
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF CARSON

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM - MISCELLANEOUS PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2015	June 30, 2014
Total Pension Liability:		
Service cost	\$ 4,326,829	\$ 4,634,164
Interest on total pension liability	17,550,999	16,199,814
Changes of benefit terms	-	-
Changes of assumptions	(4,237,527)	-
Differences between expected and actual experience	6,597,837	-
Benefit payments, including refunds of employee contributions	<u>(9,777,863)</u>	<u>(9,448,777)</u>
Net Change in Total Pension Liability	14,460,275	11,385,201
Total Pension Liability - Beginning of Year	<u>229,790,020</u>	<u>218,404,819</u>
Total Pension Liability - End of Year (a)	<u>\$ 244,250,295</u>	<u>\$ 229,790,020</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 5,746,641	\$ 6,276,475
Contributions - employee	2,169,417	2,460,111
Net investment income	3,717,143	25,449,700
Benefit payments, including refunds of employer contributions	(9,777,863)	(9,448,777)
Plan to plan resource movement	(228,538)	-
Administrative expense	<u>(191,232)</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	1,435,568	24,737,509
Plan Fiduciary Net Position - Beginning of Year	<u>168,373,004</u>	<u>143,635,495</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 169,808,572</u>	<u>\$ 168,373,004</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 74,441,723</u>	<u>\$ 61,417,016</u>
Plan fiduciary net position as a percentage of the total pension liability	69.52%	73.27%
Covered - employee payroll	\$ 23,784,241	\$ 23,683,572
Net pension liability as percentage of covered- employee payroll	312.99%	259.32%

Notes to Schedule:

Benefit Changes:

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions:

The discount rate was changed from 7.5% (net of administrative expense) to 7.65%.

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

CITY OF CARSON

SCHEDULE OF CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM - MISCELLANEOUS PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 6,258,247	\$ 5,746,641
Contributions in relation to the actuarially determined contributions	<u>(6,258,247)</u>	<u>(5,746,641)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 23,931,419	\$ 23,784,241
Contributions as a percentage of covered - employee payroll	26.15%	24.16%

Notes to Schedule:

Valuation Date	June 30, 2013	June 30, 2012
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market value***
Inflation	2.75%**
Salary increases	Depending on age, service and type of employment**
Payroll growth	3%**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 years (2.7% @55), 52 years (2.0% @62)**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.**

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method.

CITY OF CARSON

SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN

For the year ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/c]
07/01/2011	\$ -	\$ 48,138,659	\$ 48,138,659	0.00%	\$ 25,455,297	189.11%
07/01/2013	7,287,038	48,365,461	41,078,423	15.07%	23,621,000	173.91%
07/01/2015	16,112,035	55,196,794	39,084,759	29.19%	29,602,000	132.03%

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CITY OF CARSON

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund accounts for all financial resources that are not restricted as to their use or required to be accounted for in another fund. These resources include sales and use tax, property taxes, utility users tax, franchise taxes, business license fees, building permits, interest on investments, fines and forfeitures, charges for services, and other miscellaneous revenues.

General Fund resources are used to finance the general governmental operations of the City of Carson. The city departments that are listed below are supported by the General Fund. The list likewise shows the services that each department provides.

City Council

Local legislative policy

City Attorney

Legal advisor to City Council and departments
Preparations of resolutions and ordinances
Contract review
Litigation

City Clerk

Records management
Preparation of minutes
Codification of municipal code
Elections

City Treasurer

Investments
Cash management
Cashiering

Community Development

Employment development
Business development
Successor Agency
Housing Authority
Housing and neighborhood development
Planning
Building and safety

Administrative Services

Revenue collection
Business license
Budget preparation
Financial reporting
Grants accounting
Accounts payable
Payroll
Purchasing
Reproduction and mail services
Warehouse operations
Information technology

Community Services

Parks and recreation
Special events
Sherriff's contract
Code enforcement and compliance
Security services
Youth services
Safety and emergency services
Pedestrian safety
Senior services
Fine Arts
Transportation
Community center

City Manager

Implementation of City Council policies
Intergovernmental relations
Public information
Preparation of agendas
Human resources
Recruitment/training
Worker's compensation
Risk assessment and management
Benefits administration

Public Works

General engineering
Contract administration
Construction engineering
Public Works
Street and parkway maintenance
Vehicle and equipment maintenance
Median and tree maintenance
Waste management
Environmental
Building and landscape maintenance

Non-Departmental

Retiree health insurance
Program support

CARSON HOUSING AUTHORITY SPECIAL REVENUE FUND

The Carson Housing Authority Special Revenue 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 SPECIAL REVENUE FUND

The Cooperation Agreement Bond Proceeds Special Revenue 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.

