

CITY OF SOUTH LAKE TAHOE

\$5,765,000

2012 CERTIFICATES OF PARTICIPATION (ROAD IMPROVEMENT PROJECTS)

El Dorado County, California

Dated: July 24, 2012

Base CUSIP⁺: 838661



2020 ANNUAL CONTINUING DISCLOSURE INFORMATION STATEMENT

As of May 19, 2021



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* In its role as Disclosure Consultant and Dissemination Agent, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

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I. INTRODUCTION

The City of South Lake Tahoe (the “City”) issued 2012 Certificates of Participation (Road Improvement Projects) (the “Certificates”) in the principal amount of \$5,765,000. The proceeds from the sale of the Certificates were used to finance street and other improvements within the City.

The City is located in El Dorado County (the “County”), on the South Shore of America’s largest alpine lake. The City extends about five miles west-southwest along U.S. Route 50, also known as Lake Tahoe Boulevard. The County reaches to the west within 25 miles of Sacramento, California. 150 miles west of the County is San Francisco, while 400 miles south is Los Angeles. Placerville is located 44 miles east of Sacramento. The City, sixty miles east of Placerville, is the hub of the Tahoe recreation area.

The Certificates represent a direct, undivided fractional interest of the Owners thereof in the Lease Payments (which include principal and interest components) to be made by the City for the right to the use of certain real property and improvements thereon (the “Leased Property”) within the City pursuant to that certain Lease Agreement, dated as of July 1, 2012 (the “Lease Agreement”). The City has covenanted in the Lease Agreement to make the Lease Payments for the Leased Property as provided for therein, to include all such Lease Payments in each of its budgets and to make the necessary annual appropriations for all such Lease Payments. However, the Certificates and the obligation of the City to make Lease Payments do not constitute an obligation for which the City is obligated to levy or pledge any form of taxation. Neither the Certificates nor the obligation of the City to make Lease Payments constitutes an indebtedness of the City, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement (the “Report”) is being provided pursuant to a covenant made by the City for the benefit of the holders of the Certificates and includes the information specified in a Continuing Disclosure Certificate. For further information and a more complete description of the City and the Certificates, reference is made to the Official Statement dated July 12, 2012.

The information set forth herein has been furnished by the City and by other sources, which is believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Report that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Report will not, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described herein.

THIS REPORT IS OF A FACTUAL NATURE WITHOUT SUBJECTIVE ASSUMPTIONS, OPINIONS, OR VIEWS AND MAY NOT BE RELIED UPON AS ADVICE OR RECOMMENDATION TO PURCHASE OR SELL ANY PRODUCT OR UTILIZE ANY PARTICULAR STRATEGY RELATING TO THE ISSUANCE OF MUNICIPAL SECURITIES OR PURCHASE OF FINANCIAL PRODUCTS. IN PROVIDING THIS REPORT, WILLDAN FINANCIAL SERVICES AND ITS EMPLOYEES (COLLECTIVELY "WILLDAN") DO NOT RECOMMEND ANY ACTIONS AND ARE NOT ACTING AS AN ADVISOR TO ANY MUNICIPAL ENTITY, BOARD, OFFICER, AGENT, EMPLOYEE OR OBLIGATED PERSON PURSUANT TO SECTION 15B OF THE EXCHANGE ACT UNLESS SPECIFICALLY AGREED TO IN A SEPARATE WRITING WITH THE RECIPIENT. PRIOR TO ACTING ON ANY INFORMATION OR MATERIAL CONTAINED IN THIS REPORT, YOU SHOULD DISCUSS IT WITH APPROPRIATE INTERNAL OR EXTERNAL ADVISORS AND EXPERTS AND ONLY RELY UPON THEIR ADVICE.

II. REFERENCE TO PREVIOUSLY FILED INFORMATION

For historical information, reference is made to the Reports previously filed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA").

III. CERTIFICATE INFORMATION

A. PRINCIPAL OUTSTANDING

Certificate Issue	As of March 31, 2021
2012 COP (Road Improvement Projects)	\$4,860,000

B. FUND INFORMATION

Fund	As of March 31, 2021
Reserve Balance	\$334,927
Reserve Requirement	\$334,925

IV. FINANCIAL INFORMATION

A. AUDITED FINANCIAL STATEMENTS

The audited financial statements for the City for the fiscal year ended September 30, 2020 have been separately filed on EMMA and are hereby incorporated by reference into this Report.

