

Comprehensive
Annual Financial Report
Fiscal Year Ended June 30, 2016

CITY OF CARSON, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016

PREPARED BY:
FINANCE DEPARTMENT

KATHRYN DOWNS
DIRECTOR OF FINANCE
COMPREHENSIVE ANNUAL FINANCIAL REPORT



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INTRODUCTORY SECTION

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT





CITY OF CARSON

February 28, 2017

Honorable Mayor and City Council
City of Carson, California

The Comprehensive Annual Financial Report (CAFR) of the City of Carson for the fiscal year ended June 30, 2016, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Carson issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Carson. In addition, to the best of our knowledge, there are no untrue statements of material fact within the financial statements or omissions of material fact to cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial section of the CAFR includes management's discussion and analysis (MD&A) of the financial activity. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

THE REPORTING ENTITY

The financial reporting entity includes all the funds of the primary government (i.e., the City of Carson as legally defined), as well as its component units. A component unit is a legally separate entity for which the primary government is financially accountable. The City has three component units, which are reported as blended component units: the Carson Financing Authority, which was created to finance public capital improvements for the former Redevelopment Agency and the City; the Carson Housing Authority, which was established to carry out the housing function of the dissolved Carson Redevelopment Agency; and the Carson Reclamation Authority, which was formed to oversee and facilitate the remediation of contaminated properties in the City. Separate financial statements are also issued for the Carson Housing Authority and the Carson Reclamation Authority, and are available on the City's website or at City Hall.

CITY PROFILE

Located in the South Bay section of Los Angeles County, Carson has a population of approximately 94,000. Over the years, three annexations have increased the City's size to 19.2 square miles. Steady and continued growth has enabled Carson to become a city of regional significance. Carson has been included in the top 20 highest valued cities in the county since 1998, according to the Annual Report of the Assessor's Office of the County of Los Angeles.

For 2016, the City of Carson is ranked 14th highest in assessed value of all Los Angeles County cities, recording a total of \$14.1 billion. While Carson is well known as an industrial center with unparalleled access to transportation and the Pacific Rim, it is also a culturally diverse community that is an attractive place to live, work and play.

GOVERNMENTAL STRUCTURE

The City of Carson was incorporated as a General Law city on February 20, 1968. The City operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the governing council, which consists of an elected Mayor and four Councilmembers. The Council is elected on a nonpartisan basis. The Mayor is elected to a four-year term. Councilmembers are elected to four-year, staggered terms with two Councilmembers elected every two years. The City Council is responsible for, among other things, setting City policies, adopting ordinances and resolutions, adopting the budget, appointing committees and hiring the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and directives of the Council, for overseeing the day-to-day operations of the City, and for appointing the directors and officers of the City's departments.

The City provides a broad range of services, including construction and maintenance of highways, streets and infrastructure, planning and zoning activities, public transit, recreational activities and cultural events for all ages. The City contracts with the County of Los Angeles for law enforcement, building and safety services, library services and sewer services. The Los Angeles County Fire Department and the Los Angeles Unified School District also serve the City's residents. Solid waste collection and disposal, gas, water, electric and communication services are provided by private companies.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

The City's voters approved an extension of the 2% utility users' tax in June 2016. The tax will continue to provide about \$7 million of annual revenue to the City's General Fund, and will sunset in 2023.

The Public Works Department completed the following construction projects during FY 2015/16.

- The Veterans Park athletic field renovation.
- Classroom flooring in the Community Center.
- Mills Park outdoor fitness zone.
- Anderson Park roof repairs.

Significant progress was made on the following major infrastructure projects, which are expected to be completed in FY 2016/17.

- Carson Street Master Plan improvements, including street lighting, medians, sidewalks, and bus shelters. The City's improvements have led to various private business improvements along the main thoroughfare.
- The Wilmington Ave/Interstate-405 interchange.
- Traffic signal at 223rd Street and Lucerne.
- Carson Park pool upgrades.

In August 2015, the redevelopment Successor Agency issued tax allocation bonds, with \$50 million of proceeds being transferred to the Carson Reclamation Authority for remediation of the former Cal Compact landfill site. The 157-acre site is now owned by the Carson Reclamation Authority, and substantial progress was made on the site remediation during FY15-16. The City entered into an Exclusive Negotiating Agreement with Macerich Company for construction of a 550,000 square foot fashion outlet mall on a 46-acre portion of the site adjacent to the I-405 freeway.

The Porsche Experience Center opened in November 2016. The 53-acre complex includes 4.1 miles of driver development circuits, race car exhibits, a business center, a workshop, and a fine-dining establishment.

Renovations at the South Bay Pavilion mall has resulted in a new Cinemark theatre; a series of new restaurants, including Chipotle and Applebee's; a new retail store, F21 Red; and a repurposing of Sears to make room for additional tenants.

The Union at South Bay, a major mixed-use project at Carson Street and Avalon, is currently under construction. The Union will have 357 multi-family residential units, ground floor commercial activity, and a 10,000 square foot landscaped public plaza.

FINANCIAL INFORMATION

The officials having direct responsibility for the financial administration and management of the City are the City Manager, the City Treasurer and the Director of Finance. Fiscal operations include general accounting, financial reporting, treasury and investment management, business license, payroll, accounts payable, accounts receivable, procurement of supplies and services, and budget preparation.

The Finance Department is responsible for establishing and maintaining an appropriate internal control structure. The internal control system is designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely derived, and the valuation of costs and benefits requires estimates and judgements by management.

