BASIC FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA

INCORPORATED FEB 20, 1968

FUTURE UNLIMITED

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA

INCORPORATED FEB 20, 1968

FUTURE UNLIMITED

		Governmental Activities
ASSETS		
Cash and investments	$	46,577,231
Cash and investments with fiscal agents		23,304,835
Receivables		
Taxes		5,369,241
Accounts		238,512
Accrued interest - other		4,792,511
Loans, net of discount and allowance for uncollectible accounts		15,611,241
Due from government agencies		2,262,684
Due from Successor Agency		216,436
Inventory		319,064
Land held for resale		6,640,174
Capital assets not being depreciated		121,557,200
Capital assets, net of accumulated depreciation		172,155,478
Total assets		399,044,607
DEFERRED OUTFLOWS OF RESOURCES		
Advance Funded Pension Cost		2,158,520
Total deferred outflows of resources		2,158,520
LIABILITIES		
Accounts payable and accrued liabilities		7,922,832
Accrued payroll		960,629
Due to governmental agencies		689
Due to Successor Agency		71,448
Refundable deposits		22,236
Unearned revenues		363,305
Retentions payable		272,705
Noncurrent liabilities		
Due within one year		4,242,943
Due in more than one year		22,999,596
Total liabilities		36,856,383
NET POSITION		
Net position, investment in capital assets		293,712,678
Restricted for:		
Public works		4,396,352
Housing projects		52,696,178
Community services		3,259,542
Unrestricted		10,281,994
Total net position	$	364,346,744

See notes to financial statements.

		Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net Governmental Activities
Governmental Activities					
General government	$ 23,721,702	$ 9,179,427	$ -	$ -	$ (14,542,275)
Community development	19,125,990	3,099,377	1,267,058	82,463	(14,677,092)
Public works	18,349,893	300,011	9,061,386	-	(8,988,496)
Community services	37,649,609	462,141	2,768,345	1,789,103	(32,630,020)
Capital maintenance programs	426,219	-	-	-	(426,219)
Total Governmental Activities	$ 99,273,413	$ 13,040,956	$ 13,096,789	$ 1,871,566	(71,264,102)
General revenues					
Taxes:					
Property taxes					17,381,673
Sales taxes					23,668,795
Transient occupancy taxes					1,598,037
Franchise taxes					7,933,064
Admissions tax					315,511
Utility users tax					9,284,071
Motor vehicle license fee, unrestricted					41,716
Use of money and property					3,295,319
Other revenue					768,416
Total general revenues					64,286,602
Change in net position					(6,977,500)
Net position - beginning					371,324,244
Net position - ending					$ 364,346,744

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, 2014

	General	Carson Housing Authority	Nonmajor Governmental Funds	Total
ASSETS				
Cash and investments (Note 2)	$ 30,718,580	$ 7,378,673	$ 8,479,978	$ 46,577,231
Cash and investments with fiscal agents	4,410,090	18,894,745	-	23,304,835
Receivables:				
Taxes	5,369,241	-	-	5,369,241
Accounts	237,329	1,183	-	238,512
Accrued interest - other	6,088	4,610,382	176,041	4,792,511
Loans	30,103	50,794,226	-	50,824,329
Due from other funds (Note 5)	949,023	297,207	-	1,246,230
Due from Successor Agency	208,803	-	7,633	216,436
Due from government agencies	167,266	-	2,095,418	2,262,684
Inventory	319,064	-	-	319,064
Prepaids and other assets	-	-	-	-
Land held for resale	-	6,640,174	-	6,640,174
Total assets	$ 42,415,587	$ 88,616,590	$ 10,759,070	$ 141,791,247
DEFERRED OUTFLOWS OF RESOURCES				
Advance Funded Pension Cost	2,158,520	-	-	2,158,520
Total assets and deferred outflows of resources	44,574,107	88,616,590	10,759,070	143,949,767
LIABILITIES				
Accounts payable and accrued liabilities	$ 6,020,790	36,347	1,865,695	$ 7,922,832
Accrued payroll	864,726	-	95,903	960,629
Due to other funds (Note 5)	297,207	433,342	515,681	1,246,230
Due to Successor Agency	5,244	-	66,204	71,448
Due to government agencies	689	-	-	689
Retentions payable	-	237,635	35,070	272,705
Unearned revenue	189,341	-	173,964	363,305
Refundable deposits	22,236	-	-	22,236
Self insurance claims payable	795,555	-	-	795,555
Total liabilities	8,195,788	707,324	2,752,517	11,655,629
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	55,340,592	-	55,340,592
FUND BALANCES				
Nonspendable				
Loans receivable	30,103	-	-	30,103
Inventory	319,064	-	-	319,064
Advance Funded Pension Cost	2,158,520	-	-	2,158,520
Land held for resale	-	6,640,174	-	6,640,174
Restricted				
Housing projects	-	25,928,500	-	25,928,500
Special revenue funds			7,655,894	7,655,894
1% PEG fees	380,842	-	-	380,842
Alameda Corridor Projects	1,000,000	-	-	1,000,000
Capital projects (DTC)	379,709	-	-	379,709
Committed				
Economic uncertainties	14,240,695	-	-	14,240,695
Budget stabilization fund	2,500,000	-	-	2,500,000
Reward funds	80,000	-	-	80,000
OPEB Trust contribution	4,094,580	-	-	4,094,580
Assigned				
Raised median construction	233,114	-	-	233,114
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	-	-	693,941	693,941
Utility underground	998,110	-	-	998,110
Load shed program	149,746	-	-	149,746
Encumbrances and continuing appropriations	223,609	-	-	223,609
Unassigned	6,090,227	-	(343,282)	5,746,945
Total fund balances	36,378,319	32,568,674	8,006,553	76,953,546
Total liabilities, deferred inflows of resources and fund balances	$ 44,574,107	$ 88,616,590	$ 10,759,070	$ 143,949,767