CITY OF CARSON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Sales and use tax	\$ 18,919,942	\$ 21,019,942	\$ 24,504,724	\$ 3,484,782
Franchise tax	8,740,177	9,540,177	8,587,698	(952,479)
Property tax allocation from state	18,857,688	18,804,743	15,674,990	(3,129,753)
Transient occupancy tax	1,711,664	1,981,664	2,138,378	156,714
Utility users tax	8,650,000	7,670,000	6,754,075	(915,925)
Real property transfer tax	308,677	368,677	312,553	(56,124)
Admissions tax	400,132	250,132	256,343	6,211
Total Taxes	57,588,280	59,635,335	58,228,761	(1,406,574)
Licenses and Permits:				
Business licenses	2,600,000	2,600,000	2,791,432	191,432
Building permits	2,958,000	2,958,000	3,835,990	877,990
Other licenses and permits	775,503	775,503	484,567	(290,936)
Total Licenses and Permits	6,333,503	6,333,503	7,111,989	778,486
Fines and Forfeitures:				
Traffic and parking fines	1,480,000	1,360,000	1,174,627	(185,373)
Other fines, forfeitures and penalties	372,208	372,208	414,051	41,843
Total Fines and Forfeitures	1,852,208	1,732,208	1,588,678	(143,530)
Intergovernmental:				
Motor vehicle licenses	41,102	41,102	37,584	(3,518)
Other intergovernmental	302,591	302,591	304,877	2,286
Total Intergovernmental	343,693	343,693	342,461	(1,232)
Charges for Services:				
Planning and public works	399,620	399,620	393,429	(6,191)
Recreation	1,521,938	1,521,938	1,581,332	59,394
Other service charges	320,450	320,450	471,075	150,625
Total Charges for Services	2,242,008	2,242,008	2,445,836	203,828
Investment Income:				
Interest on investments	292,242	292,242	178,156	(114,086)
Rents and commissions	730,712	764,312	757,992	(6,320)
Community Center revenue	835,584	835,584	846,190	10,606
Total Investment Income	1,858,538	1,892,138	1,782,338	(109,800)
Miscellaneous	1,315,441	2,572,391	2,676,687	104,296
TOTAL REVENUES	71,533,671	74,751,276	74,176,750	(574,526)

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See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
General Government:				
City Council	\$ 1,155,434	\$ 1,155,434	\$ 970,625	\$ 184,809
City Attorney	2,350,000	4,570,550	12,586,274	(8,015,724)
Human Resources	2,192,837	2,276,439	1,985,284	291,155
Non-Departmental	4,714,559	4,965,559	4,797,054	168,505
City Clerk	903,856	1,073,971	955,048	118,923
City Treasurer	758,988	765,062	714,908	50,154
City Manager	3,920,395	4,019,728	4,020,640	(912)
Administrative services	4,273,071	4,297,434	3,926,831	370,603
Total General Government	<u>20,269,140</u>	<u>23,124,177</u>	<u>29,956,664</u>	<u>(6,832,487)</u>
Community Development	<u>4,642,006</u>	<u>4,631,819</u>	<u>4,662,800</u>	<u>(30,981)</u>
Public Works	<u>15,071,781</u>	<u>15,568,973</u>	<u>15,547,603</u>	<u>21,370</u>
Community Services	<u>32,732,364</u>	<u>33,124,097</u>	<u>32,230,590</u>	<u>893,507</u>
Capital Improvement Programs	<u>-</u>	<u>264,298</u>	<u>529,861</u>	<u>(265,563)</u>
TOTAL EXPENDITURES	<u>72,715,291</u>	<u>76,713,364</u>	<u>82,927,518</u>	<u>(6,214,154)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,181,620)</u>	<u>(1,962,088)</u>	<u>(8,750,768)</u>	<u>(6,788,680)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	19,884	19,884	19,884	-
Transfers out	<u>(90,000)</u>	<u>(90,000)</u>	<u>(125,873)</u>	<u>(35,873)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(70,116)</u>	<u>(70,116)</u>	<u>(105,989)</u>	<u>(35,873)</u>
NET CHANGE IN FUND BALANCE	<u>(1,251,736)</u>	<u>(2,032,204)</u>	<u>(8,856,757)</u>	<u>(6,824,553)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>27,567,192</u>	<u>27,567,192</u>	<u>27,567,192</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 26,315,456</u>	<u>\$ 25,534,988</u>	<u>\$ 18,710,435</u>	<u>\$ (6,824,553)</u>

