
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	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:			
Service cost	\$ 4,558,044	\$ 4,326,829	\$ 4,634,164
Interest on total pension liability	18,605,765	17,550,999	16,199,814
Changes in benefits	-	-	-
Changes in assumptions	-	(4,237,527)	-
Differences between expected and actual experience	2,148,324	6,597,837	-
Benefit payments, including refunds of employee contributions	(10,930,075)	(9,777,863)	(9,448,777)
Net Change in Total Pension Liability	14,382,058	14,460,275	11,385,201
Total Pension Liability - Beginning of Year	244,250,295	229,790,020	218,404,819
Total Pension Liability - End of Year (a)	<u>\$ 258,632,353</u>	<u>\$ 244,250,295</u>	<u>\$ 229,790,020</u>
Plan Fiduciary Net Position:			
Plan to plan resource movement	\$ -	\$ (228,538)	\$ -
Contributions - employer	6,254,187	5,746,641	6,276,475
Contributions - employee	2,155,129	2,169,417	2,460,111
Net investment income	1,013,852	3,717,143	25,449,700
Benefit payments	(10,930,075)	(9,777,863)	(9,448,777)
Administrative expense	(103,489)	(191,232)	-
Net Change in Plan Fiduciary Net Position	(1,610,396)	1,435,568	24,737,509
Plan Fiduciary Net Position - Beginning of Year	169,808,572	168,373,004	143,635,495
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 168,198,176</u>	<u>\$ 169,808,572</u>	<u>\$ 168,373,004</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 90,434,177</u>	<u>\$ 74,441,723</u>	<u>\$ 61,417,016</u>
Plan fiduciary net position as a percentage of the total pension liability	65.03%	69.52%	73.27%
Covered - employee payroll	\$ 23,931,419	\$ 23,784,241	\$ 23,683,572
Net pension liability as percentage of covered- employee payroll	377.89%	312.99%	259.32%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only three 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, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 6,884,001	\$ 6,258,247	\$ 5,746,641
Contributions in relation to the actuarially determined contributions	<u>(6,884,001)</u>	<u>(6,258,247)</u>	<u>(5,746,641)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 24,600,653	\$ 23,931,419	\$ 23,784,241
Contributions as a percentage of covered - employee payroll	27.98%	26.15%	24.16%

Notes to Schedule:

Valuation Date	June 30, 2015	June 30, 2014	June 30, 2013
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
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**
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.**

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

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal years ended June 30, 2015 and 2016, respectively) 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. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).

CITY OF CARSON

SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN

For the year ended June 30, 2017

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/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 and the Successor Agency. Expenditures of the bond proceeds pursuant to the original bond covenants are reported in this fund.

STATE CIP GRANTS SPECIAL REVENUE FUND

The State CIP Grants Special Revenue Fund accounts for all grants received from the State to fund the non-recurring CIP projects of the City.

CITY OF CARSON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Sales and use tax	\$ 24,162,070	\$ 24,162,070	\$ 24,721,304	\$ 559,234
Franchise tax	8,798,238	8,798,238	8,095,973	(702,265)
Property tax allocation from state	15,458,551	14,970,551	14,720,541	(250,010)
Transient occupancy tax	1,950,000	2,100,000	2,225,416	125,416
Utility users tax	7,670,000	7,300,000	7,030,672	(269,328)
Real property transfer tax	350,000	350,000	305,589	(44,411)
Admissions tax	-	-	-	-
Total Taxes	58,388,859	57,680,859	57,099,495	(581,364)
Licenses and Permits:				
Business licenses	2,700,000	2,700,000	2,765,967	65,967
Building permits	3,539,600	4,199,600	3,399,219	(800,381)
Other licenses and permits	625,900	625,900	1,088,417	462,517
Total Licenses and Permits	6,865,500	7,525,500	7,253,603	(271,897)
Fines and Forfeitures:				
Traffic and parking fines	1,352,900	1,352,900	1,496,778	143,878
Other fines, forfeitures and penalties	390,700	390,700	324,940	(65,760)
Total Fines and Forfeitures	1,743,600	1,743,600	1,821,718	78,118
Intergovernmental:				
Motor vehicle licenses	50,100	50,100	42,108	(7,992)
Other intergovernmental	388,300	388,300	217,924	(170,376)
Total Intergovernmental	438,400	438,400	260,032	(178,368)
Charges for Services:				
Planning and public works	1,105,180	1,105,180	523,789	(581,391)
Recreation	2,054,200	2,054,200	1,859,838	(194,362)
Other service charges	955,200	955,200	1,338,946	383,746
Total Charges for Services	4,114,580	4,114,580	3,722,573	(392,007)
Investment Income:				
Interest on investments	349,626	349,626	61,745	(287,881)
Rents and commissions	948,895	948,895	669,024	(279,871)
Community Center revenue	885,000	885,000	1,074,328	189,328
Total Investment Income	2,183,521	2,183,521	1,805,097	(378,424)
Miscellaneous	1,819,838	3,219,838	5,019,810	1,799,972
TOTAL REVENUES	75,554,298	76,906,298	76,982,328	76,030