B. GENERAL FUND BALANCE SHEET

	Fiscal Year				
	2015/16	2016/17	2017/18	2018/19	2019/20
Assets					
Cash and Investments	\$20,514,502	\$22,009,349	\$24,695,057	\$17,636,497	\$20,471,033
Accounts Receivable – net	2,814,708	3,014,449	3,755,830	3,683,783	4,479,512
Interest Receivable	52,718	104,709	232,007	310,118	116,516
Due from Other Funds	214,821	358,371	156,412	288,753	63,840
Prepaid Items	144,703	184,911	138,389	121,406	137,094
Inventory	207,025	234,078	222,455	211,010	230,159
Land Held for Resale	800,000	3,957,647	1,000,000	1,000,000	1,225,000
Advances to RDA Successor Agency	4,638,627	4,638,627	4,638,627	4,638,627	4,638,627
Total Assets	\$29,387,104	\$34,502,141	\$34,838,777	\$27,890,194	\$31,361,781
Liabilities					
Accounts Payable	\$698,002	\$860,603	\$1,479,061	\$968,762	\$961,483
Accrued Expenditures	1,046,001	899,191	987,781	548,453	366,439
Deposits	1,068,379	1,344,297	1,449,002	1,403,299	1,385,122
Due to Developers	460,509	261,620	114,439	148,399	225,202
Total Liabilities	\$3,272,891	\$3,365,711	\$4,030,283	\$3,068,913	\$2,938,246
Fund Balances					
Nonspendable	\$5,790,355	\$9,015,263	\$5,999,471	\$5,971,043	\$6,230,880
Restricted	0	0	750,000	750,000	750,000
Assigned	305,689	199,173	448,767	607,125	350,876
Unassigned	20,018,169	21,921,994	23,610,256	17,493,113	21,091,779
Total Fund Balances	\$26,114,213	\$31,136,430	\$30,808,494	\$24,821,281	\$28,423,535
Total Liabilities and Fund Balances	\$29,387,104	\$34,502,141	\$34,838,777	\$27,890,194	\$31,361,781

C. GENERAL FUND REVENUES, EXPENDITURES AND BALANCES

The following table sets forth the City's General Operating Fund Revenues and Expenditures for the last five fiscal years.

	Fiscal Year				
	2015/16	2016/17	2017/18	2018/19	2019/20
Revenues					
Taxes and Assessments	\$32,363,006	\$34,029,206	\$36,288,798	\$37,011,629	\$33,662,711
Licenses, Permits and Impact Fees	1,575,213	1,607,311	1,718,645	1,786,359	1,728,392
Fines and Penalties	109,270	31,295	130,204	85,963	78,433
Use of Money and Property	285,753	359,202	542,840	777,230	442,873
Intergovernmental Revenue	2,304,195	2,178,724	2,355,954	2,475,758	3,385,405
Charges for Current Services	4,104,940	4,009,334	4,130,233	3,850,649	3,852,064
Other Revenue	378,324	234,278	285,999	1,609,464	404,246
Loss on Investment in Land Held for Resale	0	0	(2,157,647)	0	0
Total Revenues	\$41,120,701	\$42,449,350	\$43,295,026	\$47,597,052	\$43,554,124
Expenditures					
Current:					
General Government	\$6,176,652	\$6,967,874	\$10,910,495	\$9,335,325	\$9,428,305
Public Safety	12,879,028	14,042,563	15,571,856	18,199,843	18,315,577
Public Works	5,586,247	5,523,717	5,675,760	6,339,496	6,294,092
Parks and Recreation	1,625,167	1,780,597	1,751,749	1,913,163	1,531,608
Capital Outlay	199,894	354,224	236,414	75,475	702,997
Debt Service:					
Principal	21,772	47,300	0	0	0
Interest and Fiscal Charges	678	74	0	0	0
Total Expenditures	\$26,489,438	\$28,716,349	\$34,146,274	\$35,863,302	\$36,272,579
Excess (Deficiency) of Revenues over Expenditures	\$14,631,263	\$13,733,001	\$9,148,752	\$11,733,750	\$7,281,545
Other Financing Sources (Uses)					
Proceeds from Sale of Property	\$274,405	\$300,000	\$0	\$0	\$0
Transfers In	428,987	405,064	343,493	94,070	2,875,293
Transfers Out	(12,573,343)	(9,415,848)	(9,820,181)	(17,815,033)	(6,554,584)
Total Other Financing Sources (Uses)	(\$11,869,951)	(\$8,710,784)	(\$9,476,688)	(\$17,720,963)	(\$3,679,291)
Net Change in Fund Balances	\$2,761,312	\$5,022,217	(\$327,936)	(\$5,987,213)	\$3,602,254
Beginning Fund Balances	\$23,352,901	\$26,114,213	\$31,136,430	\$30,808,494	\$24,821,281
Ending Fund Balances	\$26,114,213	\$31,136,430	\$30,808,494	\$24,821,281	\$28,423,535

