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

ASSETS		Governmental Activities
Cash and investments	$	58,607,121
Cash and investments with fiscal agents		39,591,056
Receivables		
Taxes		4,712,553
Accounts		423,455
Accrued interest - other		4,909,961
Loans, net of discount and allowance for uncollectible accounts		15,814,480
Due from government agencies		2,777,937
Due from Successor Agency		830,522
Inventory		291,966
Prepaid and other assets		56,817
Land held for resale		8,046,694
Capital assets not being depreciated		127,811,703
Capital assets, net of accumulated depreciation		168,036,328
Total assets		431,910,593
DEFERRED OUTFLOWS OF RESOURCES		
Pension contribution		5,728,251
Total deferred outflows of resources		5,728,251
LIABILITIES		
Accounts payable and accrued liabilities		9,865,215
Accrued payroll		1,148,694
Due to governmental agencies		693
Due to Successor Agency		92,062
Refundable deposits		22,236
Unearned revenues		638,973
Retentions payable		67,422
Noncurrent liabilities		
Due within one year		4,626,625
Due in more than one year		82,111,958
Total liabilities		98,573,878
DEFERRED INFLOWS OF RESOURCES		
Net Difference between Projected and Actual Earnings on Pension Plan Investments		11,832,724
NET POSITION		
Net position, investment in capital assets		295,848,031
Restricted for:		
Public works		2,021,219
Housing projects		51,058,195
Community services		42,495,631
Unrestricted		(64,190,834)
Total net position	$	327,232,242

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net Governmental Activities
Governmental Activities					
General government	$ 21,573,509	$ 9,188,353	$ -	$ -	$ (12,385,156)
Community development	11,951,040	3,537,055	2,152,770	82,463	(6,178,752)
Public works	22,492,218	273,354	8,460,090	-	(13,758,774)
Community services	38,696,281	877,526	2,845,034	2,650,572	(32,323,149)
Capital maintenance programs	301,315	-	-	-	(301,315)
Total Governmental Activities	$ 95,014,363	$ 13,876,288	$ 13,457,894	$ 2,733,035	(64,947,146)

General revenues	
Taxes:	
Property taxes	14,720,272
Sales taxes	21,820,128
Transient occupancy taxes	1,812,310
Franchise taxes	8,274,908
Admissions tax	458,117
Utility users tax	8,135,144
Motor vehicle license fee, unrestricted	40,296
Use of money and property	748,051
Other revenue	2,161,737
Total general revenues	58,170,963
Transfer from Successor Agency	40,271,017
Total general revenues and transfers	98,441,980
Change in net position	33,494,834
Net position - beginning, as restated	293,737,408
Net position - ending	$ 327,232,242

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

	General	Carson Housing Authority	Cooperation Agreement Bond Proceeds Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and investments (Note 2)	$ 24,324,155	$ 6,756,773	$ 21,500,000	$ 6,026,193	$ 58,607,121
Cash and investments with fiscal agents	4,486,228	16,546,942	18,557,886	-	39,591,056
Receivables:					
Taxes	4,712,553	-		-	4,712,553
Accounts	413,095	1,743	-	8,617	423,455
Accrued interest - other	8,886	4,866,500	34,575	-	4,909,961
Loans, net of allowance	31,746	15,485,105	-	297,629	15,814,480
Due from other funds (Note 5)	2,103,528	35,025	-	-	2,138,553
Due from Successor Agency	822,426	-	-	8,096	830,522
Due from government agencies	347,355	-	-	2,430,582	2,777,937
Inventory	291,966	-	-	-	291,966
Prepaids and other assets	52,047	-	-	4,770	56,817
Land held for resale	-	8,046,694	-	-	8,046,694
Total assets	$ 37,593,985	$ 51,738,782	40,092,461	8,775,887	$ 138,201,115
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
Total assets and deferred outflows of resources	$ 37,593,985	$ 51,738,782	$ 40,092,461	$ 8,775,887	$ 138,201,115
LIABILITIES					
Accounts payable and accrued liabilities	$ 7,934,057	50,544	-	1,880,614	$ 9,865,215
Accrued payroll	1,032,286	13,385	-	103,023	1,148,694
Due to other funds (Note 5)	35,025	616,658	-	1,486,870	2,138,553
Due to Successor Agency	12,631	-	-	79,431	92,062
Due to government agencies	693	-	-	-	693
Retentions payable	16,386	-	-	51,036	67,422
Unearned revenue	177,924	-	-	461,049	638,973
Refundable deposits	22,236	-	-	-	22,236
Self insurance claims payable	795,555	-	-	-	795,555
Total liabilities	10,026,793	680,587	-	4,062,023	14,769,403
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	20,346,145	-	-	20,346,145
FUND BALANCES					
Nonspendable					
Loans receivable	31,746	-	-	-	31,746
Inventory	291,966	-	-	-	291,966
Prepaids and other assets	52,047	-	-	-	52,047
Land held for resale	-	8,046,694	-	-	8,046,694
Restricted					
Housing projects	-	22,665,356	-	-	22,665,356
Special revenue funds	-	-	-	4,424,361	4,424,361
1% PEG fees	381,001	-	-	-	381,001
Alameda Corridor Projects	1,000,000	-	-	-	1,000,000
Capital projects	379,709	-	40,092,461	-	40,472,170
Committed					
Economic uncertainties	14,310,711	-	-	-	14,310,711
Reward funds	70,000	-	-	-	70,000
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	-	-	-	494,123	494,123
Utility underground	998,110	-	-	-	998,110
Load shed program	158,693	-	-	-	158,693
Encumbrances and continuing appropriations	181,294	-	-	-	181,294
Unassigned	5,978,801	-	-	(204,620)	5,774,181
Total fund balances	27,567,192	30,712,050	40,092,461	4,713,864	103,085,567
Total liabilities, deferred inflows of resources and fund balances	$ 37,593,985	$ 51,738,782	$ 40,092,461	$ 8,775,887	$ 138,201,115