See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE

CARSON HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 233,844	\$ 233,844	\$ 210,475	\$ (23,369)
Investment income	240,000	240,000	193,395	(46,605)
Miscellaneous	1,010,302	1,010,302	404,622	(605,680)
TOTAL REVENUES	1,484,146	1,484,146	808,492	(675,654)
EXPENDITURES:				
Current:				
Community development	7,949,090	7,949,090	5,410,703	2,538,387
TOTAL EXPENDITURES	7,949,090	7,949,090	5,410,703	2,538,387
NET CHANGE IN FUND BALANCE	(6,464,944)	(6,464,944)	(4,602,211)	1,862,733
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	37,718,142	37,718,142	37,718,142	-
FUND BALANCE - END OF YEAR	\$ 31,253,198	\$ 31,253,198	\$ 33,115,931	\$ 1,862,733

See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE

COOPERATION AGREEMENT BOND PROCEEDS SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 62,711	\$ 62,711
Investment income	385,000	385,000	261,384	(123,616)
TOTAL REVENUES	<u>385,000</u>	<u>385,000</u>	<u>324,095</u>	<u>(60,905)</u>
EXPENDITURES:				
Current:				
Community development	24,938,336	14,037,303	13,831,219	206,084
TOTAL EXPENDITURES	<u>24,938,336</u>	<u>14,037,303</u>	<u>13,831,219</u>	<u>206,084</u>
NET CHANGE IN FUND BALANCE	(24,553,336)	(13,652,303)	(13,507,124)	145,179
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	<u>38,378,071</u>	<u>38,378,071</u>	<u>38,378,071</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 13,824,735</u></u>	<u><u>\$ 24,725,768</u></u>	<u><u>\$ 24,870,947</u></u>	<u><u>\$ 145,179</u></u>

See note to required supplementary information.

CITY OF CARSON

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

1. BUDGETARY CONTROL AND ACCOUNTING:

The following procedures are utilized by the City in formulating its annual budget:

- Early in the calendar year, the Directors prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget.
- The City Manager submits the proposed budget to the City Council for the subsequent fiscal year. The operating budget includes both the sources and types of funds for the proposed expenditures. The City Council and staff meet in budget workshops in order to relate requests with available resources.
- Public hearings are conducted to obtain taxpayer comments on the proposed budget being adopted. Pursuant to provisions of the Carson Municipal Code, the General Fund budget must be adopted no later than July 20 of the new fiscal year. The budget is legally enacted through passage of a resolution.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council. The budget is generally amended during the fiscal year to reflect adjustments, as authorized by the City Council. Expenditures may not legally exceed appropriations at the fund level.
- Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts are recorded during the year as encumbrances in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are treated as a reservation of fund balance since they do not constitute expenditures or liabilities.
- It is the practice of the City to give Finance staff some discretion with respect to budget amounts for year-end purposes.

Budgeted amounts are reported on the same basis of accounting as the fund types they relate to (modified-accrual) and adopted on a basis consistent with accounting principles generally accepted in the United States of America. All unexpended appropriations expire at year-end and if warranted are reappropriated in the next budget cycle. Annual budgets are prepared for all governmental fund types expected to have activity during the fiscal year. No budgets were adopted from the Asset Forfeiture Special Revenue Fund and the City Special Events Special Revenue Fund.