BASIC FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA

INCORPORATED FEB 20, 1968

FUTURE UNLIMITED

GOVERNMENTAL FUND FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA

INCORPORATED FEB 20, 1968

FUTURE UNLIMITED

		Governmental Activities
ASSETS		
Cash and investments	$	49,102,424
Cash and investments with fiscal agents		19,295,417
Receivables		
Taxes		6,598,998
Accounts		343,605
Accrued interest - other		4,579,284
Loans, net of discount and allowance for uncollectible accounts		15,706,481
Due from government agencies		1,413,355
Due from Successor Agency		202,080
Inventory		373,690
Prepaid and other assets		1,223,457
Land held for resale		8,146,939
Capital assets not being depreciated		117,437,882
Capital assets, net of accumulated depreciation		179,462,764
Total assets		403,886,376
LIABILITIES		
Accounts payable and accrued liabilities		4,544,389
Accrued payroll		227,439
Due to governmental agencies		1,471
Due to Successor Agency		1,254,220
Refundable deposits		22,236
Unearned revenues		659,509
Retentions payable		162,145
Noncurrent liabilities		
Due within one year		3,295,555
Due in more than one year		22,395,168
Total liabilities		32,562,132
NET POSITION		
Net investment in capital assets		296,900,646
Restricted for:		
Public works		3,379,453
Housing projects		56,811,390
Community services		1,874,973
Unrestricted		12,357,782
Total net position	$	371,324,244

See notes to financial statements.

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net Governmental Activities
Governmental Activities					
General government	$ 22,049,082	$ 8,675,070	$ -	$ -	$ (13,374,012)
Community development	32,878,975	2,746,177	2,871,902	82,463	(27,178,433)
Public works	15,799,718	345,210	7,081,418	-	(8,373,090)
Community services	35,247,843	371,312	2,941,814	407,337	(31,527,380)
Capital maintenance programs	2,031,237	-	-	-	(2,031,237)
Total Governmental Activities	$ 108,006,855	$ 12,137,769	$ 12,895,134	$ 489,800	(82,484,152)

General revenues	
Taxes:	
Property taxes	19,247,084
Sales taxes	25,187,734
Transient occupancy taxes	1,462,174
Franchise taxes	7,090,887
Admissions tax	463,116
Utility users tax	7,495,997
Motor vehicle license fee, unrestricted	50,405
Use of money and property	2,568,878
Other revenue	938,422
Total general revenues	64,504,697
Change in net position	(17,979,455)
Net position - beginning, as restated	389,303,699
Net position - ending	$ 371,324,244

See notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA

INCORPORATED FEB 20, 1968

FUTURE UNLIMITED

GOVERNMENTAL FUND FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA

INCORPORATED FEB 20, 1968

FUTURE UNLIMITED

City of Carson
Governmental Funds
Balance Sheet
June 30, 2013

	General	Carson Housing Authority	Nonmajor Governmental Funds	Total
ASSETS				
Cash and investments (Note 2)	$ 31,438,680	$ 28,868,567	$ 8,090,594	$ 68,397,841
Cash and investments with fiscal agents				-
Receivables:				
Taxes	6,589,465	-	9,533	6,598,998
Accounts	343,419	186	-	343,605
Accrued interest - other	3,877	4,394,286	181,121	4,579,284
Loans	35,119	50,921,599	-	50,956,718
Due from other funds (Note 5)	717,172	66,321	38,960	822,453
Due from Successor Agency	23,751	35,475	142,854	202,080
Due from government agencies	553,164	-	860,191	1,413,355
Inventory	373,690	-	-	373,690
Prepaids and other assets	1,223,457	-	-	1,223,457
Land held for resale	-	8,146,939	-	8,146,939
Total assets	$ 41,301,794	$ 92,433,373	$ 9,323,253	$ 143,058,420
LIABILITIES				
Accounts payable and accrued liabilities	$ 3,435,955	101,271	1,007,163	$ 4,544,389
Accrued payroll	150,000	-	77,439	227,439
Due to other funds (Note 5)	54,022	130,660	637,771	822,453
Due to Successor Agency	-	-	1,254,220	1,254,220
Due to government agencies	1,471	-	-	1,471
Retentions payable	-	139,815	22,330	162,145
Unearned revenue	474,545	-	184,964	659,509
Refundable deposits	22,236	-	-	22,236
Self insurance claims payable	795,555	-	-	795,555
Total liabilities	4,933,784	371,746	3,183,887	8,489,417
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	55,315,885	-	55,315,885
FUND BALANCES				
Nonspendable				
Loans receivable	35,119	-	-	35,119
Inventory	373,690	-	-	373,690
Prepaid and other assets	1,223,457	-	-	1,223,457
Land held for resale	-	8,146,939	-	8,146,939
Restricted				
Housing projects	-	28,598,803	5,206,026	33,804,829
1% PEG fees	361,310	-	-	361,310
Alameda Corridor Projects	1,000,000	-	-	1,000,000
Capital projects (DTC)	1,123,088	-	-	1,123,088
Committed				
Economic uncertainties	13,727,120	-	-	13,727,120
Budget stabilization fund	2,500,000	-	-	2,500,000
Reward funds	90,000	-	-	90,000
OPEB Trust contribution	4,092,003	-	-	4,092,003
Assigned				
Raised median construction	345,072			345,072
Self-insurance	1,500,000	-	-	1,500,000
Special projects	1,000,000	-	-	1,000,000
Capital projects	1,000,000	-	-	1,000,000
Equipment replacement	-	-	1,015,107	1,015,107
Utility underground	998,110	-	-	998,110
Load shed program	102,329			102,329
Encumbrances and continuing appropriations	156,714	-	-	156,714
Unassigned	6,739,998	-	(81,767)	6,658,231
Total fund balances	36,368,010	36,745,742	6,139,366	79,253,118
Total liabilities, deferred inflows of resources and fund balances	$ 41,301,794	$ 92,433,373	$ 9,323,253	$ 143,058,420

See notes to financial statements.

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2013

Fund balance of governmental funds		$ 79,253,118
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets of governmental activities are not financial resources and are not reported in the governmental funds.		
Capital assets		484,944,935
Accumulated depreciation		(188,044,289)
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.		
Self insurance claims	$ (3,010,831)	
Compensated absences	(4,966,407)	
Net OPEB liability	(16,917,930)	(24,895,168)
Unavailable revenues are not available to pay for current period expenditures and therefore are deferred in the funds and recognized as revenue in the Statement of Activities.		55,315,885
Receivables that are not expected to be collected are reduced by an allowance for uncollectible accounts in the Statement of Net Position. This does not affect the governmental fund financial statements.		(21,350,237)
Interest-free notes receivables are discounted in the Statement of Net Position. This does not affect the governmental fund financial statements.		(13,900,000)
Net position of governmental activities		$ 371,324,244

See notes to financial statements.

City of Carson
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2013

	General Fund	Carson Housing Authority	Nonmajor Governmental Funds	Total
Revenues				
Taxes	$ 58,039,523	$ 2,907,469	$ 2,796,461	$ 63,743,453
Licenses and permits	5,733,199	-	-	5,733,199
Fines and forfeitures	1,890,301	-	123,270	2,013,571
Intergovernmental	118,040	-	7,676,927	7,794,967
Charges for services	2,122,974	-	784,223	2,907,197
Use of money and property	1,261,475	231,595	766,872	2,259,942
Charges to other funds	-	-	567,509	567,509
Miscellaneous	3,987,743	165,915	544,968	4,698,626
Total revenues	73,153,255	3,304,979	13,260,230	89,718,464
Expenditures				
Current:				
General government	20,120,174	-	-	20,120,174
Community development	3,889,965	17,803,117	1,913,912	23,606,994
Public works	13,211,613	-	1,082,447	14,294,060
Community services	29,249,568	-	4,744,506	33,994,074
Capital improvement programs	407,452	-	4,780,305	5,187,757
Total expenditures	66,878,772	17,803,117	12,521,170	97,203,059
Excess (deficiency) of revenues over expenditures	6,274,483	(14,498,138)	739,060	(7,484,595)
Other financing sources (uses)				
Transfers in (Note 6)	1,014,636	-	551,945	1,566,581
Transfers out (Note 6)	(540,014)	-	(1,026,567)	(1,566,581)
Net other financing sources (uses)	474,622	-	(474,622)	-
Change in fund balance	6,749,105	(14,498,138)	264,438	(7,484,595)
Fund balance, beginning of year, as restated	29,618,905	51,243,880	5,874,928	86,737,713
Fund balance, end of year	$ 36,368,010	$ 36,745,742	$ 6,139,366	$ 79,253,118

See notes to financial statements.