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, 2015

Fund balance of governmental funds		$ 103,085,567
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		502,414,897
Accumulated depreciation		(206,566,866)
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.		
Self insurance claims	$ (2,399,355)	
Compensated absences	(5,232,798)	
Net pension liability	(61,417,016)	
Net OPEB liability	(16,893,859)	(85,943,028)
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.		20,346,145
Deferred outflows of resources ralated to pensions are not considered financial resources and are not reported in the governmental funds		5,728,251
Deferred inflows of resources ralated to pensions are not available to pay for current period expenses and are not reported in the governmental funds		(11,832,724)
Net position of governmental activities		$ 327,232,242

See notes to financial statements.

City of Carson
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2015

	General Fund	Carson Housing Authority	Cooperation Agreement Bond Proceeds Fund	Nonmajor Governmental Funds	Total
Revenues					
Taxes	$ 55,220,879	$ -	$ -	$ 2,985,771	$ 58,206,650
Licenses and permits	6,306,253	-	-	-	6,306,253
Fines and forfeitures	1,779,226	-	-	208,492	1,987,718
Intergovernmental	577,075	-	-	11,152,750	11,729,825
Charges for services	2,411,556	-	-	927,150	3,338,706
Use of money and property	2,017,184	490,444	34,575	501,417	3,043,620
Charges to other funds	-	-	-	6,600	6,600
Miscellaneous	3,093,676	13,332	-	511,800	3,618,808
Total revenues	71,405,849	503,776	34,575	16,293,980	88,238,180
Expenditures					
Current:					
General government	21,922,895	-	-	-	21,922,895
Community development	4,422,659	2,573,532	-	1,476,713	8,472,904
Public works	14,922,925	-	-	6,203,308	21,126,233
Community services	31,867,128	-	-	5,259,072	37,126,200
Capital improvement programs	5,779,786	-	-	5,832,671	11,612,457
Total expenditures	78,915,393	2,573,532	-	18,771,764	100,260,689
Excess (deficiency) of revenues over expenditures	(7,509,544)	(2,069,756)	34,575	(2,477,784)	(12,022,509)
Other financing sources (uses)					
Transfers in (Note 5)	1,833,964	213,132	40,057,886	1,144,271	43,249,253
Transfers out (Note 5)	(1,019,060)	-	-	(1,959,175)	(2,978,235)
Net other financing sources (uses)	814,904	213,132	40,057,886	(814,904)	40,271,018
Change in fund balance	(6,694,640)	(1,856,624)	40,092,461	(3,292,688)	28,248,509
Fund balance, beginning of year, as restated	34,261,832	32,568,674	-	8,006,552	74,837,058
Fund balance, end of year	$ 27,567,192	$ 30,712,050	$ 40,092,461	$ 4,713,864	$ 103,085,567

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, 2015

Change in Fund Balances - Governmental Funds	$ 28,248,509
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	11,311,142
Depreciation expense	(9,175,789)
Governmental funds do not report the unpaid balances of long-term debt. These debts are reported in the government-wide financial statements.	
Claims and judgments	1,827,993
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	(3,235)
Other post-employment benefits	96,213
Pension expense	971,360
Revenues that are measurable but not available are recorded as unavailable revenue under the modified accrual basis of accounting.	218,641
Change in net position of governmental activities	$ 33,494,834