The City of Carson maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budgets approved by the City Council and the component unit Boards. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budgets of the government units. The level of budgetary control, that is the level at which expenditures cannot legally exceed the appropriated amount, is established at the department level within each fund. Formal budgetary integration is employed as a management control device. The City also maintains an encumbrance accounting system as one method of maintaining budgetary control and the control of expenditures. Encumbrances lapse at fiscal year-end, and unspent balances are eligible to be carried over to the following year's budget appropriations with City Council approval.

OTHER INFORMATION

The City requires an annual audit by independent certified public accountants. The accounting firm of White Nelson Diehl Evans conducted this year's audit. The auditor's report on the financial statements is included in the financial section of this report.

As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. In years when over \$500,000 is expended on federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

For the year ended June 30, 2016, \$3,213,767 was expended on federal financial assistance programs. Information related to this single audit, including a schedule of Federal financial assistance, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings are included in a separately issued single audit report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Carson for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principle and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Finance Department staff continuously strives to ensure the integrity of the financial information provided to elected officials, management and staff, and the public. I would like to thank the entire Finance Department; especially the Accounting Manager Hrant Manuelian, the Senior Accountant Daniel Zepeda, and the Accountants Phat Nguyen and Susan Delirio. They worked tirelessly with our new auditors White Nelson Diehl Evans to complete the audit and this report. I would like to thank the Directors and Analysts of the City's departments for all the information they patiently provided. Finally, I would like to thank the Mayor, the members of the City Council, the City Treasurer, the City Clerk, the City Manager, and the City Attorney for their support towards conducting the financial operations of the City in a fiscally responsible manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kathryn Downs".

Kathryn Downs
Director of Finance

City of Carson Elected Officials



Albert Robles
Mayor



Lula Davis-Holmes
Mayor Pro Tem



Elito M. Santarina
Councilmember



Jawane Hilton
Councilmember



Cedric L. Hicks, Sr.
Councilmember



Donesia L. Gause
City Clerk



Monica Cooper
City Treasurer

City Management

Kenneth C. Farfsing
City Manager

James Hart
Interim Assistant City Manager

Kathryn Downs
Director of Finance

Idris Al-Oboudi
Director of Community Services

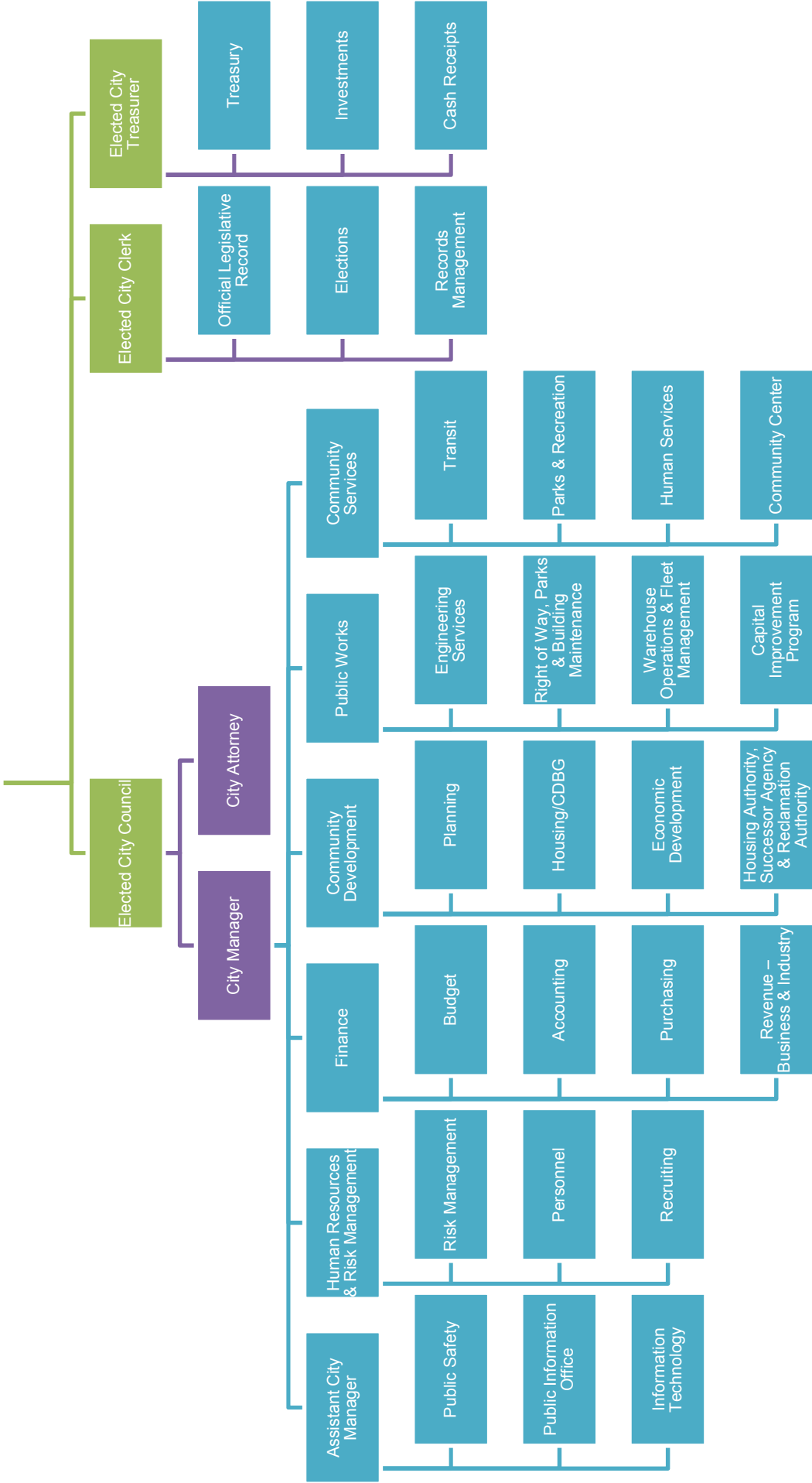
John S. Raymond
Director of Community Development