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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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
General Government:				
City Council	\$ 994,802	\$ 994,802	\$ 979,862	\$ 14,940
City Attorney	2,395,000	2,395,000	2,615,365	(220,365)
Human Resources	2,608,518	2,620,018	2,504,725	115,293
Non-Departmental	2,435,852	4,269,264	3,653,789	615,475
City Clerk	998,948	983,948	879,284	104,664
City Treasurer	754,998	774,748	786,713	(11,965)
City Manager	26,339,682	26,483,078	25,147,317	1,335,761
Administrative services	3,992,084	3,992,084	3,695,979	296,105
Total General Government	40,519,884	42,512,942	40,263,034	2,249,908
Community Development	5,482,629	5,568,874	4,610,699	958,175
Public Works	17,001,703	17,345,687	15,365,345	1,980,342
Community Services	13,215,494	13,248,821	13,362,962	(114,141)
Capital Improvement Programs	-	20,345	15,849	4,496
TOTAL EXPENDITURES	76,219,710	78,696,669	73,617,889	5,078,780
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(665,412)	(1,790,371)	3,364,439	5,154,810
OTHER FINANCING SOURCES (USES):				
Transfers in	20,301	20,301	150,697	130,396
Transfers out	(151,115)	(3,550,773)	(3,262,569)	288,204
TOTAL OTHER FINANCING SOURCES (USES)	(130,814)	(3,530,472)	(3,111,872)	418,600
NET CHANGE IN FUND BALANCE	(796,226)	(5,320,843)	252,567	5,573,410
FUND BALANCE - BEGINNING OF YEAR	18,710,435	18,710,435	18,710,435	-
FUND BALANCE - END OF YEAR	\$ 17,914,209	\$ 13,389,592	\$ 18,963,002	\$ 5,573,410

See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE

CARSON HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 246	\$ 246
Intergovernmental	233,844	233,844	214,069	(19,775)
Investment income	-	-	472,088	472,088
Miscellaneous	-	-	1,830,496	1,830,496
TOTAL REVENUES	<u>233,844</u>	<u>233,844</u>	<u>2,516,899</u>	<u>2,283,055</u>
EXPENDITURES:				
Current:				
Community development	<u>15,596,473</u>	<u>10,833,971</u>	<u>12,036,850</u>	<u>(1,202,879)</u>
TOTAL EXPENDITURES	<u>15,596,473</u>	<u>10,833,971</u>	<u>12,036,850</u>	<u>(1,202,879)</u>
NET CHANGE IN FUND BALANCE	(15,362,629)	(10,600,127)	(9,519,951)	1,080,176
FUND BALANCE - BEGINNING OF YEAR	<u>33,115,931</u>	<u>33,115,931</u>	<u>33,115,931</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 17,753,302</u>	<u>\$ 22,515,804</u>	<u>\$ 23,595,980</u>	<u>\$ 1,080,176</u>

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 226,657	\$ 226,657	\$ 142,035	\$ (84,622)
TOTAL REVENUES	<u>226,657</u>	<u>226,657</u>	<u>142,035</u>	<u>(84,622)</u>
EXPENDITURES:				
Current:				
Capital improvement programs	190,694	14,551,358	15,341,698	(790,340)
TOTAL EXPENDITURES	<u>190,694</u>	<u>14,551,358</u>	<u>15,341,698</u>	<u>(790,340)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>35,963</u>	<u>(14,324,701)</u>	<u>(15,199,663)</u>	<u>(874,962)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(271,173)	(271,173)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(271,173)</u>	<u>(271,173)</u>
NET CHANGE IN FUND BALANCE	35,963	(14,324,701)	(15,470,836)	(1,146,135)
FUND BALANCE - BEGINNING OF YEAR	<u>24,870,947</u>	<u>24,870,947</u>	<u>24,870,947</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 24,906,910</u>	<u>\$ 10,546,246</u>	<u>\$ 9,400,111</u>	<u>\$ (1,146,135)</u>

See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE

STATE CIP GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 13,535,000	\$ 14,465,000	\$ -	\$ (14,465,000)
TOTAL REVENUES	<u>13,535,000</u>	<u>14,465,000</u>	<u>-</u>	<u>(14,465,000)</u>
EXPENDITURES:				
Current:				
Capital improvement programs	<u>13,535,000</u>	<u>2,596,061</u>	<u>2,062,753</u>	<u>533,308</u>
TOTAL EXPENDITURES	<u>13,535,000</u>	<u>2,596,061</u>	<u>2,062,753</u>	<u>533,308</u>
NET CHANGE IN FUND BALANCE	-	11,868,939	(2,062,753)	(13,931,692)
FUND BALANCE - BEGINNING OF YEAR	<u>(5,040)</u>	<u>(5,040)</u>	<u>(5,040)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (5,040)</u>	<u>\$ 11,863,899</u>	<u>\$ (2,067,793)</u>	<u>\$ (13,931,692)</u>

CITY OF CARSON

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

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 for the Asset Forfeiture Special Revenue Fund and the HOME Grant Special Revenue Fund.