V. OPERATING INFORMATION

A. GENERAL FUND REVENUES BY TYPE

The following table sets forth the City's General Fund Revenues by Type.

	Fiscal Year Ended September 30,				
	2017	2018	2019	2020	2021 ⁽¹⁾
Property Tax ⁽²⁾	\$7,285,775	\$7,765,569	\$8,113,063	\$8,632,709	\$8,877,425
Transient Occupancy Tax ⁽³⁾	10,495,478	11,024,055	11,099,128	9,462,499	7,678,401
Sales Tax Revenue	5,205,933	5,695,794	5,671,451	5,460,037	5,232,000
Measure Q	2,758,339	3,130,878	3,151,668	2,915,365	2,598,000
Vehicle License Fees	1,912,392	2,038,137	2,176,433	2,284,263	2,280,000
Franchise Fees	1,472,670	1,553,605	1,589,655	1,593,143	1,475,000
Business License Fees	1,432,783	1,494,146	1,737,109	1,723,692	1,446,600
Parks and Recreation ⁽⁴⁾	1,339,760	1,373,381	1,237,441	380,845	925,900
Public Safety ⁽⁴⁾	1,337,277	1,452,592	2,753,784	2,024,099	2,403,346
Public Services ⁽⁴⁾	2,202,392	2,214,280	2,224,587	2,789,291	1,696,803
Transfers In ⁽⁵⁾	220,305	172,419	48,826	2,570,716	373,243
All Other Revenue	7,816,275	5,978,298	8,329,396	6,762,900	5,769,873
Total Revenues	\$43,479,379	\$43,893,154	\$48,132,541	\$46,599,559	\$40,756,591

(1) Budgeted.

(2) Does not include property tax attributable to property in the redevelopment area.

(3) Does not include Transient Occupancy Tax ("TOT") attributable to property in the redevelopment area; due to the statewide dissolution of redevelopment agencies, in the future such TOT will become general fund moneys. Does not include VHR audits.

(4) Includes transfers-in to these departments.

(5) Transfers In represents residual amounts not included in any of the following categories: Parks and Recreation, Public Safety, or Public Services.

B. ASSESSED VALUATION

The following table sets forth the total assessed valuations for the City.

Fiscal Year	Secured Value	Utility Value	Unsecured Value	Total Assessed Valuation	Percentage Change
2016/17	\$4,195,441,787	\$0	\$91,432,001	\$4,286,873,788	4.48%
2017/18	4,466,533,482	0	94,195,752	4,560,729,234	6.39%
2018/19	4,768,126,346	0	114,917,413	4,883,043,759	7.07%
2019/20	4,993,100,046	0	116,098,828	5,109,198,874	4.63%
2020/21	5,270,054,725	0	124,077,949	5,394,132,674	5.58%

Source: California Municipal Statistics, Inc.

C. SECURED TAX CHARGES AND DELINQUENCIES

The following table illustrates historical property tax delinquencies within the City.

Fiscal Year	Secured Tax Levy ⁽¹⁾	Amount Delinquent June 30	Percent Delinquent June 30
2014/15	\$40,321,679	\$691,350	1.71%
2015/16	43,908,455	606,575	1.38%
2016/17	45,689,821	627,323	1.37%
2017/18	47,698,530	696,975	1.46%
2018/19 ⁽²⁾	387,940,232	5,388,387	1.39%
2019/20 ⁽²⁾	407,458,462	5,645,137	1.39%

(1) All secured ad-valorem taxes collected by the County for the property located within the City except for El Dorado Irrigation District ad-valorem tax for land only property.

(2) El Dorado County can no longer provide the Tax Delinquency Report needed for this table. 2018/19 data is the County-wide delinquency rate.

Source: California Municipal Statistics, Inc.