Maria Williams-Slaughter
Director of Public Works

Gail A. Dixon-McMahon
Director of Human Resources & Risk Management

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City of Carson Electorate





Government Finance Officers Association


**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Carson
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015



Executive Director/CEO

FINANCIAL SECTION

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



INDEPENDENT AUDITORS' REPORT

To the City Council
City of Carson
Carson, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Carson, California (the City), as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Carson, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 17 to the financial statements, the City made several prior period adjustments that resulted in restatements of previously reported net position of the City's governmental activities, business-type activity, proprietary fund, and fiduciary successor agency private-purpose trust fund, as well as previously reported fund balance of two of the City's major special revenue funds. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios and the schedule of contributions for the California Public Employees' Retirement System (CalPERS) miscellaneous plan, the schedule of funding progress - other post-employment benefits plan, and the budgetary comparison schedules for the General Fund, the Carson Housing Authority Special Revenue Fund and the Cooperation Agreement Bond Proceeds Special Revenue Fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and individual fund schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Nick Evans LLP

Irvine, California
February 28, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF CARSON
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

This discussion and analysis of the City of Carson's (the City) financial performance offers readers of the City's financial statements an overview of the financial activities of the City for the fiscal year ended June 30, 2016. Our analysis includes information regarding the City's overall financial position and results of operations to assist users in evaluating the City's financial position. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2016 by \$449.9 million. This amount is referred to as the net position of the City. Of this amount, \$405.1 million represents net investment in capital assets, \$113.6 million is restricted, and the unrestricted net position is a deficit of \$68.8 million.
- The City's net position increased by approximately \$29.4 million during the fiscal year. This is primarily due to a \$57.3 million contribution from the redevelopment Successor Agency to the Reclamation Authority, reflected in Business-type Activity. Governmental Activities expenses exceeded revenues by \$20.6 million. In FY 2014-15, the City received unspent bond proceeds from the Successor Agency; and during FY 2015-16 spent down the balance by \$13.5 million, primarily for the Carson Street Master Plan improvement project. In addition, the City accrued a liability for certain litigation matters for approximately \$8 million.
- The City's total long-term liabilities increased by \$15.3 million for the fiscal year ended June 30, 2016, from \$85.2 million to \$100.5 million due mainly to increases in the pension and Other Post-Employment Benefits (OPEB) liabilities.

Fund Financial Statements

- As of June 30, 2016, the City's governmental funds reported combined ending fund balances of \$82.5 million, a decrease of \$25.9 million over the prior fiscal year's fund balance.
- As of June 30, 2016, the total fund balance of the City's General Fund was \$18.7 million, a decrease of \$8.9 million from the prior year level of \$27.6 million.
- In the General Fund, expenditures exceeded revenues by \$8.8 million, before other financing sources/uses.

CITY OF CARSON

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2016

USING THIS ANNUAL REPORT

The financial statements presented herein include all of the activities of the City of Carson and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) statement No. 34. The three components of the basic financial statements are as follows:

1) Government-Wide Financial Statements

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting in a manner similar to a private-sector business. These statements include all assets and deferred outflows of resources of the City (including infrastructure) as well as all liabilities and deferred inflows of resources (including long-term debt).

2) Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities: governmental, proprietary and fiduciary. For governmental activities, these fund statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds and other funds.

3) Notes to the Basic Financial Statements

The notes provide additional information necessary to enable the user to fully understand the various financial statements.

In addition to the basic financial statements and notes, this report contains required supplementary information and other supplementary information.

CITY OF CARSON

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2016

REPORTING THE CITY AS A WHOLE – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the City as a whole. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The *Statement of Net Position* reports all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information relating to how the City's net position changed during the fiscal year. All activities resulting in changes in net position are reported when earned or incurred, regardless of the receipt or disbursement of the related transactions cash flows. Some of the revenues and expenses reported in this statement will result in future fiscal period cash flows, such as the receipt of uncollected taxes, payment of interest expense or compensated absences.

In the Statement of Net Position and the Statement of Activities, we separate the City's activities as follows:

Governmental Activities - Most of the City's basic services are reported in this category, including public services, public works, community development (planning and engineering), parks, recreation and community services. These activities are distinguished due to the use of property taxes, sales tax, transient occupancy tax, user fees, interest income, franchise fees, state and federal grants, contributions from other agencies and other revenues to finance these activities.

Business-Type Activity - City functions that are intended to be primarily self-supporting through the imposition of user fees and charges are reported in the business-type activity category. The business-type activity for the City consists of the Reclamation Authority. The purpose of the Authority is to oversee and facilitate the remediation of contaminated properties in the City of Carson, California.

CITY OF CARSON

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2016

Component Unit Activities - The City of Carson is the primary government unit, with three component units that are legally separate entities. The Carson Joint Powers Financing Authority is reported as part of the City, as the City Council also serves as the governing board of the Finance Authority. Separate financial statements are not issued for the Financing Authority.

The activity of the Carson Housing Authority is reported in a major special revenue fund. Separate financial statements are issued for the Housing Authority, and may be viewed on the City's website or at City Hall.

The activity of the Carson Reclamation Joint Powers Authority is reported in a proprietary fund, which is reported as business-type activity in the government-wide financial statements. Separate financial statements are issued for the Reclamation Authority, and may be viewed on the City's website or at City Hall.