See notes to financial statements.

City of Carson
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014

Fund balance of governmental funds		$ 76,953,546
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		491,103,755
Accumulated depreciation		(197,391,077)
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.		
Self insurance claims	$ (4,227,349)	
Compensated absences	(5,229,563)	
Net OPEB liability	(16,990,072)	(26,446,984)
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.		55,340,592
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.		(21,313,088)
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		$ 364,346,744

See notes to financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2014

	General Fund	Carson Housing Authority	Nonmajor Governmental Funds	Total
Revenues				
Taxes	$ 57,210,774	$ 2,973,555	$ 2,865,180	$ 63,049,509
Licenses and permits	6,157,526	-	-	6,157,526
Fines and forfeitures	1,824,128	-	152,833	1,976,961
Intergovernmental	272,325	-	10,415,920	10,688,245
Charges for services	2,190,085	-	880,722	3,070,807
Use of money and property	1,669,220	714,183	567,509	2,950,912
Charges to other funds	-	-	646,647	646,647
Miscellaneous	1,680,463	1,138,741	936,102	3,755,306
Total revenues	71,004,521	4,826,479	16,464,913	92,295,913
Expenditures				
Current:				
General government	22,042,126	-	-	22,042,126
Community development	4,188,655	8,983,595	1,967,533	15,139,783
Public works	13,797,470	-	2,903,721	16,701,191
Community services	30,670,545	-	4,790,860	35,461,405
Capital improvement programs	1,134,021	-	4,116,959	5,250,980
Total expenditures	71,832,817	8,983,595	13,779,073	94,595,485
Excess (deficiency) of revenues over expenditures	(828,296)	(4,157,116)	2,685,840	(2,299,572)
Other financing sources (uses)				
Transfers in (Note 5)	938,605	-	125,068	1,063,673
Transfers out (Note 5)	(100,000)	(19,952)	(943,721)	(1,063,673)
Net other financing sources (uses)	838,605	(19,952)	(818,653)	-
Change in fund balance	10,309	(4,177,068)	1,867,187	(2,299,572)
Fund balance, beginning of year	36,368,010	36,745,742	6,139,366	79,253,118
Fund balance, end of year	$ 36,378,319	$ 32,568,674	$ 8,006,553	$ 76,953,546

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, 2014

Change in Fund Balances - Governmental Funds	$ (2,299,572)
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	6,158,820
Depreciation expense	(9,346,788)
Governmental funds do not report the effect of long-term debt. These debts are reported in the government-wide financial statements.	
Claims and judgments	(1,216,518)
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	(263,156)
Other post-employment benefits	(72,142)
Revenues that are measurable but not available. Amounts are recorded as deferred or unavailable revenue under the modified accrual basis of accounting.	24,707
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.	37,149
Change in net position of governmental activities	$ (6,977,500)

See notes to financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

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	$ 61,626,066	$ 7,303,380
Cash and investments with fiscal agents	16,726,635	2,537,069
Receivables		
Accounts	215	-
Interest, investments	33,383	-
Interest, loans	299,088	-
Loans, net	2,544,390	-
Due from the City of Carson	62,711	-
Due from other agency funds	8,737	-
Land held for resale	10,902,433	-
OPEB asset	2,609,778	-
Capital assets not being depreciated	28,319,481	-
Capital assets, net of accumulated depreciation	29,726,883	-
Total assets	$ 152,859,800	$ 9,840,449
Liabilities		
Accounts payable and accrued liabilities	$ 2,110,238	$ 189,450
Accrued interest payable	2,192,203	-
Retention and refundable deposits	568,597	3,048,621
Due to City of Carson	216,436	-
Due to assessed parties	-	723,432
Due to bondholders	-	5,878,946
Noncurrent liabilities		
Due within one year	7,855,610	-
Due in more than one year	167,065,200	-
Total liabilities	180,008,284	$ 9,840,449
Fiduciary Net Position		
Net Position held in trust	(27,148,484)	
Total net position	$ (27,148,484)	

See notes to financial statements.

		Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund
Revenues		
Property taxes	$	32,204,166
Use of money and property		747,647
Net transfers from the City		86,445
Total revenues		33,038,258
Expenses		
Community Development		18,849,661
Debt service		
Interest and fiscal charges		5,670,666
Total expenses		24,520,327
Change in net position		8,517,931
Net position held in trust - beginning		(35,666,415)
Net position held in trust - ending	$	(27,148,484)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, Accounting and Financial Reporting for Nonexchange Transactions.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments and GASB No.63,Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The City reports the following major governmental funds:

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

<u>Nonspendable fund balance</u> 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.

<u>Restricted fund balance</u> 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 and the low/moderate income housing program, and more.

<u>Committed fund balance</u> 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City's fund balance amounting to $20.9 million meets this classification as of June 30, 2014.

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 in accordance with Resolution No. 11-084, Classifying the Various Components of the Fund Balance of the City of Carson.

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 general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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.

Cash and Investments

The City pools cash and investments of all funds, except for assets held by the Carson Successor Agency to the dissolved 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and 65, Items Previously Reported as Assets and Liabilities, 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 13 for the list of deferred inflows of resources the City has recognized as of June 30, 2014.

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 $7,159,278 was included in the property tax revenues of $17.3 million reported for the fiscal year 2013-2014.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2014 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	$ 46,577,232	$ 61,626,066	$ 7,303,380	$ 115,506,678
Restricted assets:				
Cash and investments with fiscal agents	23,304,835	16,726,635	2,537,069	42,568,539
Total cash and investments	$ 69,882,067	$ 78,352,701	$ 9,840,449	$ 158,075,217

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	$ 4,050
Deposits with financial institutions	67,160,984
Investments	90,910,183
Total cash and investments	$ 158,075,217

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.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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.

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

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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:

		Remaining maturity in Months		
Investment Type	Total	12 Months Or Less	13 to 24 Months	25-60 Months
State investment pool	$ 281,569	$ 281,569	$ -	$ -
Money market funds	44,834,017	44,834,017	-	-
Bonds	2,651,058	203,674	2,006,760	440,624
Federal agency securities	575,000	-	-	575,000
Held by fiscal agent:				
Bonds	9,889,963	4,434,252	2,816,603	2,639,108
Federal agency securities	20,428,728	-	-	20,428,728
Money market funds	12,249,848	12,249,848	-	-
	$ 90,910,183	$ 62,003,360	$ 4,823,363	$ 24,083,460

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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	AA+/Aa2	AA-/A+	Not Rated
State investment pool	$ 281,569	N/A	$ -	$ -	$ 281,569
Money market funds	44,834,017	N/A	-	-	44,834,017
Bonds	2,651,058	Aaa	2,006,760	644,298	-
Federal agency securities	575,000	AA	575,000	-	-
Held by fiscal agent:					
Bonds	9,889,963	N/A	103,624	9,786,339	-
Federal agency securities	20,428,728	N/A	20,428,728	-	-
Money market funds	12,249,848	N/A	-	-	12,249,848
Total	$ 90,910,183		$ 23,114,112	$ 10,430,637	$ 57,365,434

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	$ 16,552,900

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, 2014, 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	$ 17,575,188

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 $282 thousand 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, 2014 are as follows:

Loans relative to development projects under various disposition and development agreements	$	43,497,033
First Time Homebuyer Loan Program		7,297,193
Other loans		30,103
Total		50,824,329
Less: Allowance for uncollectible accounts		(21,313,088)
Discount on notes receivable		(13,900,000)
Loans receivable, net	$	15,611,241

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, 2014:

	Beginning Balance, July 1, 2013	Increases	Decreases/ Transfers	Ending Balance, June 30, 2014
Capital assets being depreciated:				
Buildings and improvements	$ 37,744,778	$ 495,079	$ -	$ 38,239,857
Machinery and equipment	14,431,860	839,983	(344,407)	14,927,436
Infrastructure				
Roadways	288,825,450	704,440	-	289,529,890
Sewer	20,123,476	-	-	20,123,476
Storm drain	6,381,489	-	-	6,381,489
Total capital assets being depreciated	367,507,053	2,039,502	(344,407)	369,202,148
Less accumulated depreciation for:				
Buildings and Improvements	(18,068,230)	(1,605,591)	-	(19,673,821)
Machinery and equipment	(11,884,437)	(796,501)	344,407	(12,336,531)
Infrastructure				
Roadways	(139,402,034)	(6,476,152)	-	(145,878,186)
Sewer	(15,371,055)	(349,241)	-	(15,720,296)
Storm drain	(3,318,533)	(119,303)	-	(3,437,836)
Total accumulated depreciation	(188,044,289)	(9,346,788)	344,407	(197,046,670)
Total capital assets being depreciated, net	179,462,764	(7,307,286)	-	172,155,478
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	15,158,447	5,318,837	(1,199,519)	19,277,765
Total capital assets not being depreciated	117,437,882	5,318,837	(1,199,519)	121,557,200
Capital assets, net	$ 296,900,646	$ (1,988,449)	$ (1,199,519)	$ 293,712,678

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

		Amount
General Government	$	1,714,653
Community services		4,003,427
Public works		1,586,146
Community development		2,042,562
Total depreciation expense - governmental activities	$	9,346,788

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 $237,933,754 as of June 30, 2014.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due From/Due to Other Funds

Due from/due to other funds as of June 30, 2014 are as follows:

	Due to Other Funds			
Due From Other Funds:	General Fund	Carson Housing Authority	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 433,342	$ 515,681	$ 949,023
Carson Housing Authority	297,207	-	-	297,207
Nonmajor Governmental Funds	-	-	-	-
	$ 297,207	$ 433,342	$ 515,681	$ 1,246,230

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.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund Transfers

Transfers in and out for the year ended June 30, 2014 were as follows:

	Tranfers In			
Tranfers Out:	General Fund	Carson Housing Authority	Nonmajor Governmental Funds	Total
General fund	$ 100,000	$ -	$ -	$ 100,000
Carson Housing Authority	-	-	19,952	19,952
Nonmajor Governmental Funds	838,605	-	105,116	943,721
	$ 938,605	$ -	$ 125,068	$ 1,063,673

lnterfund 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, 2014:

	Balance at July 1, 2013	Additions	Retirements	Balance at June 30, 2014	Amount due within one year	Amount due after one year
Compensated absences	$ 4,966,407	$ 3,187,588	$ 2,924,432	$ 5,229,563	$ 3,447,388	$ 1,782,175
Net OPEB Obligation	16,917,930	4,482,219	4,410,077	16,990,072	-	16,990,072
Self-insurance claims payable	3,806,386	1,365,353	148,835	5,022,904	795,555	4,227,349
	$ 25,690,723	$ 9,035,160	$ 7,483,344	$ 27,242,539	$ 4,242,943	$ 22,999,596

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 self-insured for dental and unemployment insurance. Additionally, the City is self-insured for the first $250,000 per liability claim, including employment practices. The liability excess insurance carrier is Lloyds of London. The City is self-insured for the first $750,000 per workers' compensation claim. The workers' compensation excess insurance carrier is Safety National Casualty Corporation. The City is self-insured for the first $10,000 per property claim. The property insurance carrier is Traveler's Insurance Company. The City is self-insured for the first $10,000 per crime claim. The crime insurance carrier is Zurich Insurance Company.

At June 30, 2014, $5,022,904 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, 2014 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.

A summary of the City's claims activity for the two years through June 30, 2014 is as follows:

	Workers' Compensation Claims	General Liability Claims	Totals
Balance at June 30, 2012	$ 3,148,907	$ 332,434	$ 3,481,341
Additions	144,914	463,288	608,202
Payments	-	(283,157)	(283,157)
Balance at July 1, 2013	3,293,821	512,565	3,806,386
Additions	99,989	1,465,342	1,565,331
Payments	(118,368)	(230,445)	(348,813)
Balance at June 30, 2014	$ 3,275,442	$ 1,747,462	$ 5,022,904

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 Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, 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, 2013 to June 30, 2014 has been determined by an actuarial valuation of the plan as of June 30, 2012. The contribution rate indicated for the period is 23.726% 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, 2014, the contribution rate is multiplied by the payroll of covered employees that were actually paid during the period from July 1, 2013 to June 30, 2014.

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
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 30-year period with Direct Rate Smoothing rolling period, with a 5-year ramp up/ramp down.

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

If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment of the total unfunded liability may not be lower than the payments 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
6/30/2012	$	6,406,512	100.0%	-
6/30/2013		6,004,466	100.0%	-
6/30/2014		6,043,153	100.0%	-

PERS valuation date of June 30, 2013 reported the plan was 69.3% funded. Entry age normal accrued liability was $206.4 million versus the actuarial value of assets (AVA) of $143 million resulted in $63 million unfunded liability. The annual covered payroll was $23 million representing a ratio of 275.9% against unfunded liability.

The Schedule of Funding Progress is presented as part of the Required Supplementary Information on page 68.

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.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 $5,641,581 for the fiscal year 2013-2014 in addition to a direct contribution it paid for retiree benefits of $381,659. The contribution of $1,613,163 was for the benefit of the dissolved redevelopment agency employees. Total contribution during the fiscal year 2013-2014 amounted to $6,023,240.

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.

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:

	6/30/2014			6/30/2013
	City	Successor Agency	Total	Total
Annual Required Contribution	$ 4,767,707	$ 194,220	$ 4,961,927	$ 5,944,912
Interest on Net OPEB Obligation	869,554	35,423	904,977	866,111
Adjustments to Annual Required Contribution	(1,155,043)	(47,052)	(1,202,095)	(1,111,851)
Annual OPEB Cost	4,482,218	182,591	4,664,809	5,699,172
Benefits Payments and Contribution Made	(4,410,077)	(1,613,163)	(6,023,240)	(5,023,239)
Increase / (decrease) in Net OPEB Obligation	72,141	(1,430,572)	(1,358,431)	675,933
Net OPEB Obligation, beginning of year	16,917,931	(1,179,205)	15,738,726	15,062,793
Net OPEB Obligation (Asset), end of year	$ 16,990,072	$ (2,609,777)	$ 14,380,295	$ 15,738,726

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	$ 5,579,935	21.47%	14,400,682
6/30/2013	5,699,172	88.14%	15,738,726
6/30/2014	4,664,809	129.12%	14,380,295

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.

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.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Based on the latest Actuarial Study of the Plan as of July 1, 2013, the Unfunded Actuarial Accrued Liability (UAAL) was $41 million. During the fiscal year 2011-2012, the City joined and contributed to CalPERS California Employers' Retiree Benefit Trust (CERBT) Fund. As of June 30, 2014, the actuarial value of plan assets was $7,287,038.

Below is the funded status of the Plan as of July 1, 2013:

Actuarial Accrued Liability (AAL)	$	48,365,461
Actuarial Value of Assets		7,287,038
Unfunded Actuarial Accrual Liability (UAAL)	$	41,078,423
Funded Ratio		15%
Covered Payroll	$	23,621,000
UAAL as of % of Payroll		174%

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, 2014:

		Accumulated Deficit
Special Revenue Funds:		
LA County Park District Fund	$	(199,023)
Proposition 1B Fund		(3,635)
State CIP Grants Fund		(169,841)
Federal Highway Planning Grant Fund		(3,748)

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, 2014, expenditures by function exceeded appropriations of the following City funds:

	Final Budget	Actual	Amount Exceeding Appropriations
Major Funds:			
Carson Housing Authority			
Community development	$ 7,057,655	$ 8,983,595	$ (1,925,940)
Nonmajor Funds:			
Air Quality Improvement Fund			
Community services	43,002	67,493	(24,491)
Self Supporting Fund			
Community services	833,664	952,873	(119,209)
Capital Asset Replacement Fund			
Community services	35,176	37,395	(2,219)
Capital improvement program	183,743	197,294	(13,551)
Department of Justice/OJP Grant Fund			
Community services	24,890	61,507	(36,617)

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.

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, 2014 is $20,690,000 and $6,670,000, for Series A and B, respectively.

NOTE 12 DEBT ISSUED WITHOUT GOVERNMENT COMMITMENT (CONTINUED)

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, 2014 is $1,240,000.

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, 2014
Governmental Activities	
Deferred inflow of resources	
Unavailable revenue	
Long-term receivables	$ 55,340,592

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 commencement of their permanent loan. Permanent loan commenced March 1, 2013.

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. On November 25, 2013 the Carson Housing Authority (Authority) closed escrow for sale of the property and construction began. 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. Construction of the project is expected to be completed December 2014.

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 project is under construction.

NOTE 15 HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

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 certificate of occupancy was issued on March 6, 2014.

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. All units were sold by January 2013. 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.
On September 17, 2013 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. Escrow closed in October 2014. The sales price of the Property is was $238,000.00. The Developer is building 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 was no Authority assistance provided for this project. The sales proceeds will be used to assist future affordable housing developments.

Concurrently with the sale of the Property, the Authority facilitated the sale, to the Developer, of a 1.0-acre parcel of contiguous land at 2666 Dominguez (Site), owned by the City of Carson. The Site was the former Dominguez Trailer Park, which the City acquired using $1,162,261.10 of CDBG funds for an affordable housing development. The City eventually sold the Site and received sales proceeds of $463,484.30. The market rate residential project is being built on both lots.

NOTE 15 HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

Since the property was not used for an affordable housing development, HUD is requiring that the City reimburse its CDBG fund $698,776.80 for the difference between the acquisition and the sales proceeds. The City will repay this amount in two payments as approved by HUD.

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).

Gramercy Urban Housing, LLC. – 21521 Avalon Blvd.
On January 21, 2014 the Authority entered into a purchase and sale agreement with Gramercy Urban Housing, LLC. for sale of the approximately 1.0-acre property located at 21521 Avalon Blvd., Carson, CA. Once purchased, the developer will build a mixed-use commercial/residential project generally consistent with the City's Carson Street Master Plan. The property will be sold for the highest and best use fair market appraised value of $1,000,000. The developer desires to assemble the property with its property at the northwest corner of Avalon Boulevard and Carson Street, and the Carson Successor Agency-owned property located at 615 E. Carson Street for the mixed-use development. There will be no Authority assistance in connection with this sale. Escrow was originally expected to close March 10, 2015 but was extended to September 2015, per Housing Authority approval on February 17, 2015.

NOTE 16 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, 2014 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, 2014 are as follows:

Loans relative to development projects under various disposition and development agreements	$	24,713,864
Less: Allowance for uncollectible accounts		(22,169,474)
Loans receivable, net	$	2,544,390

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 16 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, 2014:

	Beginning Balance, July 1, 2013	Increases	Decreases/ Transfers	Ending Balance, June 30, 2014
Capital assets being depreciated:				
Buildings and improvements	$ 42,549,207	$ -	$ -	$ 42,549,207
Machinery and equipment	134,823	-	-	134,823
Total capital assets being depreciated	42,684,030	-	-	42,684,030
Less accumulated depreciation for:				
Buildings and Improvements	(13,001,567)	(1,254,477)	-	(14,256,044)
Machinery and equipment	(107,333)	(1,172)	-	(108,505)
Total accumulated depreciation	(13,108,900)	(1,255,649)	-	(14,364,549)
Total capital assets being depreciated, net	29,575,130	(1,255,649)	-	28,319,481
Capital assets not being depreciated:				
Construction in progress	24,139,100	5,587,783	-	29,726,883
Total capital assets not being depreciated	24,139,100	5,587,783	-	29,726,883
Capital assets, net	$ 53,714,230	$ 4,332,134	$ -	$ 58,046,364

Disclosure of Successor Agency Debts

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Due Within One Year	Due After One Year
Bonded debt - tax allocation bonds	$ 180,870,863	$ 43,230,000	$ 55,855,000	$ 168,245,863	$ 7,855,610	$ 160,390,253
Accreted interest	3,597,803	508,434	-	4,106,237	-	4,106,237
County deferred loans	2,568,710	-	-	2,568,710	-	2,568,710
	$ 187,037,376	$ 43,738,434	$ 55,855,000	$ 174,920,810	$ 7,855,610	$ 167,065,200

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2014
Redevelopment Project Area 1:		
<u>2003B Tax Allocation Bonds</u> 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. In April 2014, this debt was defeased when the Successor Agency of the former Carson Redevelopment Agency issued the Tax Allocation Refunding Bonds, Series 2014A.		
However, the capital appreciation bonds of $5,410,863 that were issued as part of the bond issuance Tax Allocation Bonds, Series 2003B with maturity dates from October 1, 2023 through 2032 was not defeased. 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 $4,106,236 has been reflected as long-term debt.	$	5,410,863
<u>2001 Tax Allocation Refunding Bonds</u> 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, 2014.		7,900,000

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2014
Redevelopment Project Area 1 (Continued):		
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, 2014, the reserve requirement for the bonds was $2,071,911. The balance in the reserve account as of June 30, 2014 was $1,744,320.	$	21,275,000
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, 2014, the reserve requirement for the bonds was $990,837. The balance in the reserve account as of June 30, 2014 was $990,837.		11,905,000
2014A Tax Allocation Refunding Bonds (Project Area 1) In April 2014, the Successor Agency of the former Carson Redevelopment Agency issued $26,190,000 Tax Allocation Refunding Bonds, Series 2014A, for Redevelopment Project Area No. 1 to advance refund $1,540,000 of the outstanding 2003 Tax Allocation Refunding Bonds and $26,850,000 of the outstanding 2003B Tax Allocation 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 $245,000 to $2,225,000 plus interest at 3.0% to 5.0% through October 1, 2034. The interest and principal of the bonds are payable from pledged tax increment revenues of the Redevelopment Obligation Retirement Fund.		

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2014
Redevelopment Project Area 1 (Continued):		
2014A Tax Allocation Refunding Bonds (Continued) Of the Series 2014A proceeds, $28,543,351 were used to purchase U.S. Government securities to refund in full the 2003 Tax Allocation Refunding Bonds and refund a portion of the Series 2003B Tax Allocation Bonds. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the entire balance of the of the 2003 Tax Allocation Refunding Bonds in the amount of $1,540,000 and $26,850,000 of the 2003B Tax Allocation Bonds. As a result, the entire 2003 Tax Allocation Refunding Bonds and a portion of 2003B Tax Allocation Bonds are considered to be defeased and the liability for these bonds has been removed from the statement of fiduciary net position in the accompanying fiduciary fund financial statements.		
The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the new and old debt) of $2,985,359 and a reduction of total debt service payments of $4,380,422. As of June 30, 2014, the balance in the reserve account reserve requirement for the bonds was $1,311,000.	$	26,190,000
Subtotal Redevelopment Project Area 1		72,680,863
Redevelopment Project Area 2:		
2007 A 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.		
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 tax		

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2014
Redevelopment Project Area 2 (Continued): 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, 2014, the reserve requirement for the bonds was $1,459,134. The balance in the reserve account as of June 30, 2014 was $1,501,267.	$	16,385,000

<u>2014A Tax Allocation Refunding Bonds (Project Area 2)</u>
In April 2014, the Successor Agency of the former Carson Redevelopment Agency issued $17,040,000 Tax Allocation Refunding Bonds, Series 2014A, for Redevelopment Project Area No. 2 to advance refund $10,720,000 of the outstanding 2003A Tax Allocation Refunding Bonds, $2,455,000 of the outstanding 2003B Tax Allocation Refunding Bonds, $7,885,000 of the outstanding 2003C Tax Allocation Bonds, and to pay the cost of issuing the bonds. To the $17,040,000 principal amount was added $$2,507,462.75 representing refunded bonds available funds, $2,085,073.25 of original issue premium and deducted $68,620 in underwriter discount for a total of $21,563,916.Principal installments are due annually ranging in amounts from $1,660,000 to $1,925,000 plus interest at 4.0% to 5.0% through October 1, 2024. The interest and principal of the bonds are payable from pledged tax increment revenues of the Redevelopment Obligation Retirement Fund.

Of the Series 2014A proceeds, $21,563,916 were used to purchase U.S. Government securities to refund in full the 2003A Tax Allocation Refunding Bonds, partially refund the 2003B Tax Allocation Refunding Bonds and 2003C Tax Allocation Bonds. Those securities were placed in an irrevocable trust with an escrow agent as follows: $10,875,744.44 for the Series 2003A Tax Allocation Refunding Bonds escrow fund; $2,464,286.84 for the Series 2003B Tax Allocation Refunding Bonds escrow fund; $7,918,643.35 for the Series 2003C Tax Allocation Bonds to provide for all future debt service payments on the entire balance of the of 2003A Tax Allocation Refunding Bonds in the amount of $10,720,000, 2003B Tax Allocation Refunding Bonds in the amount of $2,455,000 and 2003C Tax Allocation Bonds in the amount of $7,885,000. The remaining proceeds of $305,241.37 were

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2014
Redevelopment Project Area 2 (Continued): used for the bond issuance cost. As a result of the refunding, entire 2003A Tax Allocation Refunding Bonds, 2003B Tax Allocation Refunding Bonds and 2003C Tax Allocation Bonds are considered to be defeased and the liability for these bonds has been removed from the statement of fiduciary net position in the accompanying fiduciary fund financial statements.	$	17,040,000
Subtotal Redevelopment Project Area 2		33,425,000
Redevelopment Project Area 4:		
2006 Tax Allocation Bonds 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, 2014.		24,830,000
Subtotal Redevelopment Project Area 4		24,830,000
Low-and-Moderate Income Housing:		
2010A-T Tax Allocation Housing Bonds 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, 2014. The balance in the reserve account as of June 30, 2014 was $895,843.		11,690,000

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2014
<u>2010A Tax Allocation Housing Bonds</u> 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, 2014. The balance in the reserve account as of June 30, 2014 was \$2,377,110.	$	25,620,000
Subtotal Low-and-Moderate Income Housing		37,310,000
Total Redevelopment Agency Tax Allocation Bonds Payable	$	168,245,863

<u>Debt Service Requirements To Maturity</u>

The following schedule summarizes the debt service to maturity requirements for bonds outstanding as of June 30, 2014:

Year Ending June 30,	Project Area 1 2003 B Tax Allocation Refunding Bonds		Project Area 1 2001 Tax Allocation Refunding Bonds		
	Principal	Interest	Principal	Interest	
2015	$ -	$ -	$ 2,490,000	$ 366,025	
2016	-	-	2,635,000	225,088	
2017	-	-	2,775,000	76,313	
2018	-	-	-	-	
2019	-	-	-	-	
2020-2024	5,410,863	4,106,236	-	-	
2025-2029	-	-	-	-	
2030-2034	-	-	-	-	
2035-2039	-	-	-	-	
Total	$ 5,410,863	$ 4,106,236	$ 7,900,000	$ 667,425	$

Year Ending June 30,	Project Area 1 2009A Tax Allocation Refunding Bonds		Project Area 1 2009 Revenue Bonds		Project Area 1 2014A Tax Allocation Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 430,000	$ 1,377,350	$ 270,000	$ 711,563	$ 245,000	$ 1,159,831
2016	445,000	1,356,013	285,000	699,769	215,000	1,227,588
2017	470,000	1,332,550	295,000	687,075	225,000	1,218,788
2018	545,000	1,305,225	310,000	672,688	2,830,000	1,157,688
2019	575,000	1,272,988	325,000	656,813	2,950,000	1,027,338
2020-2024	5,415,000	5,710,575	1,890,000	2,999,256	13,345,000	2,808,063
2025-2029	4,185,000	3,595,094	2,510,000	2,358,825	2,025,000	1,178,563
2030-2034	2,200,000	2,859,500	3,400,000	1,430,875	2,130,000	880,175
2035-2039	7,010,000	933,450	2,620,000	262,600	2,225,000	47,281
Total	$ 21,275,000	$ 19,742,744	$ 11,905,000	$ 10,479,463	$ 26,190,000	$ 10,705,313

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Debt Service Requirements To Maturity (Continued)

Year Ending June 30,	Project Area 2 2007A Tax Allocation Refunding Bonds		Project Area 2 2014A Tax Allocation Refunding Bonds		Project Area 4 2006 Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 125,000	$ 746,700	$ 1,660,000	$ 714,484	$ 495,000	$ 1,044,348
2016	130,000	741,700	1,255,000	704,850	510,000	1,024,885
2017	135,000	736,500	1,300,000	653,750	535,000	1,005,960
2018	145,000	731,100	1,350,000	600,750	550,000	986,698
2019	150,000	725,300	1,405,000	538,625	575,000	966,160
2020-2024	835,000	3,531,431	8,145,000	1,538,625	3,200,000	4,476,941
2025-2029	4,720,000	3,092,975	1,925,000	48,125	3,905,000	3,753,161
2030-2034	6,910,000	1,762,338	-	-	4,825,000	2,811,422
2035-2039	3,235,000	232,275	-	-	5,975,000	1,634,328
2040-2042	-	-	-	-	4,260,000	293,175
Total	$ 16,385,000	$ 12,300,319	$ 17,040,000	$ 4,799,209	$ 24,830,000	$ 17,997,076

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
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	1,655,000	273,488	-	6,330,506
2020-2024	4,145,000	275,963	3,430,000	4,417,000
2025-2029	-	-	9,005,000	2,611,856
2030-2034	-	-	6,620,000	705,731
2035-2039	-	-	6,565,000	-
Total	$ 11,690,000	$ 2,425,852	$ 25,620,000	$ 19,241,344

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 May 21, 2014, Moody's Investors Service upgraded the insurance financial strength rating of NPFGC from Baa1 to A3.

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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, 2014, the cumulative deferred loan balance payable to the County of Los Angles was $2,568,710.

Disclosure Of Successor Agency Commitments Under Development Agreements

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 then 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 2002-2003 shall be credited towards the payment of the principal amount and any interest accrued. As of June 30, 2014, 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. On June 1, 2013, the Developer sold the property and transferred all rights and responsibilities under the Note to Tesoro Corporation. As of June 30, 2014, the balance on the Note is $2,029,789.

NOTE 16 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. The property was sold by Primestor on July 18, 2014 and the Agency received the $350,000 balance at closing.

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, 2014 amounted to $69.6 million.

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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.

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.

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, 2014, WIN Chevrolet has a loan balance of $6,800,000.

NOTE 16 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, 2014, the loan balance is $2,413,734.

NOTE 17 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2014 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through February 20, 2015, 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.