City of Carson
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2013

Change in Fund Balances - Governmental Funds	$	(7,484,595)
Amounts reported for governmental activities in the Statement of Activities differ from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:		
Government funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:		
Capital outlay		3,156,520
Depreciation expense		(8,648,626)
Governmental funds do not report the effect of long-term debt. These debts are reported in the government-wide financial statements.		
Claims and judgments		(325,045)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		
Compensated absences		468,963
Other post-employment benefits		(114,440)
Revenues that are measurable but not available. Amounts are recorded as deferred or unavailable revenue under the modified accrual basis of accounting.		5,778,838
Receivables that are not expected to be collected are provided with allowance for uncollectible accounts in the Statement of Activities. This does not affect the governmental fund financial statements.		(10,811,070)
Change in net position of governmental activities	$	(17,979,455)

See notes to financial statements.

FIDUCIARY FUND
FINANCIAL STATEMENT

CITY OF CARSON, CALIFORNIA

INCORPORATED FEB 20, 1968

FUTURE UNLIMITED

	Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund	Agency Fund
Assets		
Cash and investments	$ 53,293,615	$ 7,127,038
Cash and investments with fiscal agents	32,164,089	2,536,229
Receivables		
Accounts	4,063	-
Interest, investments	82,097	-
Interest, loans	249,057	-
Loans, net	2,560,057	-
Due from the City of Carson	1,297,352	-
Due from other agency funds	-	3,816
Prepaid assets	57,726	-
Land held for resale	10,902,433	-
OPEB asset	1,179,205	-
Capital assets not being depreciated	24,139,100	-
Capital assets, net of accumulated depreciation	29,575,130	-
Total assets	$ 155,503,924	$ 9,667,083
Liabilities		
Accounts payable and accrued liabilities	$ 342,854	$ 155,108
Accrued interest payable	2,427,721	-
Retention and refundable deposits	1,156,492	2,925,665
Due to City of Carson	205,897	-
Due to other funds	-	43,133
Due to assessors/bondholders	-	6,543,177
Noncurrent liabilities		
Due within one year	7,047,178	-
Due in more than one year	179,990,197	-
Total liabilities	191,170,339	$ 9,667,083
Fiduciary Net Position		
Net Position held in trust	(35,666,415)	
Total net position	$ (35,666,415)	

See notes to financial statements.

		Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund
Revenues		
Property taxes	$	36,351,794
Use of money and property		421,692
Net transfers from the City		4,752,524
Total revenues		41,526,010
Expenses		
Community Development		36,402,131
Debt service		
Interest and fiscal charges		9,502,674
Total expenses		45,904,805
Change in net position		(4,378,795)
Net position held in trust - beginning, as restated		(31,287,620)
Net position held in trust - ending	$	(35,666,415)

See notes to financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA

INCORPORATED FEB 20, 1968

FUTURE UNLIMITED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component financial reporting units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

The accompanying basic financial statements present the City of Carson (the primary government) and its component units, the Carson Joint Powers Financing Authority (Authority) and the Carson Housing Authority (Housing Authority). The financial activities of the Authority and the Housing Authority are blended with the financial activities of the City because of the significance of their operational and financial relationship with the City.

The City was incorporated under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Council-Manager form of government and provides a full range of services, including city administration, economic development, public works, community development, transportation, public safety and recreational and cultural activities. The City contracts with the County of Los Angeles for police protection and building and safety services. Library services, fire protection and sewer services are provided by Special Districts of the County of Los Angeles.

The Carson Joint Powers Financing Authority was established pursuant to a Joint Exercise of Powers Agreement dated November 17, 1992, between the City and the former Carson Redevelopment Agency. The Authority was created for the purpose of providing financing for public capital improvements for the former Redevelopment Agency and the City. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Authority. Separate financial statements of the Financing Authority are not issued.

The Carson Housing Authority was established on March 8, 2011 to carry out the housing function of the former Carson Redevelopment Agency in accordance with the California Housing Authority Law and other applicable housing-related regulations.

Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2013, the City adopted the following Governmental Accounting Standards Board (GASB) statements, which impacted the City’s financial statements:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB statement nos. 34 and 14*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The City determined that the City and the component units blended with the City's financial statements comply with the new requirements noted in the amendments.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows of resources and deferred inflow of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.
- GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Basis of Accounting and Measurement Focus

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements report the governmental activities of the primary government (including its blended component units). The City has no business-type activities or discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

Governmental Funds

In the fund financial statements, governmental funds and agency funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Sales taxes, property taxes, franchise fees, gas taxes, motor vehicle in-lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when the related cash is received by the government.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first.

Government- mandated and voluntary non-exchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus.* This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," because they do not represent net current assets.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities.

Because they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing source rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Fund Classification

The funds designated as major funds are determined by a mathematical calculation consistent with GASB 34 and 63. The City reports the following major governmental funds:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund
The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to a specific fund are accounted for in this fund. Expenditures of this fund include general operating costs and capital improvement costs that are not paid through other funds.

The *Carson Housing Authority Fund* accounts for assets used for low and moderate income housing activities in accordance with the applicable housing-related regulations. The housing assets of the dissolved redevelopment agency's Low and Moderate Income Housing Fund were transferred to Carson Housing Authority.

The City's fund structure also includes the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

Fiduciary Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units and/or other funds. The City has the following Fiduciary Funds:

- *Agency Fund* - This fund accounts for money and property held by the City as trustee or custodian. Among the activities are the disposition of funds, deposits made for the account of other governmental agencies, developers, and others under the terms of agreements for which the deposits were made. Agency funds, which are custodial in nature, do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals and entities at some future time.
- *Successor Agency Private-purpose Trust Fund* - Private-purpose Trust Fund is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities and activities of the Successor Agency to the Dissolved Carson Redevelopment Agency. Unlike the limited reporting typically utilized for Agency Funds, Private-purpose Trust Fund reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires City management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, establishes the following fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds:

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City's nonspendable fund balance represents inventory, prepaid expenses, land held for resale, and loans receivable.

Restricted fund balance includes resources that are subject to externally enforceable legal restrictions. It includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The City's restricted fund balances represent resources restricted for programs funded by grants and other restricted sources, capital projects, debt service and the low/moderate income housing program, and more.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council, as the City's highest level of decision-making authority, may commit, through a resolution, fund balance for specific purposes pursuant to constraints imposed by such formal actions taken. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same type of formal action taken to establish the commitment. The City's fund balance amounting to $20.4 million meets this classification as of June 30, 2013.

Assigned fund balance consists of funds that are set aside for specific purposes by the City's highest level of decision making authority or a body or official that has been given the authority to assign funds. The City Council delegates the authority to assign fund balance to the City Manager and the Administrative Services General Manager for purposes of reporting in the annual financial statements.

Unassigned fund balance is the residual classification for the City's fund balance and includes all spendable amounts not contained in the other classifications. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The City considers the restricted fund balances to have been spent when expenditure is incurred for purposes for which both unrestricted and restricted fund balance is available. The City considers unrestricted fund balances to have been spent when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City to reduce the committed amounts first, followed by assigned amounts, and then unassigned amounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

The City pools cash and investments of all funds, except for assets held by the Carson Redevelopment Agency and assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*.

Changes in fair value that occur during a fiscal year are recognized as uses of money and property reported for that fiscal year. Uses of money and property also reports interest earnings, rental income, and any gains or losses realized upon the liquidation, maturity, or sale of investments. Interest income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance. Investments are reported in the accompanying balance sheet at fair value except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Land Held for Resale

Land held for resale in Housing Authority Fund represents housing properties transferred to the Housing Authority from the former redevelopment agency. These properties were approved and reported as housing assets of the Low and Moderate Income Housing Fund of the former Redevelopment Agency.

Land held for resale in the Fiduciary funds represents land purchased by the former Redevelopment Agency to further the Redevelopment Plan. Such land is recorded at the lower of acquisition cost or estimated net realizable value.

Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Generally, capital asset purchases in excess of $5,000 are capitalized if they have an expected useful life of one year or more.

Capital assets include additions to public domain (infrastructure) consisting of certain improvements including land rights, roads, streets, overpass, sidewalks, medians, trees and storm drains.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following schedule summarizes capital assets' estimated useful lives:

Buildings and improvements	25-50 years
Equipment and machinery	5-20 years
Infrastructure:	
Roadways	7-100 years
Sewer	25-30 years
Storm drain	20-50 years

Inventory

Inventory is stated at cost on a first-in, first-out (FIFO) basis. Inventory in the General Fund consists principally of fuel, office supplies, recreational activity supplies and other miscellaneous materials and supplies. Materials and supplies are charged to inventories when purchased and treated as expenditure when issued. Inventory amounts are classified as nonspendable in the fund balance since they do not represent available spendable resources.

Employee Compensated Absences

It is the policy of the City to record the cost of employee compensated absences in the government-wide financial statements as earned. In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon leave redemption, termination, or retirement.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement Nos. 63 and 65, the City recognizes deferred outflows and deferred inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 14 for the list of deferred inflows of resources the City has recognized as of June 30, 2013.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities in the current period.

The former Carson Redevelopment Agency receives annual property tax increment funds from the County of Los Angeles. In addition, the City receives funds from the State of California via the County, as the City is considered to be a "no and low" property tax City. The City's current year allocation of the "no and low" property tax of $8,595,259 was included in the property tax revenues of $15.6 million reported for the fiscal year 2012-2013.