Fund Financial Statements

A fund is a grouping of related accounts used to account for and accumulate financial information related to a specific activity or objective. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's three types of funds are governmental, proprietary and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by this integrated approach.

The City maintains several individual governmental funds. The General Fund, Carson Housing Authority Special Revenue Fund and Cooperation Agreement Bond Proceeds Special Revenue Fund are presented separately as major funds in the governmental fund balance sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances. Financial data for the remaining Nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the *nonmajor governmental funds supplementary information* section of this report.

CITY OF CARSON

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2016

Proprietary Fund - The City maintains one type of proprietary fund known as an enterprise fund. The enterprise fund is used to report the same functions presented as business-type activity in the government-wide financial statements, but the proprietary fund statements provide more detail and additional information, such as a statement of cash flows. The Carson Reclamation Authority accounts for the remediation of contaminated properties in the City.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds include the Successor Agency to the Dissolved Carson Redevelopment Agency Private-Purpose Trust Fund and several Agency Funds. The Agency Funds are custodial in nature and the measurement of operations is not appropriate.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the schedule of changes in the City's net pension liability and related ratios, the schedule of the City's pension contributions, the schedule of funding progress for other post-employment benefits plan, and the budgeted to actual results for the major governmental funds. This section is located after the Notes to the Basic Financial Statements.

The combining statements referred to earlier in connection with the nonmajor governmental funds, and agency funds are presented immediately following the required supplementary information described in the previous paragraph in the supplementary information section.

CITY OF CARSON

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2016

Government-Wide Financial Analysis

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The City's net position may be analyzed and used as an indicator of the City's overall financial condition. The City's combined net position increased by \$29.4 million, from \$420.4 million in the prior period as restated to \$449.9 million in the current fiscal year.

Table 1
City of Carson's Net Position
June 30, 2016 and 2015

	Governmental Activities		Business-Type Activity		Total	
	2016	2015 Restated	2016	2015 Restated	2016	2015 Restated
ASSETS						
Cash and other assets	\$ 104,711,084	\$ 136,062,562	\$ 57,187,879	\$ 7,428,407	\$ 161,898,963	\$ 143,490,969
Capital assets net of accumulated depreciation, restated	369,068,436	345,239,031	36,000,000	36,000,000	405,068,436	381,239,031
Total assets	473,779,520	481,301,593	93,187,879	43,428,407	566,967,399	524,730,000
Deferred outflows of resources	11,164,331	5,728,251	-	-	11,164,331	5,728,251
Total deferred outflows of resources	11,164,331	5,728,251	-	-	11,164,331	5,728,251
LIABILITIES						
Current and other liabilities	21,951,957	11,835,295	965,734	1,200,000	22,917,691	13,035,295
Long-term liabilities	100,527,970	85,169,899	-	-	100,527,970	85,169,899
Total liabilities	122,479,927	97,005,194	965,734	1,200,000	123,445,661	98,205,194
Deferred inflows of resources	4,833,134	11,832,724	-	-	4,833,134	11,832,724
Total deferred inflows of resources	4,833,134	11,832,724	-	-	4,833,134	11,832,724
NET POSITION						
Net investment in capital assets	369,068,436	345,239,031	36,000,000	36,000,000	405,068,436	381,239,031
Restricted	64,048,692	95,575,045	49,556,994	6,228,407	113,605,686	101,803,452
Unrestricted	(75,486,338)	(62,622,150)	6,665,151	-	(68,821,187)	(62,622,150)
Total net position, restated	\$ 357,630,790	\$ 378,191,926	\$ 92,222,145	\$ 42,228,407	\$ 449,852,935	\$ 420,420,333

The City's net position is made up of three components: Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position.

The largest component of the City's net position is represented by its \$405.1 million net investment in capital assets (e.g., infrastructure, land, buildings and improvements, equipment, and construction in progress) less accumulated depreciation and any outstanding debt used to acquire the capital assets. These capital assets are used to provide services to the citizens, and therefore are not available to finance future operations. In addition, resources necessary to repay the related debt must be provided by sources other than the capital assets, as the assets themselves cannot be used to satisfy these liabilities.

CITY OF CARSON

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

Government-Wide Financial Analysis (Continued)

Revenues from governmental activities decreased by \$100.4 million, or 53%, primarily due to contribution of assets from the redevelopment Successor Agency in the current year. The cost of all governmental activities this year was \$109.9 million, an increase of \$3.2 million, or 3.0%, over the prior year. Overall the City's governmental activities generated revenues of \$89.4 million and total expenses of \$109.9 million, resulting in a \$20.6 million decrease to net position. The business-type activity increased its net position by \$50.0 million primarily due to \$57.3 million in contributions from the Successor Agency to the Dissolved Redevelopment Agency.