D. OUTSTANDING LONG-TERM DEBT

September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue Bonds	\$7,797,029	\$8,983,435	\$6,365,000	\$6,615,000	\$14,162,029	\$15,598,435
Pension Bonds	9,120,000	10,105,000	0	0	9,120,000	10,105,000
COPs	4,860,000	5,000,000	0	0	4,860,000	5,000,000
Loans payable	351,240	411,776	64,912	72,629	416,152	484,405
Capital lease obligations	1,567,650	2,298,139	0	0	1,567,650	2,298,139
Totals	\$23,695,919	\$26,798,350	\$6,429,912	\$6,687,629	\$30,125,831	\$33,485,979

Note: Additional information on the City's long-term debt can be found in **Note 7** of the City's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2020.

E. PENSION PLANS

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.

As of September 30, 2020, 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	Pension Expense
Miscellaneous Plan	\$37,730,675	\$3,840,797	\$0	\$4,787,759
Safety Plan	43,775,772	8,166,056	3,058,778	1,392,000
Totals	\$81,506,447	\$12,006,853	\$3,058,778	\$6,179,759

For more information on the City’s Pension Plans, reference is made to **Note 10** of the City’s Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2020.

Miscellaneous Plan

Total contributions made by the City to the Miscellaneous Plan during fiscal year 2019/20 were \$3,491,578. For the measurement period ended June 30, 2020, the City recognized pension expense of \$4,787,759.

The following table sets forth the schedule of funding for the Miscellaneous Plan.

**Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period –
Miscellaneous Plan – Last 5 Years**

	2016	2017	2018	2019	2020
Total pension liability					
Service cost	\$1,298,374	\$1,640,573	\$1,634,361	\$1,565,769	\$1,731,444
Interest on total pension liability	6,167,070	6,290,481	6,501,556	6,791,789	7,027,535
Changes of assumptions	0	4,933,223	(541,838)	0	0
Difference between expected and actual experience	613,254	(436,341)	473,296	1,287,266	516,492
Benefit payments, including refunds of employee contributions	(4,801,972)	(4,737,930)	(5,076,733)	(5,582,622)	(5,736,837)
Net change in total pension liability	\$3,276,726	\$7,690,006	\$2,990,642	\$4,062,202	\$3,538,634
Total pension liability - beginning	81,753,836	85,030,562	92,720,568	95,711,210	99,773,412
Total pension liability - ending (a)	\$85,030,562	\$92,720,568	\$95,711,210	\$99,773,412	\$103,312,046
Plan fiduciary net position					
Contributions - employer	\$2,330,646	\$2,660,201	\$2,690,016	\$3,025,533	\$3,266,237
Contributions - employee	579,366	637,329	639,930	744,445	808,150
Net investment income	267,823	6,053,996	4,945,510	3,998,103	3,174,608
Plan to plan resource movements	13,996	0	(235)	0	0
Benefit payments, including refunds of employee contributions	(4,801,972)	(4,737,930)	(5,076,733)	(5,582,622)	(5,736,837)
Administrative expense	(34,250)	(80,545)	(92,073)	(44,258)	(90,449)
Other miscellaneous income/expense	0	0	(174,849)	144	0
Net change in fiduciary net position	(\$1,644,391)	\$4,533,051	\$2,931,566	\$2,141,345	\$1,421,709
Plan fiduciary net position - beginning	56,198,091	54,553,700	59,086,751	62,018,317	64,159,662
Plan fiduciary net position - ending (b)	\$54,553,700	\$59,086,751	\$62,018,317	\$64,159,662	\$65,581,371
Net pension liability - ending (a) - (b)	\$30,476,862	\$33,633,817	\$33,692,893	\$35,613,750	\$37,730,675
Plan fiduciary net position as a percentage of the total pension liability	64.16%	63.73%	64.80%	64.31%	63.48%
Covered payroll	\$7,567,926	\$8,459,217	\$8,387,476	\$9,235,423	\$9,968,860
Net pension liability as a percentage of covered payroll	402.71%	397.60%	401.70%	385.62%	378.49%
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020

Notes to Schedule:

Changes in assumptions: In 2015, the discount rate was changed from 7.50% to 7.65%. In 2017, the discount rate was changed from 7.65% to 7.15%. In 2018, the demographic assumptions, and inflation rate changed from 2.75% to 2.5%.