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value plus other increases approved by the voters. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	January 1
Levy date	July 1 to June 30
Due date	November 1 – first installment
	March 1 – second installment
Collection date	December 10 – first installment
	April 10 – second installment

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

	Government-wide Statement of Net Assets	Fiduciary Fund Statement of Net Assets: Successor Agency	Fiduciary Fund Statement of Net Assets: Other Agency	Total
Unrestricted assets:				
Cash and investments	$ 49,102,424	$ 53,293,615	$ 7,127,038	$ 109,523,077
Restricted assets:				
Cash and investments with fiscal agents	19,295,417	32,164,089	2,536,229	53,995,735
Total cash and investments	$ 68,397,841	$ 85,457,704	$ 9,663,267	$ 163,518,812

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	$ 4,050
Deposits with financial institutions	57,209,141
Investments	106,305,621
Total cash and investments	$ 163,518,812

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy

The following table identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer
Local Agency Bonds	No	N/A	N/A	N/A
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	30%	30%
Commercial Paper	Yes	270 days	25%	10%
Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	No	N/A	N/A	N/A
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	No	N/A	N/A	N/A
Mutual Funds	No	N/A	N/A	N/A
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	No	N/A	N/A	N/A
County Pooled Investment Funds	No	N/A	N/A	N/A
Local Agency Investment Fund	Yes	N/A	None	$40 million per account
JPA Pools (other investment pools)	No	N/A	N/A	N/A

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by fiscal agent are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker’s Acceptances	1 year	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund	N/A	None	None
Investment Agreements	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk pertains to the changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for operations.

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

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment Type	Total	Remaining maturity in Months: 12 Months Or Less	13 to 24 Months	25-60 Months
State investment pool	$ 14,321,375	$ 14,321,375	$ -	$ -
Money market funds	33,762,453	33,762,453	-	-
Bonds	2,651,058	-	203,674	2,447,384
Federal agency securities	1,575,000	-	-	1,575,000
Held by fiscal agent:				
Commercial paper	4,249,814	4,249,814	-	-
Bonds	13,134,595	3,001,529	4,583,577	5,549,489
Federal agency securities	19,511,094	1,403,710	-	18,107,384
Money market funds	17,100,232	17,100,232	-	-
	$ 106,305,621	$ 73,839,113	$ 4,787,251	$ 27,679,257

Disclosures Relating to Credit Risk

Generally, 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 minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	AAA	AA+/Aa2	AA-/A+	Not Rated
State investment pool	$ 14,321,375	N/A	$ -	$ -	$ -	$ 14,321,375
Money market funds	33,762,453	N/A	-	-	29,876,450	3,886,003
Bonds	2,651,058	Aaa	-	-	2,651,058	-
Federal agency securities	1,575,000	AA	-	1,575,000	-	-
Held by fiscal agent:	-					
Commercial paper	4,249,814	N/A	2,499,890	-	1,749,924	-
Bonds	13,134,595	N/A	-	12,807,235	327,360	-
Federal agency securities	19,511,094	N/A	12,638,074	6,873,020	-	-
Money market funds	17,100,232	N/A	-	-	-	17,100,232
Total	$ 106,305,621		$ 15,137,964	$ 21,255,255	$ 34,604,792	$ 35,307,610

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Investment Type	Investment Type	Reported Amount
Federal Home Loan Bank	Federal agency securities	$ 14,790,107

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial 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 and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2013, the City's investments in the following investments types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

Investment Type	Reported Amount
Federal Agency Securities	$ 19,511,094

All of the above investments were held by a fiscal agent who selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool of approximately $14 million reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF’s and the City’s exposure to risk (credit, market or legal) is not currently available.

NOTE 3 LOANS RECEIVABLE

Details of the City's loans receivable as of June 30, 2013 are as follows:

Loans relative to development projects under various disposition and development agreements	$	43,193,511
First Time Homebuyer Loan Program		7,728,088
Other loans		35,119
Total		50,956,718
Less: Allowance for uncollectible accounts		(21,350,237)
Discount on notes receivable		(13,900,000)
Loans receivable, net	$	15,706,481

Because of the nature of various loans receivable in relation to development projects under various disposition and development agreements, the City provides an allowance for uncollectibility against such loans. The City reports such loans as program costs. The City also discounted interest-free loans issued in relation to the Housing Authority's housing projects.

NOTE 4 CAPITAL ASSETS

Following is the summary of changes in capital assets for the year ended June 30, 2013:

	Beginning Balance, July 1, 2012	Increases	Decreases/ Transfers	Ending Balance, June 30, 2013
Capital assets being depreciated:				
Buildings and improvements	$ 37,627,670	$ 117,108	$ -	$ 37,744,778
Machinery and equipment	13,918,113	513,747	-	14,431,860
Infrastructure				
Roadways	285,517,107	3,308,343	-	288,825,450
Sewer	20,123,476	-	-	20,123,476
Storm drain	6,381,489	-	-	6,381,489
Total capital assets being depreciated	363,567,855	3,939,198	-	367,507,053
Less accumulated depreciation for:				
Buildings and Improvements	(17,167,785)	(900,445)	-	(18,068,230)
Machinery and equipment	(11,033,495)	(850,942)	-	(11,884,437)
Infrastructure				
Roadways	(132,973,577)	(6,428,457)	-	(139,402,034)
Sewer	(15,021,576)	(349,479)	-	(15,371,055)
Storm drain	(3,199,230)	(119,303)	-	(3,318,533)
Total accumulated depreciation	(179,395,663)	(8,648,626)	-	(188,044,289)
Total capital assets being depreciated, net	184,172,192	(4,709,428)	-	179,462,764
Capital assets not being depreciated:				
Land	15,344,218	-	-	15,344,218
Land rights	75,285,334	-	-	75,285,334
Land improvements	2,306,476	-	-	2,306,476
Infrastructure-street trees	9,343,407	-	-	9,343,407
Construction in progress	15,941,125	2,642,773	(3,425,451)	15,158,447
Total capital assets not being depreciated	118,220,560	2,642,773	(3,425,451)	117,437,882
Capital assets, net	$ 302,392,752	$ (2,066,655)	$ (3,425,451)	$ 296,900,646

Depreciation expense was charged in the following functions in the Statement of Activities:

	Amount
General Government	$ 1,695,938
Community services	3,986,697
Public works	1,624,017
Community development	1,341,974
Total depreciation expense - governmental activities	$ 8,648,626

In accordance with and as allowed by GASB Statement No. 34, the City capitalizes and reports general infrastructure assets acquired in the current year and prior years. Infrastructure assets recorded in prior years as part of implementing GASB Statement No. 34 included roadways, sewer, storm drain, land rights, land improvements, and infrastructure-street trees, which amounted to $244,174,010 as of June 30, 2013.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due From/Due to Other Funds

Due from/due to other funds as of June 30, 2013 are as follows:

	Due to Other Funds			
Due From Other Funds:	General Fund	Carson Housing Authority	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 127,042	$ 590,130	$ 717,172
Carson Housing Authority	54,022	-	12,299	66,321
Nonmajor Governmental Funds	-	3,618	35,342	38,960
	$ 54,022	$ 130,660	$ 637,771	$ 822,453

Current interfund receivables and payables were due to (1) short-term borrowings to eliminate negative cash, (2) reimbursement of certain administrative costs, and (3) short-term borrowing for project costs.

Interfund Transfers

Transfers in and out for the year ended June 30, 2013 were as follows:

	Tranfers In			
Tranfers Out:	General Fund	Carson Housing Authority	Nonmajor Governmental Funds	Total
General fund	$ 540,014	$	$	$ 540,014
Nonmajor Governmental Funds	474,622	-	551,945	1,026,567
	$ 1,014,636	$	$ 551,945	$ 1,566,581

Interfund transfers were principally used to (1) to transfer monies to make debt service payments on outstanding bonds and (2) to transfer monies to reimburse the General Fund and other nonmajor governmental funds for street maintenance costs and other costs.

NOTE 6 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

	Balance at July 1, 2012	Additions	Retirements	Balance at June 30, 2013	Amount due within one year	Amount due after one year
Compensated absences	$ 5,435,370	$ 2,735,478	$ 3,204,441	$ 4,966,407	$ 2,500,000	$ 2,466,407
Net OPEB Obligation	16,803,490	5,059,874	4,945,434	16,917,930	-	16,917,930
Self-insurance claims payable	3,481,341	732,014	406,969	3,806,386	795,555	3,010,831
	$ 25,720,201	$ 8,527,366	$ 8,556,844	$ 25,690,723	$ 3,295,555	$ 22,395,168

The City's policies relating to compensated absences are described in Note 1. The liability for Governmental Activities is primarily liquidated from the General Fund.

The OPEB Plan is described in Note 8. The OPEB obligation is primarily liquidated from the General Fund and the Successor Agency Fund.