Table 2
City of Carson's Changes in Net Position
For the Year Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activity		Total	
	2015	2015	2015	2015	2015	2015
	2016	Restated	2016	Restated	2016	Restated
Program Revenues						
Charges for services	\$ 13,725,032	\$ 13,876,288	\$ -	\$ 251,000	\$ 13,725,032	\$ 14,127,288
Grants and contributions	11,159,230	13,457,894	57,255,151	5,977,407	68,414,381	19,435,301
Capital grants and contributions	1,335,164	104,316,574	-	36,000,000	1,335,164	140,316,574
General Revenues						
Taxes						
Sales taxes	25,364,057	21,820,128	-	-	25,364,057	21,820,128
Property taxes	15,128,210	14,720,272	-	-	15,128,210	14,720,272
Utility user taxes	6,754,075	8,135,144	-	-	6,754,075	8,135,144
Transient occupancy taxes	2,138,378	1,812,310	-	-	2,138,378	1,812,310
Franchise taxes	8,587,698	8,274,908	-	-	8,587,698	8,274,908
Admission taxes	256,343	458,117	-	-	256,343	458,117
Motor vehicle license fee, unrestricted	37,584	40,296	-	-	37,584	40,296
Use of money and property	1,199,856	748,051	45,695	-	1,245,551	748,051
Other revenue	3,699,275	2,161,737	-	-	3,699,275	2,161,737
Total revenues	89,384,902	189,821,719	57,300,846	42,228,407	146,685,748	232,050,126
Expenses						
General government	35,319,096	21,383,100	-	-	35,319,096	21,383,100
Community development	12,330,080	25,005,910	-	-	12,330,080	25,005,910
Public works	19,819,103	21,358,870	-	-	19,819,103	21,358,870
Community services	42,477,759	38,696,281	-	-	42,477,759	38,696,281
Capital maintenance programs	-	301,315	-	-	-	301,315
Reclamation Authority	-	-	7,307,108	-	7,307,108	-
Total expenses	109,946,038	106,745,476	7,307,108	-	117,253,146	106,745,476
Change in net position	(20,561,136)	83,076,243	49,993,738	42,228,407	29,432,602	125,304,650
Net position, beginning, as restated	378,191,926	295,115,683	42,228,407	-	420,420,333	295,115,683
Net position, ending	\$ 357,630,790	\$ 378,191,926	\$ 92,222,145	\$ 42,228,407	\$ 449,852,935	\$ 420,420,333

CITY OF CARSON

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2016

Governmental Funds Financial Analysis

The governmental funds reported a combined fund balance at the end of the current year of \$82.5 million, a decrease of \$25.9 million over the prior year. Approximately \$83.1 million is nonspendable in form (e.g. inventory), restricted, committed and assigned for specific purposes.

The total governmental fund balance includes the general fund balance of \$18.7 million, which decreased by \$8.9 million over the prior period. The General Fund is the primary operating fund of the City of Carson. The fund balance decrease of \$8.9 million is primarily due to a decrease in utility users' tax resulting from a decrease in the price of natural gas and an increase in litigation costs. More detailed information about the City's classification of fund balances are presented in Note 10 to the financial statements.

Other Major Fund Balance Changes

Carson Housing Authority - The Carson Housing Authority fund balance decreased \$4.6 million from the prior year mainly due to increased spending in community development programs.

Cooperation Agreement Bond Proceeds Fund - The Cooperation Agreement Bond Proceeds fund balance decreased by \$13.5 million from the prior year, primarily due to construction of Carson Street Master Plan improvements.

In addition to the major funds, the fund balances for the nonmajor governmental funds had an aggregate increase of \$1.1 million.

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The total net position increased by \$50 million over the prior year, primarily due to a transfer of bond proceeds and land sale proceeds from the Successor Agency to the Reclamation Authority.

General Fund Budgetary Highlights

In the General Fund, differences between the original budget and the final amended budget for expenditures of \$4.0 million was primarily due to a partial release of a hiring freeze and increases in legal costs, some of which were reimbursable by third parties such as developers.

CITY OF CARSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental activities and business-type activity totals \$405.1 million (net of accumulated depreciation of \$225.4 million) as of June 30, 2016. This investment in capital assets includes land, buildings, improvements other than building, infrastructure (roads, sidewalks, streetlights, etc.), and machinery and equipment.

**(Net of Accumulated Depreciation)
June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activity</u>		<u>Total</u>	
	<u>2016</u>	<u>2015 Restated</u>	<u>2016</u>	<u>2015 Restated</u>	<u>2016</u>	<u>2015 Restated</u>
Land, land rights, land improvements	\$ 92,936,028	\$ 92,936,028	\$ 36,000,000	\$ 36,000,000	\$ 128,936,028	\$ 128,936,028
Infrastructure - street trees	9,367,887	9,367,887	-	-	9,367,887	9,367,887
Buildings and improvements	61,679,988	63,607,319	-	-	61,679,988	63,607,319
Machinery and equipment	3,198,425	2,441,341	-	-	3,198,425	2,441,341
Infrastructure	161,759,617	149,277,861	-	-	161,759,617	149,277,861
Construction in Progress	40,126,491	42,377,855	-	-	40,126,491	42,377,855
	<u>\$ 369,068,436</u>	<u>\$ 360,008,291</u>	<u>\$ 36,000,000</u>	<u>\$ 36,000,000</u>	<u>\$ 405,068,436</u>	<u>\$ 396,008,291</u>

Additional information on the City's capital assets can be found in note 4 to the basic financial statements of this report.

Debt Administration - At the end of the current fiscal year, the City had no outstanding bonded debt as these are now part of the dissolved redevelopment agency reported in the fiduciary fund financial statements. The City has a net OPEB obligation of \$18.0 million and net pension liability of \$74.4 million as of June 30, 2016.

**Outstanding Debt
June 30, 2016 and 2015**

	<u>2016</u>	<u>2015 Restated</u>
Other long-term debt:		
Compensated absences	\$ 4,954,771	\$ 5,232,799
Self-insurance claims payable	3,137,108	3,194,910
Net pension liability	74,441,723	61,417,016
Other post-employment benefits	17,994,368	15,325,174
Total	<u>\$ 100,527,970</u>	<u>\$ 85,169,899</u>

Additional information on the City's net pension liability can be found in note 8 to the basic financial statements of this report. Additional information on the City's OPEB obligation can be found in note 9 to the basic financial statements of this report.

CITY OF CARSON

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2016

Economic Factors and Next Year's Budget

Even though the City's revenues continue to be stable overall, the City's costs are increasing faster than its revenues. Employee retirement costs, the City's contract with the Los Angeles County Sheriff's Department, and litigation costs are the primary drivers of this trend. In the future, either the City will have to decrease its service level to the community, or the City will have to secure new revenue sources. Most new revenue sources require voter approval. The City Council is committed to maintaining and improving service levels to the community.

FY 2016/17 General Fund revenues are projected to be \$76.2 million, which is \$2 million more than the FY 2015/16 year-end actual revenues of \$74.2 million.

FY 2016/17 General Fund expenditures are projected to be \$78.3 million, which is \$3.3 million more than the year-end actual expenditures for FY 2015/16 of \$75.0 million.

The following are issues that will impact the City in the near and long term future:

- The City's employer contribution to the California Public Employee Retirement System (CalPERS) is expected to increase by more than \$1 million annually for the next five years. The contribution for FY16-17 is approximately \$7.1 million, including a \$4.4 million contribution to the unfunded liability and a normal cost of \$2.7 million. The increased contributions are due to CalPERS investment performance and assumption changes, such as improved mortality rates and a decrease in the assumed rate of return.
- The City's workforce continues to turn over with retirements, which increases the City's obligation to pay retiree health insurance, an "other post-employment benefit" or OPEB. During FY 2011/12, the City established a Section 115 Trust to offset the OPEB liability. Currently, due to budget constraints, the City is unable to continue making contributions to the Section 115 Trust; and expects to use approximately \$0.9 million of the trust balance during FY 2016/17 to pay for retiree health insurance. Annual retiree health expenditures are expected to increase by \$1.9 million over the next five years.

CITY OF CARSON

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

Request for Information

This financial report is designed to provide a general overview of the City's finances for its readers of the financial statements. Questions concerning any of the information in this report or request for additional financial information should be addressed to the Finance Department at, 701 E Carson St. Carson, CA 90745.

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BASIC FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF CARSON
STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities	Business-Type Activity	Total
ASSETS:			
Cash and investments	\$ 67,317,617	\$ 44,547,281	\$ 111,864,898
Cash and investments with fiscal agents	15,908,717	-	15,908,717
Receivables:			
Taxes	9,402,352	-	9,402,352
Accounts	289,806	-	289,806
Accrued interest	21,005	5,116	26,121
Loans, net of allowance for uncollectible accounts	7,394,780	-	7,394,780
Due from Successor Agency	34,861	6,665,151	6,700,012
Due from governmental agencies	851,684	-	851,684
Internal balances	7,076	(7,076)	-
Inventory	301,819	5,977,407	6,279,226
Prepaid and other assets	40,613	-	40,613
Land held for resale	3,140,754	-	3,140,754
Capital assets, not being depreciated	142,430,406	36,000,000	178,430,406
Capital assets, net of accumulated depreciation	226,638,030	-	226,638,030
TOTAL ASSETS	473,779,520	93,187,879	566,967,399
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts from pension	11,164,331	-	11,164,331
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,164,331	-	11,164,331
LIABILITIES:			
Accounts payable and accrued liabilities	20,267,148	965,734	21,232,882
Accrued payroll	1,138,733	-	1,138,733
Due to governmental agencies	361,326	-	361,326
Due to Successor Agency	4,549	-	4,549
Unearned revenues	151,536	-	151,536
Retentions payable	28,665	-	28,665
Long-term liabilities:			
Due within one year	3,922,521	-	3,922,521
Due in more than one year	4,169,358	-	4,169,358
Net pension liability	74,441,723	-	74,441,723
Net OPEB obligation	17,994,368	-	17,994,368
TOTAL LIABILITIES	122,479,927	965,734	123,445,661
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts from pension	4,833,134	-	4,833,134
TOTAL DEFERRED INFLOWS OF RESOURCES	4,833,134	-	4,833,134
NET POSITION:			
Investment in capital assets	369,068,436	36,000,000	405,068,436
Restricted for:			
Public works	2,397,487	-	2,397,487
Housing projects	33,115,931	-	33,115,931
Community services	28,535,274	49,556,994	78,092,268
Unrestricted	(75,486,338)	6,665,151	(68,821,187)
TOTAL NET POSITION	\$ 357,630,790	\$ 92,222,145	\$ 449,852,935

See accompanying notes to basic financial statements.

CITY OF CARSON

STATEMENT OF ACTIVITIES

For the year ended June 30, 2016

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 35,319,096	\$ 10,427,599	\$ -	\$ -
Community development	12,330,080	2,639,076	999,720	-
Public works	19,819,103	180,937	7,800,050	-
Community services	42,477,759	477,420	2,359,460	1,335,164
Total governmental activities	109,946,038	13,725,032	11,159,230	1,335,164
Business-type activity:				
Reclamation Authority	7,307,108	-	57,255,151	-
Total primary government	<u>\$ 117,253,146</u>	<u>\$ 13,725,032</u>	<u>\$ 68,414,381</u>	<u>\$ 1,335,164</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Admissions tax

Utility users tax

Motor vehicle license fee, unrestricted

Investment income

Other revenues

Total general revenues

Change in net position

Net position at beginning of year, as restated

Net position at end of year

See accompanying notes to basic financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activity	Total
\$ (24,891,497)	\$ -	\$ (24,891,497)
(8,691,284)	-	(8,691,284)
(11,838,116)	-	(11,838,116)
(38,305,715)	-	(38,305,715)
(83,726,612)	-	(83,726,612)
-	49,948,043	49,948,043
(83,726,612)	49,948,043	(33,778,569)
15,128,210	-	15,128,210
25,364,057	-	25,364,057
2,138,378	-	2,138,378
8,587,698	-	8,587,698
256,343	-	256,343
6,754,075	-	6,754,075
37,584	-	37,584
1,199,856	45,695	1,245,551
3,699,275	-	3,699,275
63,165,476	45,695	63,211,171
(20,561,136)	49,993,738	29,432,602
378,191,926	42,228,407	420,420,333
\$ 357,630,790	\$ 92,222,145	\$ 449,852,935

CITY OF CARSON
GOVERNMENTAL FUNDS
BALANCE SHEET

June 30, 2016

	General Fund	Carson Housing Authority Special Revenue Fund
ASSETS		
Cash and investments	\$ 26,093,527	\$ 7,112,377
Cash and investments with fiscal agents	-	15,908,717
Receivables:		
Taxes	9,402,352	-
Accounts	161,679	2,232
Accrued interest - other	16,883	-
Loans, net of allowance	27,362	7,006,092
Due from other funds	510,258	-
Due from Successor Agency	18,317	-
Due from government agencies	69,111	-
Inventory	301,819	-
Prepays and other assets	40,613	-
Land held for resale	-	3,140,754
	<hr/>	<hr/>
TOTAL ASSETS	\$ 36,641,921	\$ 33,170,172
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 16,770,003	\$ 8,462
Accrued payroll	1,019,804	10,255
Due to other funds	-	35,524
Due to Successor Agency	4,270	-
Due to government agencies	-	-
Retentions payable	17,249	-
Unearned revenue	120,160	-
TOTAL LIABILITIES	<hr/> 17,931,486	<hr/> 54,241
	<hr/>	<hr/>
DEEFFERED INFLOWS OF RESOURCES:		
Unavailable revenues	-	-
	<hr/>	<hr/>
FUND BALANCES:		
Nonspendable	342,432	-
Restricted	1,431,403	33,115,931
Committed	16,710,504	-
Assigned	226,096	-
Unassigned	-	-
TOTAL FUND BALANCES	<hr/> 18,710,435	<hr/> 33,115,931
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 36,641,921	\$ 33,170,172
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to basic financial statements.

Cooperation Agreement Bond Proceeds Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 26,542,550	\$ 7,569,163	\$ 67,317,617
-	-	15,908,717
-	-	9,402,352
-	125,895	289,806
4,122	-	21,005
-	361,326	7,394,780
62,711	31	573,000
4,047	12,497	34,861
-	782,573	851,684
-	-	301,819
-	-	40,613
-	-	3,140,754
<u>\$ 26,613,430</u>	<u>\$ 8,851,485</u>	<u>\$ 105,277,008</u>
\$ 1,707,428	\$ 1,781,255	\$ 20,267,148
4,953	103,721	1,138,733
29,518	500,882	565,924
279	-	4,549
-	361,326	361,326
305	11,111	28,665
-	31,376	151,536
<u>1,742,483</u>	<u>2,789,671</u>	<u>22,517,881</u>
-	269,562	269,562
-	-	342,432
24,870,947	6,403,356	65,821,637
-	-	16,710,504
-	-	226,096
-	(611,104)	(611,104)
<u>24,870,947</u>	<u>5,792,252</u>	<u>82,489,565</u>
<u>\$ 26,613,430</u>	<u>\$ 8,851,485</u>	<u>\$ 105,277,008</u>

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CITY OF CARSON

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2016

Fund balances - total governmental funds		\$ 82,489,565
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The capital assets consist of:		
Capital assets	\$ 594,428,634	
Accumulated depreciation	(225,360,198)	
		369,068,436
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Self-insurance claims	(3,137,108)	
Compensated absences	(4,954,771)	
Net pension liability	(74,441,723)	
Net OPEB liability	(17,994,368)	
		(100,527,970)
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.		
		269,562
Deferred outflows of resources related to pensions are not considered financial resources and are not reported in the governmental funds.		
		11,164,331
Deferred inflows of resources related to pensions are not available to pay for current period expenses and are not reported in the governmental funds.		
		(4,833,134)
Net position of governmental activities		<u>\$ 357,630,790</u>

See accompanying notes to basic financial statements.

CITY OF CARSON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the year ended June 30, 2016

	General Fund	Carson Housing Authority Special Revenue Fund
REVENUES:		
Taxes	\$ 58,228,761	\$ -
Licenses and permits	7,111,989	-
Fines and forfeitures	1,588,678	-
Intergovernmental	342,461	210,475
Charges for services	2,445,836	-
Investment income	1,782,338	193,395
Miscellaneous	2,676,687	404,622
TOTAL REVENUES	<u>74,176,750</u>	<u>808,492</u>
EXPENDITURES:		
Current:		
General government	29,956,664	-
Community development	4,662,800	5,410,703
Public works	15,547,603	-
Community services	32,230,590	-
Capital improvement programs	529,861	-
TOTAL EXPENDITURES	<u>82,927,518</u>	<u>5,410,703</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,750,768)</u>	<u>(4,602,211)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	19,884	-
Transfers out	(125,873)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(105,989)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(8,856,757)	(4,602,211)
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	<u>27,567,192</u>	<u>37,718,142</u>
FUND BALANCES - END OF YEAR	<u>\$ 18,710,435</u>	<u>\$ 33,115,931</u>

See accompanying notes to basic financial statements.