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	$ 8,991,385	$ 8,616,190
Cash and investments with fiscal agents	22,659,506	2,537,376
Receivables		
Accounts	1,438	28
Interest, loans	349,119	-
Loans, net	1,667,702	-
Due from the City of Carson	92,062	-
Due from other agency funds	-	-
Land held for resale	6,777,433	-
OPEB asset	1,568,684	-
Capital assets not being depreciated	17,283,520	-
Capital assets, net of accumulated depreciation	44,029,002	-
Total assets	$ 103,419,851	$ 11,153,594
Liabilities		
Accounts payable and accrued liabilities	$ 1,317,592	$ 389,906
Accrued interest payable	2,170,615	-
Retention and refundable deposits	853,852	2,608,259
Due to City of Carson	830,522	-
Due to assessed parties	-	729,161
Due to bondholders	-	5,975,268
Due to other government	-	1,451,000
Noncurrent liabilities		
Due within one year	6,915,000	-
Due in more than one year	161,452,944	-
Total liabilities	173,540,525	$ 11,153,594
Fiduciary Net Position		
Net (Deficit) Position held in trust	(70,120,674)	
Total net position	$ (70,120,674)	

See notes to financial statements.

City of Carson
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the fiscal year ended June 30, 2015

		Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund
Revenues		
Property taxes	$	31,827,881
Use of money and property		877,140
Total revenues		32,705,021
Expenses		
Community Development		34,863,647
Debt service		
Interest and fiscal charges		542,546
Total expenses		35,406,193
Excess of expenses over revenues		(2,701,172)
Net transfers to the City of Carson		(40,271,018)
Change in net position		(42,972,190)
Net (deficit) position held in trust - beginning		(27,148,484)
Net (deficit) position held in trust - ending	$	(70,120,674)

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 operational responsibility the City has for both, as well as the significant financial relationship each has 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

<u>Government-wide Financial Statements</u>

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.

Carson Housing Authority Fund
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.

Cooperation Agreement Bond Proceeds Fund
The Cooperation Agreement Bond Proceeds Fund accounts for unspent bond proceeds transferred to the City from the Successor Agency to the Dissolved Carson Redevelopment Agency (Successor Agency) in accordance with the Cooperation Agreement entered into by and between the City of Carson and the Successor Agency. Under this fund, the City will report the expenditures of the bond proceeds pursuant to the original bond covenants.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- *Agency Fund* - This fund accounts for money and property held by the City as trustee or custodian. Among the activities are the disposition of funds, deposits made for the account of other governmental agencies, developers, and others under the terms of agreements for which the deposits were made.

  Agency funds, which are custodial in nature, do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals and entities at some future time.

- *Successor Agency Private-purpose Trust Fund -* Private-purpose Trust Fund is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities and activities of the Successor Agency to the Dissolved Carson Redevelopment Agency. Unlike the limited reporting typically utilized for Agency Funds, the 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:

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City's fund balance amounting to $14.4 million meets this classification as of June 30, 2015.

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*.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Land Held for Resale

Land held for resale in the 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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

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

Employee Compensated Absences

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

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

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement Nos. 63, *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, 2015.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $7,106,638 was included in the property tax revenues of $14.7 million reported for the fiscal year 2014-2015.

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

Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2015, the City adopted the following new Statements of the Governmental Accounting Standards Board (GASB):

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statements No. 27 and 50*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures of pensions that are provided by local governmental employers through pension plans that are administered through trusts that meet certain conditions. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

- GASB Statement No. 71, *Pension Transition for Contributions made subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30, 2015 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	$ 58,607,121	$ 8,991,385	$ 8,616,187	$ 76,214,693
Restricted assets:				
Cash and investments with fiscal agents	39,591,056	22,659,506	2,537,376	64,787,938
Total cash and investments	$ 98,198,177	$ 31,650,891	$ 11,153,563	$ 141,002,631

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	$ 4,050
Deposits with financial institutions	60,844,552
Investments	80,154,029
Total cash and investments	$ 141,002,631

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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

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

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

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

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.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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

Disclosures Relating to Interest Rate Risk

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

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

		Remaining maturity in Months		
Investment Type	Total	12 Months Or Less	13 to 24 Months	25-60 Months
State investment pool	$ 282,311	$ 282,311	$ -	$ -
Money market funds	14,527,759	14,527,759	-	-
Bonds	556,020	556,020	-	-
Held by fiscal agent:				
Bonds	7,130,081	4,149,873	2,980,208	-
Federal agency securities	14,001,478	-	-	14,001,478
Money market funds	43,656,380	43,656,380	-	-
	$ 80,154,029	$ 63,172,343	$ 2,980,208	$ 14,001,478

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	$ 282,311	N/A	$ -	$ -	$ 282,311
Money market funds	14,527,759	N/A	-	-	14,527,759
Bonds	556,020	Aaa	-	556,020	-
Held by fiscal agent:					
Bonds	7,130,081	N/A	-	7,130,081	-
Federal agency securities	14,001,478	N/A	14,001,478	-	-
Money market funds	43,656,380	N/A	-	-	43,656,380
Total	$ 80,154,029		$ 14,001,478	$ 7,686,101	$ 58,466,450

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	$ 13,540,788

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, 2015, 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	$ 14,001,478

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, 2015 are as follows:

Loans relative to development projects under various disposition and development agreements	$ 43,667,391
First Time Homebuyer Loan Program	7,291,275
Computer loans receivable	31,746
CDBG loans	199,906
Neighborhood Stabilization Program loans	165,000
Total	51,355,318
Less: Allowance for uncollectible accounts	(21,640,838)
Discount on notes receivable	(13,900,000)
Loans receivable, net	$ 15,814,480

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, 2015:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Capital assets being depreciated:				
Buildings and improvements	$ 38,239,857	$ 660,806	$ (780,589)	$ 38,120,074
Machinery and equipment	14,927,436	494,106	(877,876)	14,543,666
Infrastructure				
Roadways	289,529,890	3,878,625	(2,531,116)	290,877,399
Sewer	20,123,476	-	-	20,123,476
Storm drain	6,381,489	-	-	6,381,489
Total capital assets, being depreciated	369,202,148	5,033,537	(4,189,581)	370,046,104
Less accumulated depreciation for:				
Buildings and Improvements	(19,673,821)	(1,614,710)	3,040,836	(18,247,695)
Machinery and equipment	(12,336,531)	(668,580)	879,048	(12,126,063)
Infrastructure				
Roadways	(145,878,186)	(6,423,954)	292,798	(152,009,342)
Sewer	(15,720,296)	(349,241)	-	(16,069,537)
Storm drain	(3,437,836)	(119,303)	-	(3,557,139)
Total accumulated depreciation	(197,046,670)	(9,175,788)	4,212,682	(202,009,776)
Total capital assets, being depreciated, net	172,155,478	(4,142,251)	23,101	168,036,328
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	24,480	-	9,367,887
Construction in progress	19,277,765	10,743,978	(4,513,955)	25,507,788
Total capital assets not being depreciated	121,557,200	10,768,458	(4,513,955)	127,811,703
Governmental activities capital assets, net	$ 293,712,678	$ 6,626,207	$ (4,490,854)	$ 295,848,031

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

		Amount
General Government	$	1,730,534
Community services		3,855,053
Public works		1,560,503
Community development		2,029,698
Total depreciation expense - governmental activities	$	9,175,788

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 $232,706,043 as of June 30, 2015.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due From/Due to Other Funds

Due from/due to other funds as of June 30, 2015 are as follows:

	Due to Other Funds			
Due From Other Funds:	General Fund	Carson Housing Authority	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 616,658	$ 1,486,870	$ 2,103,528
Carson Housing Authority	35,025	-	-	35,025
	$ 35,025	$ 616,658	$ 1,486,870	$ 2,138,553

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, 2015 were as follows:

	Transfers In				
Tranfers Out:	General Fund	Carson Housing Authority	Cooperation Agreement Bond Proceeds Fund	Nonmajor Governmental Funds	Total
General fund	$ 1,019,060	$ -	$ -	$ -	$ 1,019,060
Nonmajor Governmental Funds	814,904	-	-	1,144,271	1,959,175
Subtotals	1,833,964	-	-	1,144,271	2,978,235
Successor Agency Private Purpose Trust Fund	-	213,132	40,057,886	-	40,271,018
Totals	$ 1,833,964	$ 213,132	$ 40,057,886	$ 1,144,271	$ 43,249,253

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

The Successor Agency Private Purpose Trust Fund transferred unspent bond proceeds to the City pursuant to the Cooperation Agreement entered into by and between the City and the Successor Agency. The Cooperation Agreement was approved by the Department of Finance in May 2015. The City will utilize the bond proceeds in a manner consistent with the original bond covenants.

NOTE 6 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	Balance at July 1, 2014	Additions	Retirements	Balance at June 30, 2015	Amount due within one year	Amount due after one year
Compensated absences	$ 5,229,563	$ 3,311,026	$ 3,307,791	$ 5,232,798	$ 3,831,070	$ 1,401,728
Net OPEB Obligation	16,990,072	4,416,636	4,512,849	16,893,859	-	16,893,859
Net Pension Liability	74,769,324	20,833,978	34,186,286	61,417,016	-	61,417,016
Self-insurance claims payable	5,022,904	973,009	2,801,003	3,194,910	795,555	2,399,355
	$ 102,011,863	$ 29,534,649	$ 44,807,929	$ 86,738,583	$ 4,626,625	$ 82,111,958

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 9. The OPEB obligation is primarily liquidated from the General Fund and the Successor Agency Fund. The Net Pension Liability is described in Note 8.

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/BRIT. The City is self-insured for the first $750,000 per workers' compensation claim. The workers' compensation excess insurance carrier is Arch Insurance Company. The City is self-insured for the first $10,000 per property claim. The property insurance carrier is Affiliated FM Insurance Company. The City is self-insured for the first $10,000 per crime claim. The crime insurance carrier is Fidelity and Deposit Company of Maryland.