NOTE 7 SELF-INSURANCE PROGRAMS

The City is covered by self-insurance for dental and unemployment insurance. Additionally, the City is self-insured for the first $250,000 for regular liability claims, employment practices claims and the first $750,000 for workers' compensation claims. The City carries insurance for individual workers' compensation claims in excess of $750,000 with the Safety National Casualty Corporation. The City carries insurance with a $10,000 deductible for property losses with Travelers Property Casualty Company of America. The City carries insurance with a $10,000 deductible for crime losses with National Union Fire Insurance Company of Pittsburgh.

At June 30, 2013, $3,806,386 has been accrued for claims payable. Such amount represents estimates of amounts to be paid for reported claims as well as a provision for incurred but not reported claims, which amount is based upon the City's past experience, as modified for current trends and information of the total liability. A total of $795,555 has been recorded in the General Fund as the City anticipates that such amount will be paid from current resources.

While the ultimate amount of losses incurred through June 30, 2013 is dependent on future developments, based upon information from the independent claims administrators and others involved with the administration of the programs, City management believes that the aggregate accrual is adequate to cover such losses.

NOTE 7 SELF-INSURANCE PROGRAMS (CONTINUED)

A summary of the City's claims activity for the two years through June 30, 2013 is as follows:

	Workers' Compensation Claims	General Liability Claims	Totals
Balance at June 30, 2011	$ 2,869,170	$ 968,694	$ 3,837,864
Additions	1,159,088	34,367	1,193,455
Payments	(879,351)	(670,627)	(1,549,978)
Balance at July 1, 2012	3,148,907	332,434	3,481,341
Additions	144,914	463,288	608,202
Payments	-	(283,157)	(283,157)
Balance at June 30, 2013	$ 3,293,821	$ 512,565	$ 3,806,386

NOTE 8 DEFINED BENEFIT PENSION PLAN (PERS)

The City of Carson contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P” Street, Sacramento, California 95814.

Participants are required to contribute 8% of their annual covered salary. The City pays 7% while the employees pay 1% contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups.

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2011 to June 30, 2013 has been determined by an actuarial valuation of the plan as of June 30, 2010. The contribution rate indicated for the period is 19.911% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2013, the contribution rate is multiplied by the payroll of covered employees that were actually paid during the period from July 1, 2011 to June 30, 2013.

NOTE 8 DEFINED BENEFIT PENSION PLAN (PERS) (CONTINUED)

A summary of assumptions and methods used to determine the ARC is shown below.

Valuation Date	June 30, 2012
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	24 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30 year amortization period.

The Schedule below shows the three-year trend information for City's annual contribution to the Plan.

Annual Pension Cost (Employer Contribution)

Fiscal Year	Miscellaneous Plan	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	$ 5,881,646	100.0%	-
6/30/2012	6,406,512	100.0%	-
6/30/2013	6,004,466	100.0%	-

PERS valuation date of June 30, 2011 reported the plan was 74.9% funded. Entry age normal accrued liability was $190.2 million versus the actuarial value of assets (AVA) of $142.5 million resulted in $47.7 million unfunded liability. The annual covered payroll was $25.5 million representing a ratio of 187.4% against unfunded liability.

The Schedule of Funding Progress is presented as part of the Required Supplementary Information on page 69.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City administers a defined benefit plan, which provides medical insurance benefits to eligible retirees and qualified family members.

An employee is eligible for the City contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement with the City. Vesting requires at least 5 years of PERS eligible service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon the death of the retiree.

The City contributes to the retiree health coverage of eligible retirees and eligible surviving spouses. The City's financial obligation is to pay for the retiree and eligible dependent coverage up to a monthly maximum.

The following table shows the maximum allowance for eligible retirees, as well as active employees:

	1/1/2013	1/1/2014
Full-Time	$ 1,385	$ 1,435
Part-Time with 8 yrs+	415	419
Part-Time Employees	115	119

City's Funding Policy

The plan provisions and contribution requirements of plan members and the City are established and may be amended by City Council. The City joined the California Employer's Retiree Benefit Trust (CERBT) and has made a contribution of $3,404,726 for the fiscal year 2012-2013 in addition to a direct contribution it paid for retiree benefits of $1,618,513. The contribution of $77,805 was for the benefit of the dissolved redevelopment agency employees. Total contribution during the fiscal year 2012-2013 amounted to $5,023,239.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The following table shows the components of the annual OPEB cost for the current fiscal year, the amount actually contributed to the plan, and changes in the City and the Successor Agency's net OPEB obligation for these benefits:

	6/30/2013			6/30/2012
	City	Successor Agency	Total	Total
Annual Required Contribution	$ 5,278,049	$ 666,863	$ 5,944,912.00	$ 5,814,874
Interest on Net OPEB Obligation	768,956	97,155	866,111	828,039
Adjustments to Annual Required Contribution	(987,131)	(124,720)	(1,111,851)	(1,062,978)
Annual OPEB Cost	5,059,874	639,298	5,699,172	5,579,935
Contribution Made	(4,945,434)	(77,806)	(5,023,239)	(4,917,824)
Increase in Net OPEB Obligation	114,440	561,492	675,933	662,111
Net OPEB Obligation, beginning of year	16,803,490	(1,740,697)	15,062,793	14,400,682
Net OPEB Obligation (Asset), end of year	$ 16,917,930	$ (1,179,205)	$ 15,738,726	$ 15,062,793

The City and the Successor Agency's annual OPEB cost combined, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	$ 5,941,242	21.47%	$ 14,400,682
6/30/2012	5,579,935	88.13%	15,062,793
6/30/2013	5,699,172	88.14%	15,738,726

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information section, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Method. The actuarial assumptions included a 5.75 percent discount rate, which reflects a blend between a pay-as-you-go discount rate of 5 percent and the 7.61 percent discount rate for invested assets, and annual cost trend rates of 8.5 percent for HMO and 9 percent for PPO initially, reduced by decrements of 0.5 percent per year to an ultimate rate of 5 percent after the eighth year. All the rates included a 3.25 percent inflation assumption. The UAAL is being amortized over 30 years using a level-dollar basis. It is assumed the City's payroll will increase 3.25% per year.

Based on the latest Actuarial Study of the Plan as of July 1, 2011, the Unfunded Actuarial Accrued Liability (UAAL) was $48 million. The City did not join CERBT until fiscal year 2012 and therefore, the City had not established a trust as of valuation date. Accordingly, the plan is unfunded and the actuarial value of plan assets was zero at the date of valuation.

Below is the funded status of the Plan as of July 1, 2011:

Actuarial Accrued Liability (AAL)	$	48,138,659
Actuarial Value of Assets		-
Unfunded Actuarial Accrual Liability (UAAL)	$	48,138,659
Funded Ratio		0%
Covered Payroll	$	25,477,297
UAAL as of % of Payroll		189.1%

Refer to Required Supplementary Information Section for the Plan’s Schedule of Funding Progress.

NOTE 10 DEFICIT FUND BALANCES

The following funds reported an accumulated deficit in fund balance as of June 30, 2013:

		Accumulated Deficit
Special Revenue Funds:		
Self Supporting Fund	$	(81,767)
State CIP Grants Fund		(37,500)
WIA Grant Fund		(10,900)

Management expects that these deficits will be remedied after the related reimbursements from the grants are received.

NOTE 11 EXPENDITURES EXCEEDING APPROPRIATIONS

For the year ended June 30, 2013, expenditures by function exceeded appropriations of the following City funds:

	Final Budget	Actual	Amount Exceeding Appropriations
Major Funds:			
General Fund			
Community development	$ 1,437,600	$ 3,889,965	$ (2,452,365)
Carson Housing Authority			
Community development	$ 13,863,121	$ 17,803,117	$ (3,939,996)
Nonmajor Funds:			
State Gas Tax Fund			
Capital improvement program	2,378,940	2,516,300	(137,360)
Proposition C Local Return Fund			
Community services	1,264,706	1,303,317	(38,611)
Air Quality Improvement Fund			
Community services	97,424	108,759	(11,335)
Self Supporting Fund			
Community services	822,850	929,586	(106,736)
State Local Transporation Fund			
Community development	-	1,315	(1,315)
Proposition 1B Fund			
Capital improvement program	709,548	725,888	(16,340)
Department of Justice/OJP Grant Fund			
Community services	68,000	73,679	(5,679)
Capital improvement program	287,000	295,800	(8,800)
WIA Grant Fund			
Capital improvement program	-	21,126	(21,126)

NOTE 12 DEBT ISSUED WITHOUT GOVERNMENT COMMITMENT

Assessment District No. 2006

In September 2006, the City of Carson issued $25,000,000 and $7,955,000 of Assessment District No. 2006-1 (Dominguez Technology Center West) Reassessment Revenue Bonds, Series A and Subordinate Series B, respectively. The Bonds were issued to finance the acquisition costs for improvements within the Assessment District, establish the Reserve Fund, pay the premium, and to pay the cost of issuing the bonds.

The City is not liable for repayment of this debt but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings for the benefit of the Bondholders.

NOTE 12 DEBT ISSUED WITHOUT GOVERNMENT COMMITMENT (CONTINUED)

For these reasons, neither the debt nor the related debt service transactions are recorded on the City's basic financial statements. The principal balance outstanding at June 30, 2013 is $21,455,000 and $6,900,000, for Series A and B, respectively.

Assessment District No. 92-1

In October 1992, the City of Carson issued $13,100,000 of Assessment District No. 92-1 (Sepulveda Special District), Limited Obligation Improvement Bonds Series 1992 (collectively referred to as the "Bonds"). The Bonds were issued to finance a portion of the costs of the construction of certain street improvements, particularly the widening of a portion of Sepulveda Boulevard and included the reconstruction, removal, modification and relocation of pipelines, facilities, and the relocation of railroad tracks from the public right-of-way, storm drainage improvements, signalizing and landscaping. Bond proceeds were also used to establish the Reserve Fund, and to pay the cost of issuing the bonds.

The City's obligation to transfer funds to the Redemption Fund in the event of delinquent installments is limited to the balance in the Reserve Fund. The City is in no way liable for repayment but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings for the benefit of the Bondholders. For these reasons, neither the debt nor the related debt service transactions are recorded on the City's basic financial statements. The principal balance outstanding at June 30, 2013 is $1,335,000.

NOTE 13 DEFERRED INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”* and GASB Statement No. 65, *“Items Previously Reported as Assets and Liabilities,”* the City recognized deferred inflows of resources in the governmental funds financial statements. The deferred inflow of resources pertains to unavailable revenues, which represent long-term receivables that are not considered “available spendable resources” in the governmental funds financial statements.

	Balance at June 30, 2013
Governmental Activities	
Deferred inflow of resources	
Unavailable revenue	
Long-term receivables	$ 55,315,885

NOTE 14 CONTINGENCIES – CLAIMS

The City is a defendant in several general damage and personal injury lawsuits and claims. These claims arise primarily from injuries sustained by the claimants while on property owned or maintained by the City. In the opinion of outside counsel and the City Attorney, the potential liability of the City for such claims will not have a material adverse effect upon the financial position of the various funds of the City.

NOTE 15 HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS

Following are details of the Housing Authority's commitments under Development Agreements:

East Carson Housing Partners, L.P.
On June 15, 2010, the Carson Redevelopment Agency entered into a disposition and development agreement (DDA) with East Carson Housing Partners, L.P. (Developer) for the development of a 65-unit workforce housing community on a 1.75 acre Agency-owned property (Property) located at 425 E. Carson Street. The development was completed and fully leased by June 2012. The site provides housing for very-low, low and moderate income households. The product type ranges from one-bedroom to three-bedroom units.

The Agency provided assistance for the development of the project by selling the Property to the Developer for the fair market value of $1,906,500 (Purchase Price). In addition, the Agency provided project assistance in the amount of $6,888,000 towards Project development costs (Agency Assistance). The combined value of the land and set-aside funds are evidenced by a promissory note and secured by a Deed of Trust recorded on March 9, 2011. The Purchase Price and the Agency Assistance totals $8,794,500. This amount is to be repaid by Developer with residual receipts over a 55 year period, with interest accruing at 0.5% per annum (Note). Any balance on the Note is due and payable at the end of 55 years from issuance of certificate of occupancy.

East Carson II Housing Partners, L.P.
On February 19, 2013 the Carson Housing Authority (Authority) entered into an Affordable Housing Agreement with East Carson II Housing Partners, L.P. (Developer) for development of a 45-unit workforce housing community on an approximately 1.0 acre Authority-owned property. This new project will serve as phase two to the East Carson Housing Partners, L.P. project at 425 E. Carson Street completed in June 2012.

The Authority's financial assistance for this project included a loan of $3,320,000 for pre-development and construction costs and the property purchase price of $1,565,446 for a total assistance amount of $4,885,446. The total assistance amount was provided by a promissory note (Note) and secured by a Deed of Trust to be recorded at the time the Authority sells the property to Developer. The Note is to be repaid by Developer with residual receipts over a 55 year period, with interest accruing at 0.5% per annum. Any balance on the Note will be due and payable at the end of 55 years from issuance of certificate of occupancy. Closing for the property sale occurred in November 2013.

NOTE 15 HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

City View - 616 E. Carson St.
On February 17, 2011, the Agency and City View 616 East Carson, LLC (Developer) entered into a Disposition and Development Agreement to develop a mixed-use commercial/retail and residential development on a 9.57 acre Agency-owned property located at 616, 542, and 550 East Carson Street (Property). The Property was sold to the Developer on April 17, 2013 and the Developer has begun construction. At completion the project will consist of approximately 13,225 square feet of ground floor retail and 152 for-sale residential units. Fifteen percent of the residential units will be sold to buyers who meet income eligibility criteria.

Affirmed Housing Group - 21227 Figueroa St.
On March 1, 2011, the Carson Redevelopment Agency entered into a disposition and development agreement (DDA) with Affirmed Housing Group, Inc. (Developer) for the development of a 40-unit workforce housing community on Agency-owned property located at 21227 Figueroa Street (Property). Construction began immediately after closing and is expected to be completed in December 2013.

The Agency financial assistance for this project included a loan of $2,855,000 for pre-development and construction costs and the property purchase price of $1,345,000 for a total assistance amount of $4,200,000 (Agency Assistance). The Agency Assistance is evidenced by a promissory note and secured by a Deed of Trust recorded on December 24, 2012. The Agency Assistance is to be repaid by Developer with residual receipts over a 55 year period, with interest accruing at 0.5% per annum (Note). Any balance on the Note is due and payable at the end of 55 years from issuance of certificate of occupancy.

The Olson Company - 2535-2569 E. Carson St.
On June 7, 2011, the Agency entered into a Disposition and Development Agreement with the Olson Company for the development of 12 affordable for sale single family homes for moderate-income households. Construction began in July of 2012 and was completed in December 2012. All units have been sold. The Agency contribution for the construction of the project was $1,328,495. The Agency contribution is secured by a Deed of Trust and a Regulatory Agreement for each unit, which imposes affordability restrictions for 45 years from time of original sale of each unit. A $35,000 Note is attached to each unit and is only due payable if a unit is sold during the 45 year covenant period to a non-qualified buyer at a non-affordable price.

City Ventures – 2666 Dominguez St.
The Housing Authority (Authority) entered into a Purchase and Sale Agreement with City Ventures (Developer) for the sale of the approximately 0.5-acre Authority-owned property located at 2671 Tyler Street. The sales price of the Property is $238,000.00. The Developer will develop the Property as a for-sale single family detached, market rate residential project in accordance with the Property's land use and zoning regulations. The homes will be on fee simple lots. There will be no Authority assistance provided for this project. The sale is scheduled to close within one year from November 2013. The sales proceeds will be used to assist another Authority project known as Via 425 Phase II.

NOTE 15 HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

Concurrently with the sale the Property, the Authority will facilitate the sale, to the Developer, of a 1.0-acre parcel of contiguous land (Site) at 2666 Dominguez, owned by the City of Carson. The Site was the former Dominguez Trailer Park, which the City acquired with CDBG funds for an affordable housing development. The sales price of the Property is $467,000. The Site and the Property will comprise land upon which the Developer will build their for-sale homes. The sales proceeds from the Site will also be used to assist the Authority project known as Via 425 Phase II.

Avalon Courtyard Senior Apartments
In July 1992, the Agency entered into a Disposition & Development Agreement (DDA) with Thomas Safran & Associates (Developer) for development and operation of an affordable senior citizen housing project (Project). Pursuant to the DDA, the Developer executed a promissory note for a loan in the amount of $2,681,000 with a simple interest rate of 5%. The amount of Developer loan repayments is equal to 50% of the positive cash flow generated by the Project. As of June 30, 2012, the outstanding loans receivable from the Developer is $2,681,000. Pursuant to the DDA, as amended, the Agency is also required to provide the Developer a rent subsidy in the amount of $160,524 per year for 30 years following the date of the certificate of occupancy for the Project (or until August 1, 2025).

Carson Terrace, L.P.
In June 1999, the Agency entered into an Owner Participation Agreement (OPA) with Carson Terrace, L.P. (Developer) for development and operation of an affordable senior citizen housing project (Project). Pursuant to the OPA, the Developer executed a promissory note for a short-term construction loan in the amount of $2,205,000 with a simple interest rate of 3%. Subsequently, the Developer executed a promissory note for a long- term loan with a 5% simple interest rate for the purpose of retiring the construction loan. An amendment dated December 15, 2000 increased the amount of the long-term loan to $2,243,587. The amount of Developer loan repayments are equal to 50% of the positive cash flow generated by the Project. Pursuant to the OPA, the Agency is also required to provide the Developer a rent subsidy in the amount of $73,320 per year for 30 years following the date of the certificate of occupancy issued in 2001 (until December 26, 2030).

NOTE 16 PRIOR PERIOD ADJUSTMENT

The beginning balance of the City's Net Position in the government-wide Statement of Activities and the fund balance of the Housing Authority Fund were restated to reflect the adjustment to transfer the fund balance of the Low and Moderate Income Housing Fund of the former Redevelopment Agency to the Housing Authority. The balances represent housing assets and unspent housing bond proceeds, which were approved for use in housing projects by the California Department of Finance.

		Carson Housing Authority
Fund Balance beginning of year, as previously reported	$	25,050,929
Adjustment:		
Adjustment to transfer the fund balance of the former Low and Moderate Income Housing Fund to the Housing Authority		26,192,951
Fund Balance beginning of year, as restated	$	51,243,880

		Government-wide Statement of Activities
Net Position, beginning of year, as previously reported	$	363,110,748
Adjustment:		
Adjustment to transfer the fund balance of the former Low and Moderate Income Housing Fund to the Housing Authority		26,192,951
Net Position, beginning of year, as restated	$	389,303,699

NOTE 17 SUCCESSOR AGENCY DISCLOSURES

The accompanying financial statements also include the Private-purpose Trust Fund for the Successor Agency to the City's former Redevelopment Agency (Successor Agency). The City, as the Successor Agency, serves in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency. Its assets are held in trust for the benefit of the taxing entities within the former Redevelopment Agency's boundaries and as such, are not available for the use of the City.

Disclosures related to the certain assets and long-term liabilities of the Successor Agency are as follows:

Disclosure of Successor Agency Assets

Land Held for Resale
Account details as of June 30, 2013 are as follows:

Land held for resale - acquisition cost	$	17,694,859
Less allowance for decline in value		(6,792,426)
Net amount	$	10,902,433

Notes Receivable
Details of the Successor Agency's loans receivable as of June 30, 2013 are as follows:

Loans relative to development projects under various disposition and development agreements	$	25,808,139
Less: Allowance for uncollectible accounts		(23,248,082)
Loans receivable, net	$	2,560,057

Because of the nature of various loans receivable in relation to development projects under various disposition and development agreements, the Successor Agency provides an allowance for uncollectibility against such loans. The Successor Agency reports such loans as program costs. The Successor Agency also discounted interest-free loans issued in relation to redevelopment agency projects.

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Capital assets

Following is the summary of changes in capital assets of the Successor Agency for the year ended June 30, 2013:

	Beginning Balance, July 1, 2012	Increases	Decreases/ Transfers	Ending Balance, June 30, 2013
Capital assets being depreciated:				
Buildings and improvements	$ 42,412,145	$ 137,062	$ -	$ 42,549,207
Machinery and equipment	134,823	-	-	134,823
Total capital assets being depreciated	42,546,968	137,062	-	42,684,030
Less accumulated depreciation for:				
Buildings and Improvements	(12,317,326)	(684,241)	-	(13,001,567)
Machinery and equipment	(106,161)	(1,172)	-	(107,333)
Total accumulated depreciation	(12,423,487)	(685,413)	-	(13,108,900)
Total capital assets being depreciated, net	30,123,481	(548,351)	-	29,575,130
Capital assets not being depreciated:				
Construction in progress	21,227,342	3,048,820	(137,062)	24,139,100
Total capital assets not being depreciated	21,227,342	3,048,820	(137,062)	24,139,100
Capital assets, net	$ 51,350,823	$ 2,500,469	$ (137,062)	$ 53,714,230

Disclosure of Successor Agency Debts

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year	Due After One Year
Bonded debt - tax allocation bonds	$ 186,605,863	$ -	$ 5,735,000	$ 180,870,863	$ 6,405,000	$ 174,465,863
Accreted interest	3,116,535	481,267	-	3,597,802	-	3,597,802
County deferred loans	2,568,710	-	-	2,568,710	642,178	1,926,532
	$ 192,291,108	481,267	5,735,000	187,037,375	7,047,178	179,990,197

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2013
Redevelopment Project Area 1:		
2003B Tax Allocation Bonds In December 2003, the Carson Redevelopment Agency issued $32,495,863 of Tax Allocation Bonds, Series 2003B for Redevelopment Project Area No. 1 to fund redevelopment projects within the project area. The first principal installment was due on October 1, 2004; and then on October 1, 2017 annually thereafter ranging from $466,575 to $3,940,000 plus interest at 2.0% to 5.25% through October 2034. As of June 30, 2013, the reserve requirement for the bonds was $1,402,083. The balance in the reserve account as of June 30, 2013 was $1,402,083. Capital appreciation bonds of $5,410,863 were issued as part of the bond issuance with maturity dates from October 1, 2023 through 2032. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon the maturity or prior payment of the principal component. Accreted interest of $3,597,802 has been reflected as long-term debt.	$	32,260,863
2003 Tax Allocation Refunding Bonds In January 2003, the Carson Redevelopment Agency issued $3,155,000 of Tax Allocation Refunding Bonds, Series 2003 for Redevelopment Project Area No. 1 to partially advance refund outstanding 1992 series tax allocation bonds. Principal installments are due annually ranging from $125,000 to $215,000 plus interest at 2.0% to 5.25% through October 2016. The reserve for the bonds was fully funded in the form of a surety bond as of June 30, 2013.		1,700,000
Of the 2001 series proceeds, $31,174,303 were used to purchase U.S. Government securities to advance refund a portion of the 1992 series and advance refund in full the 1993B series. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on $14,160,000 of the 1992 series and the entire outstanding balance of the 1993B series in the amount of $15,000,000. As a result, the portion of the 1992 series and the entire 1993B series tax allocation bonds are considered to be defeased. The corresponding liabilities for the $14,160,000 and $15,000,000, respectively, have been removed from the statement of net position.		
The reserve for the bonds was fully funded in the form of a surety bond as of June 30, 2013.		10,265,000

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2013
2009A Tax Allocation Bonds On June 23, 2009, the Carson Redevelopment Agency issued \$22,810,000 of Tax Allocation Bonds, Series 2009A for Redevelopment Project Area No. 1 to fund redevelopment projects within the project area. Principal installments are due and begin October 1, 2010 annually ranging from \$290,000 to \$3,350,000 plus interest at 0.98% to 6.23% through October 2036. As of June 30, 2013, the reserve requirement for the bonds was \$2,071,911. The balance in the reserve account as of June 30, 2013 was \$2,071,911.	$	21,680,000
2009 Revenue Bonds In July 2009, the Carson Redevelopment Agency issued \$12,165,000, of Revenue Bonds, Series 2009, for Redevelopment Project Area No.1 to fund redevelopment activities within the project area. Principal payments are due annually ranging from \$260,000 to \$375,000 plus interest at 3.75% to 5.5% through October 1, 2021. As of June 30, 2013, the reserve requirement for the bonds was \$990,837. The balance in the reserve account as of June 30, 2013 was \$990,837.		12,165,000
Subtotal Redevelopment Project Area 1	$	78,070,863

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2013
Redevelopment Project Area 2:		
2003A Tax Allocation Refunding Bonds In January 2003, the Carson Redevelopment Agency issued $18,500,000 of Tax Allocation Refunding Bonds, Series 2003A for Redevelopment Project Area No. 2 to advance refund a portion of outstanding 1993 Tax Allocation Refunding Bonds. Principal installments are due annually ranging from $470,000 to $7,015,000 plus interest at 2.0% to 5.25% through October 2020. The reserve for the bonds was fully funded in the form of a surety bond as of June 30, 2013.	$	11,560,000
2003B Tax Allocation Refunding Bonds In July 2003, the Carson Redevelopment Agency issued $4,195,000 of Tax Allocation Refunding Bonds, Series 2003B for Redevelopment Project Area No. 2 to fully advance refund outstanding 1993 series tax allocation refunding bonds. Principal installments are due annually ranging from $125,000 to $290,000 plus interest at 2.5% through October 2023. The reserve for the bonds was fully funded in the form of a surety bond as of June 30, 2013.		2,655,000
2003C Tax Allocation Bonds In December 2003, the Carson Redevelopment Agency issued $11,800,000 of Tax Allocation Bonds, Series 2003C for Redevelopment Project Area No. 2 to fund redevelopment activities within the project area. Principal installments are due annually ranging from $440,000 to $2,385,000 plus interest at 2.0% to 4.5% through October 2016. As of June 30, 2013, the reserve requirement for the bond was $812,363. The balance in the reserve account as of June 30, 2013 was $812,363.		8,320,000
2007A Tax Allocation Refunding Bonds In October 2007, the Carson Redevelopment Agency issued $16,845,000 of Tax Allocation Refunding Bonds, Series 2007A for Redevelopment Project Area No. 2 to advance refund $14,925,000 of the outstanding 2003D Tax Allocation Refunding Bonds, establish a reserve account for the bonds and to pay the cost of issuing the bonds. Principal installments are due annually ranging in amounts from $105,000 to $1,655,000 plus interest at 0.5% to 5.3% through January 1, 2036.		

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2013
Of the 2007A series proceeds, $16,361,635 were used to purchase U.S. Government securities to advance refund in full the 2003D series. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the entire outstanding balance of $14,925,000. As a result, the entire 2003D series tax allocation bonds are considered to be defeased and were removed from the statement of net position. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $611,384 and a reduction of total debt service payments of $98,889. As of June 30, 2013, the reserve requirement for the bonds was $1,459,134. The balance in the reserve account as of June 30, 2013 was $1,501,267.	$	16,510,000
Subtotal Redevelopment Project Area 2		39,045,000
Redevelopment Project Area 4:		
<u>2006 Tax Allocation Bonds</u> In December 2006, the Carson Redevelopment Agency issued $28,000,000 of Tax Allocation Bonds, Series 2006 for Redevelopment Project Area No. 4 to fund redevelopment projects within the project area. Principal installments are due and begin October 1, 2007 annually ranging from $385,000 to $1,485,000 plus interest at 3.5% to 4.25% through October 2041. The reserve requirement for the bonds was satisfied in the form of a surety bond as of June 30, 2013.		25,305,000
Subtotal Redevelopment Project Area 4		25,305,000
Low and Moderate Income Housing:		
<u>2010A-T Tax Allocation Housing Bonds</u> In October 2010, the Carson Redevelopment Agency issued $14,940,000 of Tax Allocation Housing Bonds Series 2010A-T to fund low and moderate income housing projects. Principal installments are due annually beginning on October 1, 2011 with interest rates ranging from 1.725% to 5.8%. The reserve requirement for the bonds was fully funded as of June 30, 2013. The balance in the reserve account as of June 30, 2013 was $895,843.		12,830,000

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2013
2010A Tax Allocation Housing Bonds In October 2010, the Carson Redevelopment Agency issued $25,620,000 of Tax Allocation Housing Bonds Series 2010A to fund low and moderate income housing projects. Principal installments are due annually beginning on October 1, 2011 with interest rates ranging from 4.25% to 5.35%. The reserve requirement for the bonds was fully funded as of June 30, 2013. The balance in the reserve account as of June 30, 2013 was $2,376,873.	$	25,620,000
Subtotal Low and Moderate Income Housing		38,450,000
Total Redevelopment Agency Tax Allocation Bonds Payable	$	180,870,863

Debt Service Requirements To Maturity

The following schedule summarizes the debt service to maturity requirements for bonds outstanding as of June 30, 2013:

Year Ending June 30,	Project Area 1 2003 B Tax Allocation Refunding Bonds		Project Area 1 2003 Tax Allocation Refunding Bonds		Project Area 1 2001 Tax Allocation Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ -	$ 1,392,213	$ 160,000	$ 71,444	$ 2,365,000	$ 499,538
2015	-	1,392,213	165,000	65,144	2,490,000	366,025
2016	-	1,392,213	170,000	58,338	2,635,000	225,088
2017	-	1,392,213	180,000	51,119	2,775,000	76,313
2018	2,875,000	1,316,744	185,000	43,128	-	-
2019-2023	17,010,000	4,809,932	840,000	80,013	-	-
2024-2028	4,984,565	7,889,046	-	-	-	-
2029-2033	2,631,298	9,293,772	-	-	-	-
2034-2038	4,760,000	241,000	-	-	-	-
Total	$ 32,260,863	$ 29,119,343	$ 1,700,000	$ 369,184	$ 10,265,000	$ 1,166,963

Year Ending June 30,	Project Area 1 2009A Tax Allocation Refunding Bonds		Project Area 1 2009 Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	$ 405,000	$ 1,396,675	$ 260,000	$ 722,175
2015	430,000	1,377,350	270,000	711,563
2016	445,000	1,356,013	285,000	699,769
2017	470,000	1,332,550	295,000	687,075
2018	545,000	1,305,225	310,000	672,688
2019-2023	3,270,000	5,978,975	1,795,000	3,099,544
2024-2028	6,550,000	3,942,556	2,365,000	2,507,894
2029-2033	2,055,000	3,008,425	3,195,000	1,643,006
2034-2038	7,510,000	1,441,650	3,390,000	457,925
Total	$ 21,680,000	$ 21,139,419	$ 12,165,000	$ 11,201,638

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Debt Service Requirements To Maturity

Year Ending June 30,	Project Area 2 2003 A Tax Allocation Refunding Bonds		Project Area 2 2003B Tax Allocation Refunding Bonds		Project Area 2 2003C Tax Allocation Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 840,000	$ 529,750	$ 200,000	$ 101,831	$ 435,000	$ 364,924
2015	870,000	496,600	205,000	94,744	460,000	347,599
2016	905,000	458,838	215,000	87,259	475,000	329,771
2017	945,000	418,984	220,000	79,375	495,000	310,668
2018	985,000	379,178	230,000	71,075	510,000	290,249
2019-2023	5,695,000	1,083,081	1,295,000	203,381	2,900,000	1,094,970
2024	1,320,000	33,000	290,000	6,163	3,045,000	195,375
	$ 11,560,000	$ 3,399,431	$ 2,655,000	$ 643,828	$ 8,320,000	$ 2,933,554

Year Ending June 30,	Project Area 2 2007A Tax Allocation Refunding Bonds		Project Area 4 2006 Tax Allocation Bonds	
	Principal	Interest	Principal	Interest
2014	$ 125,000	$ 751,700	$ 475,000	$ 1,063,748
2015	125,000	746,700	495,000	1,044,348
2016	130,000	741,700	510,000	1,024,885
2017	135,000	736,500	535,000	1,005,960
2018	145,000	731,100	550,000	986,698
2019-2023	800,000	3,564,488	3,085,000	4,599,534
2024-2028	3,695,000	3,258,781	3,750,000	3,914,043
2029-2033	6,610,000	2,063,388	4,620,000	3,018,031
2034-2038	4,745,000	457,663	5,725,000	1,890,266
2039-2042	-	-	5,560,000	513,313
Total	$ 16,510,000	$ 13,052,019	$ 25,305,000	$ 19,060,824

Year Ending June 30,	Low-and-Moderate Income Housing 2010 A-T Tax Allocation Housing Bonds		Low-and-Moderate Income Housing 2010 A Tax Allocation Housing Bonds	
	Principal	Interest	Principal	Interest
2014	$ 1,140,000	$ 625,938	$ -	$ 1,294,063
2015	1,375,000	569,212	-	1,294,063
2016	1,440,000	505,720	-	1,294,063
2017	1,505,000	439,295	-	1,294,063
2018	1,570,000	362,175	-	1,294,063
2019-2023	5,800,000	549,450	3,430,000	6,330,506
2024-2028	-	-	9,005,000	4,417,000
2029-2033	-	-	6,620,000	2,611,856
2034-2038	-	-	6,565,000	705,731
Total	$ 12,830,000	$ 3,051,790	$ 25,620,000	$ 20,535,406

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

The above outstanding debt issuances are collateralized by pledged tax increment revenue. The term of the commitment of pledged revenues and the purposes for which the proceeds of these debt issuances were utilized are disclosed in the debt descriptions provided herein. The amount of the remaining commitment of the pledge is equal to the amount of the remaining debt service to maturity of the related debt issuances as disclosed above.

As discussed above, certain bond reserve requirements were satisfied through surety bonds issued by MBIA Insurance Corporation, currently named National Public Finance Guarantee Corporation (NPFGC). In November 2012, Moody's Investors Service downgraded NPFGC's financial strength rating from "B3" to "Caa1" with developing outlook. The downgrade reflected the NPFGC's weak liquidity position and other factors.

County Deferred Loans

The former Carson Redevelopment Agency, the County of Los Angeles, and the Consolidated Fire Protection District entered into an Agreement of Reimbursement of Tax Increment Funds on February 15, 1983, upon the authority of Health and Safety Code Section 33401 and the provisions of Amendment No. 6 to the Carson Redevelopment Plan for the Project Area No. 2 (the "Project") as required by Health and Safety Code Section 33338.1, whereby the County agreed to loan tax increment up to $200,000 annually not to exceed $8 million dollars for the project.

As of June 30, 2013, the cumulative deferred loan balance payable to the County of Los Angles was $2,568,710.

Disclosure Of Successor Agency Commitments Under Development Agreements

Altmanshofer Family Trust
On June 19, 2001, the Carson Redevelopment Agency (Agency) entered into an agreement with David John Altmanshofer and Marlene Clare Altmanshofer, as trustees of the Altmanshofer Family Trust (Developer) to fund the acquisition and construction of property in the amount of $1,685,000. Of the total amount, the forgivable loan of $635,000 bears interest at 6% and is due July 15, 2012. The loan will be forgiven in an amount equal to 50% of incremental annual sales tax generated above the amount of $65,000. The non-forgivable amount of $1,050,000 bears annual interest of 6% and was due on July 15, 2009.

Because of the economic downturn, on July 1, 2009, the Agency agreed to extend the loan terms and reduced the interest rates. The interest rates for the non-forgivable and the forgivable loans were reduced from 6% to 3% and will be due on July 15, 2016. The Developer went out of business during the latter part of fiscal year 2010-2011. Accordingly, 100% allowance for uncollectible accounts was provided on the loans outstanding as of June 30, 2012.

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

When the owner defaulted on the Agency's loan, as well as two other loans with two different banks, in accordance with the terms of the Agency's loan agreement with the owner, the Agency foreclosed on the property. To do so, the Agency also had to acquire the other two bank loans first, which it did. At that point the property becomes a Successor Agency property, and acquisition of the property was in keeping with the law to maintain the value of such properties prior to disposing of them. Because the property is along the I-405 freeway it is well suited for operation as an auto dealership. A local KIA automobile dealership asked to purchase the site from the Agency at fair market value and the Agency sold the property to the dealership for the appraised fair market value in September 2012. The dealership, Car Pros, will transition its operation from its existing off-freeway location to the new site, which should substantially increase its exposure and sales.

Carson Real Estate Leasing, LLC
On May 18, 2004, the Agency entered into a Disposition and Development Agreement (DDA) with the Carson Real Estate Leasing, LLC, a California limited liability company (Developer), for the development of approximately 92,000 square feet of a new and used car sales facility in the Merged and Amended Project Area. The Agency agreed to sell the land to the Developer for a total purchase price of $8,581,718. The purchase price consists of a $4,666,848 cash payment and a promissory note of $3,914,870 - the Agency's subsidy to the project. The term shall be for 20 years with an option to extend for an additional five years. Each year, an amount equal to 50% of the sales tax generated from the site in excess of the average sales tax amount generated in year 2001-2003 shall be credited towards the payment of the principal amount and any interest accrued. As of June 30, 2013, the balance of the loan from this developer is $3,625,951.

BP West Coast Products, LLC/Tesoro Corporation
On November 15, 2005, the Agency entered into an agreement with BP West Coast Products, LLC, a Delaware limited liability company (Developer), for development of a new office/business park campus of up to 280,000 square feet in potentially three different phases. The first phase consisted of an office building of approximately 125,000 square feet.

The Agency agreed to sell the 4.5 acre development parcel, located at 2254 E. 223rd Street, to the Developer for the sum of one dollar ($1.00) and a note amount equal to $2,960,000 (Note). Each year, seventy-five percent (75%) of the site tax increment is credited against any amounts outstanding under the Note. The term is for 15 years and simple interest accrues at two (2) percent per annum. As of April 16, 2013, the balance on the Note was $2,237,267.

On June 1, 2013, the Developer sold the property and transferred all rights and responsibilities under the Note to Tesoro Corporation.

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

501 Albertoni, LLC - University Village
On May 16, 2006, the Agency entered into a Disposition and Development Agreement (DDA) with 501 Albertoni, LLC, a Delaware limited liability company (Developer), for development of retail space as follows: new commercial retail center of approximately 40,000 square feet, a 6,500 square feet freestanding El Pescador restaurant, and an additional 33,500 square feet of commercial space. The Agency agreed to sell the land to the Developer in the amount of $3,049,200. Upon the close of escrow, the Developer made a cash payment of $750,000 to the Agency. A promissory note and deed of trust was issued for the remaining $2,299,200. After the completion of the project, $799,000 was forgiven. Repayment of the remaining $1,500,000 is tied to the operation of the El Pescador restaurant - each year the restaurant is in operation, the amount of the note will be reduced by 20%. On January 31, 2008, the Agency sold the property to 501 Albertoni, LLC. A dispute arose over the meaning of Attachment No. 9 to the DDA entitled “Purchase Price Adjustment” and whether Developer was required to pay the Agency an additional purchase price of $586,654. On April 6, 2010, both parties entered into a settlement agreement whereby the Developer agreed to pay $400,000 in full consideration. Payment of the settlement was agreed as follows: $50,000 to be paid in the form of a certified check and $350,000 in the form of an unsecured promissory note at an interest rate of 3% per year. Specifically, the Developer is required to make an interest payment of $2,625 per quarter for 10 years commencing on June 30, 2010 with the $350,000 balance due at the earlier of March 20, 2020 or the date of the sale of the property. As of June 30, 2013, the balance of the loan from this developer is $950,000.

Carson Marketplace, LLC
On July 25, 2006, the Agency entered into an Owner Participation Agreement (OPA) with Carson Marketplace LLC, a Delaware limited liability company, to effectuate the redevelopment plan for Redevelopment Project Area No. 1 by providing for public improvements and the remediation of the 157-acre portion of the total 168-acre property. Under the OPA, the Agency is committed to providing $110 million in public financial assistance. In addition, the Agency committed to finance the improvements to the I-405/Avalon Boulevard on-off ramp system. Participant is obligated to contribute $25 million toward this project. Total financial assistance granted to the Developer as of June 30, 2013 amounted to $69.5 million.

The Gateway at City Center - 720 E. Carson St. & the Renaissance at City Center - 21800 S. Avalon
On March 18, 2008, the Agency entered into three separate agreements with Thomas Safran (Developer), for a mixed-use development with two major components: an affordable senior housing component and a commercial component. This large scale development is located on a 4.5 acre site at the southeast corner of Carson Street and Avalon Boulevard.

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

On April 7, 2009, the Agency entered into an Owner Participation Agreement (OPA) with the Developer to develop a mixed-use project that includes 85 units of affordable senior rental housing plus one market-rate manager's unit, approximately 10,000 square foot of commercial space, and underground and surface-level parking (Phase I). On May 3, 2010, the Agency provided $13,900,000 in financial assistance in the form of an interest-free for the senior housing component. Phase I was completed in April 2011.

On June 1, 2010, the Agency entered into a Disposition and Development Agreement (DDA) with Thomas Safran & Associates, Inc. and Carson City Center South LLC (Developer) for Phase II, a mixed-used project consisting of 150 new market-rate rental housing units, and approximately 25,000 square feet of commercial space, including subterranean and surface parking. The Agency sold three parcels to the developer immediately adjacent to the site for $2,340,000 (fair market value). The Agency-owned properties together with the Developer's properties constitute the full development site.

On July 29, 2010, the Agency provided $7,500,000 in financial assistance in the form of a grant to assist with the commercial component of the project.

The term is 55 years. On the anniversary of the certificate of occupancy date, 1/55 of the principal shall be credited. As of June 30, 2013, the certificate has not been issued.

WIN Chevrolet, Properties, LLC - 2201 E. 223rd St.
On April 21, 2009, the Agency approved the purchase of the C-P Land Company (Developer) property at 2201 E. 223rd Street (Property). The Agency then leased Property to the Cormier Chevrolet Company (Dealership) at the same address. In November 2011, after entering into a partnership with the Win Company (Win) with Win as majority interest partner, the Dealership exercised its repurchase rights of the Property under the DDA. The Agency sold the Property to the partnership, which renamed the new dealership Win Chevrolet. The Property was sold for $12,000,000; there was a $5,000,000 cash payment and a performance promissory note (Note) of $7,000,000 was carried back by the Agency. The Note amount will be reduced at a rate of 1/20 of the original principal balance each year that the dealership operates in compliance with the 20-year operating covenant. If the new dealership ceases to operate, WIN Chevrolet will owe the balance of the Note.

A second note of $500,000 is tied to the upgrade of the existing dealership to build a new Hyundai vehicle showroom. The loan is forgivable if the showroom is completed within 5 years of the effective date of the DDA. The expected completion date is no later than December 2016. As of June 30, 2013, WIN Chevrolet has a loan balance of $7,150,000.

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Hilland - Nissan Real Estate - 1505 E. 223rd St.

On July 6, 2010, the Agency and Hilland Nissan (Owner) entered into a Disposition and Development Agreement pursuant to which the Agency provided the Owner with $3,000,000 of financial assistance to facilitate the Owner's long-term operation of a new Nissan dealership at the property located at 1505 E. 223rd St., pursuant to the terms of the DDA. The Agency provided the Owner with a $3 million loan backed by a performance promissory note (Note), secured by a deed of trust on the Site. Principal due on the 15-year Note is reduced annually by an amount equal to 50% of the sales tax generated above a threshold gross sales amount defined in the Note. As of June 30, 2013, the loan balance is $2,634,864.

NOTE 18 PRIOR PERIOD ADJUSTMENTS

The beginning net position balance of the Successor Agency was restated as follows:

Net Position beginning of year, as previously reported	$	2,971,740
Adjustments:		
Adjustment to write off the balance of bond issuance cost to comply with GASB Statement No. 65		(2,381,163)
Adjustment to transfer the fund balance of the former Low and Moderate Income Housing Fund to the Housing Authority		(26,192,952)
Adjustment to record the County Deferral Loan		(2,568,710)
Adjustment to record the cumulative accreted interest on capital appreciation bonds		(3,116,535)
Net position beginning of year, as restated	$	(31,287,620)

NOTE 19 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 30, 2013, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

CITY OF CARSON, CALIFORNIA

INCORPORATED FEB 20, 1968

FUTURE UNLIMITED