**Schedule of Contributions –
Miscellaneous Plan – Last 5 Years**

	2016	2017	2018	2019	2020
Actuarially determined contributions	\$2,424,596	\$2,672,952	\$2,688,342	\$3,016,430	\$3,491,578
Contributions in relation to the actuarially determined contribution	(2,424,596)	(2,672,952)	(2,688,342)	(3,016,430)	(3,491,578)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	-
Covered payroll	\$7,818,112	\$8,280,014	\$8,467,344	\$9,411,567	\$9,195,878
Contributions as a percentage of covered payroll	31.01%	32.28%	31.75%	32.05%	37.97%

Safety Plan

Total contributions made by the City to the Safety Plan during fiscal year 2019/20 were \$4,044,515. For the year ended September 30, 2020, the City recognized pension expense of \$1,392,000.

The following table sets forth the schedule of funding for the Safety Plan.

Schedule of the City's Proportionate Share of the Net Pension Liability – Safety Cost Sharing Plan – Last 5 Years

	2016	2017	2018	2019	2020
City's proportion of the net pension liability	0.3761%	0.3764%	0.3935%	0.6200%	0.6039%
City's proportionate share of the net pension liability	\$32,546,803	\$37,323,632	\$37,917,732	\$40,016,396	\$43,775,772
City's covered payroll	\$6,144,036	\$6,460,385	\$6,572,142	\$6,759,736	\$8,089,719
City's proportionate share of the net pension liability as a percentage of covered payroll	529.73%	577.73%	576.95%	591.98%	541.13%
Plan fiduciary net position as a percentage of the total pension liability	74.06%	73.31%	75.26%	72.47%	70.75%
Measurement Date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020

Notes to Schedule:

Changes in assumptions: In 2015, the discount rate was changed from 7.50% to 7.65%. In 2017, the discount rate was changed from 7.65% to 7.15%. In 2018, the demographic assumptions, and inflation rate changed from 2.75% to 2.5%.

Schedule of Contributions – Miscellaneous Plan – Last 5 Years

	2016	2017	2018	2019	2020
Actuarially determined contributions	\$1,978,077	\$2,405,473	\$2,762,331	\$2,937,395	\$4,044,515
Contributions in relation to the actuarially determined contribution	(1,978,077)	(2,405,473)	(2,762,331)	(2,937,395)	(4,044,515)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$6,170,675	\$6,308,623	\$6,615,298	\$7,007,680	\$7,702,295
Contributions as a percentage of covered payroll	32.06%	38.13%	41.76%	41.92%	52.51%

F. CITY EMPLOYEES

As of September 30, 2020, the City employed approximately 206 full-time equivalent budgeted employees. There are six employee bargaining unions as shown below. In addition, the City employs approximately 14 management employees who are not represented by a union or other collective bargaining agent. The City has not experienced any work stoppages or strikes by its employees.

<u>Labor Organization</u>	<u>Employees</u>	<u>Contract Expiration Date</u>
Police Employee Unit	20	December 31, 2020
Police Officers Association	33	December 31, 2020
Police Supervisors Committee	13	December 31, 2020
Admin & Confidential Employees	18	December 31, 2020
Stationary Engineers, Local 39	67	December 31, 2020
Firemen's Association	34	December 31, 2020

G. TEETER PLAN

The 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.

VI. SUBSEQUENT EVENTS

The outbreak of COVID-19 has been characterized as a pandemic by the World Health Organization and is currently affecting many parts of the world, including the State of California and local governmental agencies within the State. As of the date of this Report, the City believes it will continue to be able to make debt service payments on the Certificates.

VII. OCCURRENCE OF LISTED EVENTS

The Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***irrespective of any determination as to whether such event may or may not be deemed material.*** The City has no knowledge that any of the events listed below have occurred that have not been previously reported during the fiscal year ended September 30, 2020.

1. Principal and interest payment delinquencies on the Certificates.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates.
6. Defeasances.
7. Tender offers.
8. Bankruptcy, insolvency, receivership or similar proceedings pertaining to the City.
9. Ratings changes.

The Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***if deemed material.*** The City has no knowledge that any of the events listed below have occurred that have not been previously reported during the fiscal year ended September 30, 2020.

10. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the City or the dissolution of the City.
11. Appointment of a successor or additional Trustee or the change of the name of the Trustee or any successor or additional Trustee.
12. Non-payment related defaults.
13. Modifications to the rights of Holders.
14. Optional, contingent or unscheduled certificate calls, prepayment or redemptions other than defeasances.
15. Release, substitution or sale of property securing repayment of the Certificates.