIFORNIA