

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



2014 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT

As of May 5, 2015

Also available at:



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DISSEMINATION CERTIFICATE

2012 CERTIFICATES OF PARTICIPATION (ROAD IMPROVEMENT PROJECTS) CITY OF SOUTH LAKE TAHOE

The Annual Continuing Disclosure Information Statement (the “Annual Report”) for the period ending September 30, 2014 was disseminated for the above referenced obligations in compliance with SEC Rule 15c2-12 to EMMA on May 6, 2015.

- **Submission ID: ER698470**
05/06/2015 13:44:25

The Audited Financial Statements for the period ending September 30, 2014 for the above referenced obligations were disseminated to EMMA on April 20, 2015.

- **Submission ID: ER691410**
04/20/2015 15:37:20

WILLDAN FINANCIAL SERVICES

The Annual Report has been posted to the Willdan Financial Services website at www.willdan.com/financial. Please feel free to refer any inquiries with respect to the above referenced obligations or the Annual Report on the website to us directly at (800) 755-6864.

OTHER INTERESTED PARTIES

Trustee:

Mary Wong
U.S. Bank, National Association
One California Street, Suite 1000
San Francisco, CA 94111

In conjunction with SEC Rule 15c2-12, the following table sets forth the historical compliance in connection with the above referenced obligations’ Annual Report for the last two years:

Period Ending	Annual Report Due Date	Date Disseminated
September 30, 2014	June 1, 2015	May 6, 2015
September 30, 2013	June 1, 2014	August 5, 2014

LIST OF PARTICIPANTS

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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

Pursuant to an Official Statement dated July 12, 2012, 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 Blvd. 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 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.

The information set forth herein has been furnished by the City and by other sources, which are believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement 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 Annual Continuing Disclosure Information Statement 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. 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. Prior to acting on any information or material contained in this communication, you should discuss it with appropriate internal or external advisors and experts and only rely upon their advice.

II. CERTIFICATE INFORMATION

A. PRINCIPAL OUTSTANDING

Certificate Issue	As of March 31, 2015
2012 COP (Road Improvement Projects)	\$5,645,000

B. FUND INFORMATION

Fund	As of March 31, 2015
Reserve Balance	\$334,977
Reserve Requirement	\$334,975

III. FINANCIAL INFORMATION

The audited financial statements for the City for the fiscal year ended September 30, 2014 have been separately filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") and are hereby incorporated by reference into this Annual Continuing Disclosure Information Statement.

A. GENERAL FUND BALANCE SHEET

	Fiscal Year			
	2010/11	2011/12	2012/13	2013/14
Assets				
Cash and Investments	\$11,873,621	\$9,930,102	\$13,036,103	\$13,573,914
Accounts Receivable – net	1,334,756	2,316,373	2,081,572	2,378,260
Interest Receivable	24,322	22,789	17,082	15,871
Due from Other Funds	998,071	2,672,779	479,249	374,795
Prepaid Items	97655	134,510	85,211	91,896
Inventory	299,918	329,049	365,934	336,772
Land Held for Resale	0	0	0	800,000
Advances to Other Funds	3,648,163	3,675,083	4,202,262	4,638,627
Total Assets	\$18,276,506	\$19,080,685	\$20,267,413	\$22,210,135
Liabilities				
Accounts Payable	\$549,889	\$619,628	\$603,516	\$842,532
Accrued Expenditures	1,946,577	1,792,054	1,670,660	1,948,880
Deposits	277,463	343,607	380,562	499,851
Due to Developers	51,587	113,538	69,819	250,592
Unearned Revenue	0	0	0	92,860
Total Liabilities	\$549,889	\$619,628	\$603,516	\$3,634,715
Fund Balances				
Nonspendable	\$4,150,867	\$4,138,642	\$4,653,407	\$5,867,295
Restricted	750,000	750,000	750,000	750,000
Assigned	678,804	712,247	349,473	129,569
Unassigned	9,871,319	10,610,969	11,789,976	11,828,556
Total Fund Balances	\$15,450,990	\$16,211,858	\$17,542,856	\$18,575,420
Total Liabilities and Fund Balances	\$18,276,506	\$19,080,685	\$20,267,413	\$22,210,135

B. GENERAL FUND REVENUES, EXPENDITURES AND BALANCES

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

	Fiscal Year			
	2010/11	2011/12	2012/13	2013/14
Revenues				
Taxes and Assessments	\$17,628,408	\$21,049,773	\$22,929,567	\$25,723,575
Licenses, Permits and Impact Fees	1,089,750	1,195,883	1,411,579	1,476,166
Fines and Penalties	262,038	207,862	172,308	218,503
Use of Money and Property	338,303	214,943	256,596	246,578
Intergovernmental Revenue	2,437,928	2,495,827	2,320,253	2,044,568
Charges for Current Services	2,636,352	2,566,461	3,161,520	3,332,316
Other Revenue	828,309	548,025	291,019	197,698
Total Revenues	\$25,221,088	\$28,278,774	\$30,542,842	\$33,239,404
Expenditures				
Current:				
General Government	\$5,493,291	\$5,964,396	\$5,524,511	\$5,427,445
Public Safety	14,494,504	13,496,198	12,695,919	12,880,769
Public Works	2,079,696	1,803,961	3,257,466	3,731,009
Parks and Recreation	3,095,569	2,564,009	2,262,803	2,218,253
Capital Outlay	4,360	1,740	973	2,107,453
Debt Service:				
Principal	35,981	31,539	29,418	33,956
Interest and Fiscal Charges	13,249	756,867	210,642	3,240
Total Expenditures	\$25,216,650	\$24,618,710	\$23,981,732	\$26,402,125
Excess (Deficiency) of Revenues over Expenditures	\$4,438	\$3,660,064	\$6,561,110	\$6,837,279
Other Financing Sources (Uses)				
Proceeds from Sale of Property	\$2,313	\$24,974	\$1,104	\$3,065
Transfers in	2,986,789	1,795,319	664,259	766,675
Transfers out	(4,667,815)	(4,719,489)	(5,895,475)	(6,999,455)
Total Other Financing Sources (Uses)	(\$1,678,713)	(\$2,899,196)	(\$5,230,112)	(\$6,229,715)
Net Change in Fund Balances	(\$1,674,275)	\$760,868	\$1,330,998	\$607,564
Special Item				
RDA Asset Transfer Review	\$0	\$0	\$0	\$425,000
Net Change in Fund Balances	(\$1,674,275)	\$760,868	\$1,330,998	\$1,032,564
Beginning Fund Balances	\$17,125,265	\$15,450,990	\$16,211,858	\$17,542,856
Ending Fund Balances	\$15,450,990	\$16,211,858	\$17,542,856	\$18,575,420

IV. 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,		
	2012	2013	2014
Property Tax ⁽¹⁾	\$5,845,191	\$6,055,494	\$6,267,156
Transient Occupancy Tax ⁽²⁾	4,739,027	5,895,327	6,814,461
Sales Tax Revenue	3,628,554	3,925,754	4,302,447
Measure Q	2,053,230	2,137,961	2,306,575
Vehicle License Fees	1,744,747	1,685,526	1,702,543
Franchise Fees	1,372,732	1,303,092	1,369,723
Business License Fees	1,139,616	1,332,060	1,329,533
Parks and Recreation	1,115,321	1,231,049	1,271,604
Public Safety	1,760,882	1,516,986	1,397,399
Public Services	966,900	1,492,449	1,372,618
Transfers In ⁽³⁾	1,692,198	399,029	799,797
All Other Revenue	3,926,112	5,317,949	5,722,378
Total Revenues	\$29,984,510	\$32,292,676	\$34,656,234

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

(2) 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.

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

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
2010/11	\$3,909,130,290	\$641,753	\$98,316,528	\$4,008,088,571	(8.29%)
2011/12	3,814,275,732	0	88,801,928	3,903,077,660	(2.62%)
2012/13	3,686,469,851	0	88,299,118	3,774,768,969	(3.29%)
2013/14	3,719,613,139	0	94,426,393	3,814,039,532	1.04%
2014/15	3,826,850,451	0	93,750,130	3,920,600,581	2.79%

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
2009/10	\$44,040,615	\$2,963,285	6.73%
2010/11	40,520,967	2,237,589	5.52%
2011/12	39,675,552	1,486,478	3.75%
2012/13	38,993,066	1,093,406	2.80%
2013/14	39,561,819	979,736	2.48%

(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.

Source: California Municipal Statistics, Inc.

D. OUTSTANDING LONG-TERM DEBT

September 30, 2014 and 2013

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue bonds	\$16,170,000	\$17,180,000	\$7,735,000	\$7,270,000	\$23,905,000	\$24,450,000
COPs	5,645,000	5,765,000	0	0	5,645,000	5,765,000
Loans payable	1,482,505	1,705,361	106,418	137,858	1,588,923	1,843,219
Capital lease obligations	4,884,331	858,207	133,831	175,282	5,018,162	1,033,489
Totals	\$28,181,836	\$25,508,568	\$7,975,249	\$7,583,140	\$36,157,085	\$33,091,708

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, 2014.

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 for the City’s safety plans.

The following table sets forth the schedule of funding for the Miscellaneous Plan and does not include the impact of the pension obligation bonds. 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, 2014.

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as a % of Payroll
6/30/2011	\$70,111,763	\$54,406,816	\$15,704,947	77.6%	\$7,673,389	204.7%
6/30/2012	72,153,715	55,836,783	16,316,932	77.4%	6,538,185	249.6%
6/30/2013	74,852,719	50,268,914	24,583,805	67.2%	6,341,886	387.6%

Annual Pension Cost (Employer Contribution)

Annual Pension Costs, representing the payment of all contributions required by CalPERS, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i>Miscellaneous Plan</i>			
9/30/2012	\$1,905,575	100%	\$0
9/30/2013	1,980,312	100%	0
9/30/2014	2,055,604	100%	0
<i>Safety Plan</i>			
9/30/2012	\$2,952,412	100%	\$0
9/30/2013	3,003,562	100%	0
9/30/2014	3,117,701	100%	0

F. CITY EMPLOYEES

As of September 30, 2014, the City employed approximately 177 full-time equivalent budgeted employees. There are six employee bargaining unions as shown below. In addition, the City employs approximately 20 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.

Labor Organization	Employees	Contract Expiration Date
Police Employee Unit	15	September, 2017
Police Officers Association	29	September, 2017
Police Supervisors Committee	11	September, 2017
Admin & Confidential Employees	17	September, 2017
Stationary Engineers, Local 39	47	September, 2017
Firemen's Association	36	September, 2017

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.

V. 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 or have not been previously reported during the fiscal year ended September 30, 2014.

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 or have not been previously reported during the fiscal year ended September 30, 2014.

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.