At June 30, 2015, $3,194,910 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, 2015 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, 2015 is as follows:

	Workers' Compensation Claims	General Liability Claims	Totals
Balance at June 30, 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 July 1, 2014	3,275,442	1,747,462	5,022,904
Additions	315,982	657,027	973,009
Payments	(1,187,817)	(1,613,186)	(2,801,003)
Balance at June 30, 2015	$ 2,403,607	$ 791,303	$ 3,194,910

NOTE 8 DEFINED BENEFIT PENSION PLAN

General information about the Pension Plan

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire date	1-Jan-13	1-Jan-13
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits as a % of eligible compensation	2% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	23.73%	23.73%

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous Plan
Inactive employees or beneficiaries currently receiving benefits	217
Inactive employees entitled to but not yet receiving benefits	-
Active employees	303
Total	520

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2013 actuarial valuations was determined using the following actuarial assumptions:

Valuation Date	30-Jun-13
Measurement Date	30-Jun-14
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Varies by entry age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' Membership Data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate (Continued)

According to Paragraph 30 of Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expenses. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Changes in the Net Pension Liability

The following table shows the changes in net pension liability over the measurement period:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, June 30, 2013	$ 218,404,819	$ 143,635,495	$ 74,769,324
Changes recognized for the measurement period:			
Service cost	4,634,164	-	4,634,164
Interest on the total pension liability	16,199,814	-	16,199,814
Contributions from the employer	-	6,276,475	(6,276,475)
Contributions from the employee	-	2,460,111	(2,460,111)
Net Investment Income	-	25,449,700	(25,449,700)
Benefit payments, including refunds of employee contributions	(9,448,777)	(9,448,777)	-
Net changes during 2013-2014	11,385,201	24,737,509	(13,352,308)
Balance, June 30, 2014	$ 229,790,020	$ 168,373,004	$ 61,417,016

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The following presents the net pension liability of the City, calculated using the accepted discount rate of 7.5% and also calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

		Miscellaneous Plan
1% Decrease		6.50%
Net Pension Liability	$	90,942,311
Current Discount Rate		7.50%
Net Pension Liability	$	61,417,016
1% Increase		8.50%
Net Pension Liability	$	36,738,834

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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

For the year ended June 30, 2015, the City recognized pension expense of $4,756,891. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,728,251	$ -
Differences between actual and expected experience	-	
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(11,832,724)
Total	$ 5,728,251	$ (11,832,724)

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension contribution made subsequent to the measurement date amounting to $5,728,251 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30		Amount
2016	$	(2,958,181)
2017		(2,958,181)
2018		(2,958,181)
2019		(2,958,181)
Thereafter		-

Payable to the Pension Plan

At June 30, 2015, the City did not have any outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

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 annual benefit for eligible retirees, as well as for active employees:

	As of January 1	
	2015	2014
Full-Time	$ 1,543	$ 1,435
Part-Time with 8 yrs+	422	419
Part-Time Employees	122	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 $2,069,419 for the fiscal year 2014-2015 in addition to a direct contribution it paid for retiree benefits of $1,589,240. The contribution of $377,313 was for the benefit of the dissolved redevelopment agency employees. Total contribution during the fiscal year 2014-2015 amounted to $3,658,659.

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:

	6/30/2015			6/30/2014
	City	Successor Agency	Total	Combined
Annual required contribution	$ 4,861,118	$ 205,714	$ 5,066,832	$ 4,961,927
Interest on net OPEB obligation	793,296	33,571	826,867	904,977
Adjustments to annual required contribution	(1,237,779)	(52,381)	(1,290,160)	(1,202,095)
Annual OPEB cost	4,416,635	186,904	4,603,539	4,664,809
Benefit payments and contributions made	(3,281,346)	(377,313)	(3,658,659)	(6,023,240)
Increase in net OPEB obligation	1,135,289	(190,409)	944,880	(1,358,431)
Net OPEB obligation, beginning of year	15,758,570	(1,378,275)	14,380,295	15,738,726
Net OPEB obligation (asset), end of year	$ 16,893,859	$ (1,568,684)	$ 15,325,175	$ 14,380,295

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The City and the Successor Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015 and the two preceding years were as follows:

City

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	$ 5,699,172	88%	$ 15,738,726
6/30/2014	4,664,809	129%	14,380,295
6/30/2015	4,603,539	79%	15,325,175

Successor Agency

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	$ 639,298	12%	$ (1,179,204)
6/30/2014	182,591	883%	(2,609,777)
6/30/2015	186,904	202%	(1,568,684)

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

During the fiscal year 2011-2012, the City joined and contributed to the CalPERS California Employers' Retiree Benefit Trust (CERBT) Fund. Based on the latest Actuarial Study of the Plan as of July 1, 2013, the Unfunded Actuarial Accrued Liability (UAAL) was $41 million while 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%

NOTE 10 DEFICIT FUND BALANCES

The following funds reported an accumulated deficit in fund balance as of June 30, 2015:

		Accumulated Deficit
Special Revenue Funds:		
Self Supporting Fund	$	(89,494)
LA County Park District Fund		(44,607)
Proposition 1B Fund		(4)
Federal Highway Planning Grant Fund		(70,543)

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, 2015, expenditures by function exceeded appropriations of the following City funds:

	Final Budget	Actual	Amount Exceeding Appropriations
Major Funds:			
General Fund			
General government	$ 21,709,024	$ 21,922,895	$ (213,871)
Capital improvement program	5,049,660	5,779,786	(730,126)
Other financing uses	1,018,204	1,019,060	(856)
Nonmajor Funds:			
Asset Forfeiture Fund			
Community development	-	13,961	(13,961)
TDA Article Fund			
Capital improvement program	90,389	91,045	(656)
Proposition C Local Return Fund			
Community development	-	45	(45)
Self Supporting Fund			
Community services	1,021,145	1,178,251	(157,106)
Capital improvement program	4,000	8,647	(4,647)
Capital Asset Replacement Fund			
Community services	229,283	268,482	(39,199)
Public works	39,505	134,976	(95,471)
Capital improvement program	40,000	302,201	(262,201)
Measure R			
Public works	2,386,865	2,971,667	(584,802)
Restricted Administrative Tow Fee Fund			
Community services	16,600	36,628	(20,028)
Proposition 1B Fund			
Capital improvement program	-	85,530	(85,530)

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.

NOTE 12 DEBT ISSUED WITHOUT GOVERNMENT COMMITMENT (CONTINUED)

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, 2015 is $19,900,000 and $6,430,000, for Series A and B, respectively.

Assessment District No. 92-1

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

The City's obligation to transfer funds to the Redemption Fund in the event of delinquent installments is limited to the balance in the Reserve Fund. The City is in no way liable for repayment but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings for the benefit of the Bondholders. For these reasons, neither the debt nor the related debt service transactions are recorded on the City's basic financial statements. The principal balance outstanding at June 30, 2015 is $1,140,000.

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, 2015
Governmental Activities	
Deferred inflow of resources	
Unavailable revenue and Long-term receivables	$ 20,346,145

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 the 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. The 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 40-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 the sale of the property and the developer began with construction. The project was completed with a grand opening ceremony held on April 2, 2015. The development serves as phase two to the East Carson Housing Partners, L.P. project at 425 E. Carson Street, which was completed in June 2012.

NOTE 15 HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

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.

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 project will include 23 condominiums for moderate income households, 129 market rate homes and 13,000 square feet of commercial space. The Property was sold to the Developer on April 17, 2013. The project is currently under construction with 34 homes having been completed. Twenty homes have been sold and 51 buyers are in escrow pending completion of construction.

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.

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 (Property). Escrow closed in October 2014. The sales price of the Property was $238,000. 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.

NOTE 15 HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

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 of CDBG funds for an affordable housing development. The City eventually sold the Site and received sales proceeds of $463,484. The market rate residential project is being built on both lots.

Since the property was not used for an affordable housing development, HUD required that the City reimburse its CDBG fund $698,777 for the difference between the acquisition and the sales proceeds. Subsequent to the year end, the City reimbursed these funds. Construction of the Carson Collection, a 13-unit single-family market rate housing development is 90% complete. Each unit is a three-bedroom, two-bathroom detached home with a 2-car garage. The Carson Collection is designed with drought tolerant landscaping and all homes are “Green Key Solar,” which means they are all electric homes powered by solar energy. Advanced energy-efficient appliances and other innovations allow these sustainable homes to significantly reduce utility bills. These are the most energy-efficient new homes on the market, and their technologies come standard at the Carson Collection. Eight units have been sold.

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

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

NOTE 15 HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

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. Subsequent to the year end, the property was 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 was no Authority assistance in connection with this sale. Escrow closed on August 12, 2015.

NOTE 15 RESTATEMENTS

Fund Financial Statements
The beginning fund balance of the General Fund has been restated to write off overpayment of pension contribution reported as prepayment in the prior years.

		General Fund
Fund balance beginning of year, as previously reported	$	36,378,319
Adjustment:		
Adjustment to write off overpayment of pension contribution		(2,116,487)
Fund balance beginning of year, as restated	$	34,261,832

Government-Wide Statements
The beginning balance of net position of governmental activities in the government-wide Statement of Activities has been restated to reflect the adjustment above.

Moreover, the beginning balance of net position of governmental activities in the government-wide Statement of Activities has been restated to retroactively report the net pension liability as of the beginning of the fiscal year as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* The City made adjustments for these items as a cumulative effect of change in accounting principle in the current fiscal year. This change resulted in a decrease in the beginning balance of net position by $68,492,849.

		Statement of Activities
Net position, beginning of year, as previously reported	$	364,346,744
Prior period adjustments:		
Adjustment to write off overpayment of pension contribution		(2,116,487)
Adjustment ot record retroactive effect of implementing GASB Statement No. 68		(68,492,849)
Net position, beginning of year, as restated	$	293,737,408

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

<u>Notes Receivable</u>
Details of the Successor Agency's loans receivable as of June 30, 2015 are as follows:

Loans relative to development projects under various disposition and development agreements	$	22,858,140
Less: Allowance for uncollectible accounts		(21,190,438)
Loans receivable, net	$	1,667,702

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.

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, 2015:

	Beginning Balance, July 1, 2014	Increases	Decreases/ Transfers	Ending Balance, June 30, 2015
Capital assets being depreciated:				
Buildings and improvements	$ 42,549,207	$ 16,744,000	$ 140,335	$ 59,152,872
Machinery and equipment	134,823	-	-	134,823
Total capital assets being depreciated	42,684,030	16,744,000	140,335	59,287,695
Less accumulated depreciation for:				
Buildings and Improvements	(14,256,044)	(891,458)	106	(15,147,608)
Machinery and equipment	(108,505)	(1,608)	972	(111,085)
Total accumulated depreciation	(14,364,549)	(893,066)	1,078	(15,258,693)
Total capital assets being depreciated, net	28,319,481	15,850,934	141,413	44,029,002
Capital assets not being depreciated:				
Construction in progress	29,726,883	4,103,846	16,547,209	17,283,520
Total capital assets not being depreciated	29,726,883	4,103,846	16,547,209	17,283,520
Capital assets, net	$ 58,046,364	$ 19,954,780	$ 16,688,622	$ 61,312,522

Disclosure of Successor Agency Debts

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year	Due After One Year
Bonded debt - tax allocation bonds	$ 168,245,863	$ -	$ 7,090,000	$ 161,155,863	$ 6,915,000	$ 154,240,863
Accreted interest	4,106,237	537,134	-	4,643,371	-	4,643,371
County deferred loans	2,568,710	-	-	2,568,710	-	2,568,710
	$ 174,920,810	$ 537,134	$ 7,090,000	$ 168,367,944	$ 6,915,000	$ 161,452,944

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2015
Redevelopment Project Area 1:		
2003B Tax Allocation Bonds In December 2003, the Carson Redevelopment Agency issued $32,495,863 of Tax Allocation Bonds, Series 2003B for Redevelopment Project Area No. 1 to fund redevelopment projects within the project area. The first principal installment was due on October 1, 2004; and then on October 1, 2017 annually thereafter ranging from $466,575 to $3,940,000 plus interest at 2.0% to 5.25% through October 2034. 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 $4,643,371 has been reflected as long-term debt.	$	5,410,863
2001 Tax Allocation Refunding Bonds 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, 2015.		5,410,000

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2015
Redevelopment Project Area 1 (Continued):		
<u>2009A Tax Allocation Bonds</u> 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, 2015, the reserve requirement for the bonds was $2,071,911. The balance in the reserve account as of June 30, 2015 was $1,774,320.	$	20,845,000
<u>2009 Revenue Bonds</u> 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, 2015, the reserve requirement for the bonds was $990,837. The balance in the reserve account as of June 30, 2015 was $990,837.		11,635,000
<u>2014A Tax Allocation Refunding Bonds (Project Area 1)</u> 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, 2015
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, 2015, the balance in the reserve account reserve requirement for the bonds was $1,311,000.	$	25,945,000
Subtotal Redevelopment Project Area 1		69,245,863

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, 2015
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, 2015, the reserve requirement for the bonds was $1,459,134. The balance in the reserve account as of June 30, 2015 was $1,501,267.	$	16,260,000

<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 $2,507,463 representing refunded bonds available funds, $2,085,073 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 for the Series 2003A Tax Allocation Refunding Bonds escrow fund; $2,464,287 for the Series 2003B Tax Allocation Refunding Bonds escrow fund; $7,918,643 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 were used for the bond issuance cost.

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

	Balance at June 30, 2015
Redevelopment Project Area 2 (Continued): 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.	$ 15,380,000
Subtotal Redevelopment Project Area 2	31,640,000
Redevelopment Project Area 4:	
<u>2006 Tax Allocation Bonds</u> In December 2006, the Carson Redevelopment Agency issued \$28,000,000 of Tax Allocation Bonds, Series 2006 for Redevelopment Project Area No. 4 to fund redevelopment projects within the project area. Principal installments are due and begin October 1, 2007 annually ranging from \$385,000 to \$1,485,000 plus interest at 3.5% to 4.25% through October 2041. The reserve requirement for the bonds was satisfied in the form of a surety bond as of June 30, 2015.	24,335,000
Subtotal Redevelopment Project Area 4	24,335,000
Low-and-Moderate Income Housing:	
<u>2010A-T Tax Allocation Housing Bonds</u> In October 2010, the Carson Redevelopment Agency issued \$14,940,000 of Tax Allocation Housing Bonds Series 2010A-T to fund low and moderate income housing projects. Principal installments are due annually beginning on October 1, 2011 with interest rates ranging from 1.725% to 5.8%. The reserve requirement for the bonds was fully funded as of June 30, 2015. The balance in the reserve account as of June 30, 2015 was \$895,843.	10,315,000

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

		Balance at June 30, 2015
2010A Tax Allocation Housing Bonds In October 2010, the Carson Redevelopment Agency issued $25,620,000 of Tax Allocation Housing Bonds Series 2010A to fund low and moderate income housing projects. Principal installments are due annually beginning on October 1, 2011 with interest rates ranging from 4.25% to 5.35%. The reserve requirement for the bonds was fully funded as of June 30, 2015. The balance in the reserve account as of June 30, 2015 was $2,377,348.	$	25,620,000
Subtotal Low-and-Moderate Income Housing		35,935,000
Total Redevelopment Agency Tax Allocation Bonds Payable	$	161,155,863

Debt Service Requirements To Maturity

The following schedule summarizes the debt service to maturity requirements for bonds outstanding as of June 30, 2015:

Year Ending June 30,	Project Area 1 2003 B Tax Allocation Refunding Bonds Principal	Interest	Project Area 1 2001 Tax Allocation Refunding Bonds Principal	Interest
2016	$ -	$ -	$ 2,635,000	$ 225,088
2017	-	-	2,775,000	76,313
2018	-	-		
2019	-	-	-	-
2020	-	-	-	-
2021-2025	5,410,863	4,643,371	-	-
2026-2030	-	-	-	-
2031-2035	-	-	-	-
2036-2040	-	-	-	-
Total	$ 5,410,863	$ 4,643,371	$ 5,410,000	$ 301,400

Year Ending June 30,	Project Area 1 2009A Tax Allocation Refunding Bonds Principal	Interest	Project Area 1 2009 Revenue Bonds Principal	Interest	Project Area 1 2014A Tax Allocation Refunding Bonds Principal	Interest
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	615,000	1,237,288	340,000	639,763	3,095,000	876,213
2021-2025	7,690,000	5,300,756	1,995,000	2,891,150	10,250,000	2,218,188
2026-2030	1,675,000	3,399,025	2,665,000	2,198,219	2,025,000	1,077,313
2031-2035	2,350,000	2,700,250	3,620,000	1,203,475	4,355,000	742,369
2036-2040	6,480,000	461,300	1,800,000	118,950	-	-
Total	$ 20,845,000	$ 18,365,394	$ 11,635,000	$ 9,767,900	$ 25,945,000	$ 9,545,481

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
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	150,000	719,300	1,475,000	466,625	590,000	944,460
2021-2025	875,000	3,496,281	8,595,000	1,120,125	3,330,000	4,347,487
2026-2030	5,790,000	2,880,813	-	-	4,070,000	3,582,995
2031-2035	7,230,000	1,444,013	-	-	5,035,000	2,595,734
2036-2040	1,655,000	78,613	-	-	6,240,000	1,366,275
2041-2045	-	-	-	-	2,900,000	132,075
Total	$ 16,260,000	$ 11,553,619	$ 15,380,000	$ 4,084,725	$ 24,335,000	$ 16,952,729

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
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	-	1,294,063
2020	1,750,000	179,850	-	1,294,063
2021-2025	2,395,000	96,113	7,810,000	5,792,181
2026-2030	-	-	7,080,000	3,611,375
2031-2035	-	-	7,315,000	1,893,731
2036-2040	-	-	3,415,000	179,681
Total	$ 10,315,000	$ 1,856,640	$ 25,620,000	$ 17,947,281

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, 2015, 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, 2015, 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, 2015, the balance on the Note is $1,934,285.

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 September 20, 2014, the loan was fully amortized. 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 (Developer), 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. Developer is obligated to contribute $25 million toward this project. Total financial assistance granted to the Developer as of June 30, 2015 amounted to $69.6 million. This project was cancelled and a settlement agreement between the Agency and the Developer was drafted and approved by the State Department of Finance on April 27, 2015. There are two new project proposals for the site. These proposals provide that the site will be developed as either a National Football League stadium or a regional shopping center. The proposals are still being evaluated and their terms are subject to negotiations.

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 loan 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 which 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, the balance of the Note will become due and payable to the Agency.

NOTE 16 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

WIN Chevrolet, Properties, LLC - 2201 E. 223rd St. (continued)
A second note of $500,000 is tied to the upgrade of the existing dealership through the building of 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 showroom was completed within the 5-year period and the loan was reconveyed on November 20, 2014. As of June 30, 2015, WIN Chevrolet has a loan balance of $5,950,000.

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(DDA) 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.(Site). 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, 2015, the loan balance is $2,169,900.

NOTE 17 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2015 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 22, 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.