Cooperation Agreement Bond Proceeds Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 4,823,667	\$ 63,052,428
-	161,631	7,273,620
-	-	1,588,678
62,711	6,781,621	7,397,268
-	1,016,027	3,461,863
261,384	48,058	2,285,175
-	1,260,182	4,341,491
<u>324,095</u>	<u>14,091,186</u>	<u>89,400,523</u>
-	-	29,956,664
13,831,219	1,379,391	25,284,113
-	78,476	15,626,079
-	5,492,509	37,723,099
-	6,168,411	6,698,272
<u>13,831,219</u>	<u>13,118,787</u>	<u>115,288,227</u>
<u>(13,507,124)</u>	<u>972,399</u>	<u>(25,887,704)</u>
-	125,873	145,757
-	(19,884)	(145,757)
-	105,989	-
(13,507,124)	1,078,388	(25,887,704)
<u>38,378,071</u>	<u>4,713,864</u>	<u>108,377,269</u>
<u>\$ 24,870,947</u>	<u>\$ 5,792,252</u>	<u>\$ 82,489,565</u>

CITY OF CARSON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2016

Net change in fund balances - total governmental funds \$ (25,887,704)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays 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	\$ 18,871,650	
Depreciation expense	(9,811,505)	
	<u>9,060,145</u>	9,060,145

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	(737,753)
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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	278,027	
Other post-employment benefits	(2,669,193)	
Pension expense	(589,037)	
	<u>(2,980,203)</u>	(2,980,203)

Revenues that are measurable but not available are recorded as unavailable revenue under the modified accrual basis of accounting.

(15,621)

Change in net position of governmental activities	<u>\$ (20,561,136)</u>
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See accompanying notes to basic financial statements.

CITY OF CARSON
 PROPRIETARY FUND
 STATEMENT OF NET POSITION

June 30, 2016

	<u>Reclamation Authority</u>
CURRENT ASSETS:	
Cash and investments	\$ 44,547,281
Accrued interest	5,116
Due from Successor Agency to the Dissolved Redevelopment Agency	6,665,151
Inventory	<u>5,977,407</u>
 TOTAL CURRENT ASSETS	 57,194,955
 NONCURRENT ASSETS:	
Land	<u>36,000,000</u>
 TOTAL ASSETS	 <u>93,194,955</u>
 LIABILITIES:	
Accounts payable and accrued liabilities	965,734
Due to other funds	<u>7,076</u>
 TOTAL LIABILITIES	 <u>972,810</u>
 NET POSITION:	
Investment in capital assets	36,000,000
Restricted for future projects	<u>56,222,145</u>
 TOTAL NET POSITION	 <u><u>\$ 92,222,145</u></u>

See accompanying notes to basic financial statements.

CITY OF CARSON
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2016

	Reclamation Authority
OPERATING EXPENSES:	
Development services	<u>\$ 7,307,108</u>
OPERATING LOSS	<u>(7,307,108)</u>
NONOPERATING REVENUES:	
Contributions from Successor Agency to the Dissolved Redevelopment Agency	57,255,151
Investment income	<u>45,695</u>
TOTAL NONOPERATING REVENUES	<u>57,300,846</u>
CHANGE IN NET POSITION	49,993,738
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>42,228,407</u>
NET POSITION, END OF YEAR	<u><u>\$ 92,222,145</u></u>

See accompanying notes to basic financial statements.

CITY OF CARSON
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 For the year ended June 30, 2016

	Reclamation Authority
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash paid for services	<u>\$ (7,541,374)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>40,579</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Advances repaid by other funds	1,458,076
Contributions received for operating purposes	<u>50,590,000</u>
TOTAL CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>52,048,076</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	44,547,281
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 44,547,281</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (7,307,108)
Changes in operating assets and liabilities:	
Decrease in accounts payable and accrued expenses	<u>(234,266)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (7,541,374)</u></u>

See accompanying notes to basic financial statements.

CITY OF CARSON
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

June 30, 2016

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund	Agency Funds
ASSETS:		
Cash and investments	\$ 19,217,625	\$ 7,624,125
Cash and investments with fiscal agents	21,960,716	2,536,573
Receivables:		
Loans, net	-	-
Due from the City of Carson	4,550	-
Land held for resale	4,993,961	-
TOTAL ASSETS	46,176,852	\$ 10,160,698
LIABILITIES:		
Accounts payable and accrued liabilities	50,773	\$ 609,793
Accrued interest payable	3,107,636	-
Retention and refundable deposits	236,172	2,822,515
Due to City of Carson	34,861	-
Due to Carson Reclamation Authority	6,665,151	-
Due to assessed parties	-	735,101
Due to bondholders	-	5,993,289
Noncurrent liabilities:		
Due within one year	12,493,710	-
Due in more than one year	202,447,229	-
TOTAL LIABILITIES	225,035,532	\$ 10,160,698
NET POSITION:		
Held in trust for private purpose	<u><u>\$ (178,858,680)</u></u>	

See accompanying notes to basic financial statements.

CITY OF CARSON
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2016

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Property taxes	\$ 23,166,710
Investment income	202,352
Other income	<u>1,651,608</u>
TOTAL ADDITIONS	<u>25,020,670</u>
DEDUCTIONS:	
General government	759,240
Property tax administration costs	555,819
Distributions to City of Carson	273,186
Distributions to Carson Reclamation Authority	57,255,151
Interest and fiscal charges	<u>11,731,643</u>
TOTAL DEDUCTIONS	<u>70,575,039</u>
CHANGE IN NET POSITION	(45,554,369)
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>(133,304,311)</u>
NET POSITION - END OF YEAR	<u><u>\$ (178,858,680)</u></u>

See accompanying notes to basic financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Carson, California (the City) have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity:

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.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board, 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 (Financing Authority), the Carson Housing Authority (Housing Authority), and the Carson Reclamation Joint Powers Authority (Reclamation Authority). The financial activities of these entities are blended with the financial activities of the City because of the operational responsibility the City has, as well as the significant financial relationship each has with the City.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Reporting Entity (Continued):

Blended Component Units:

The 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 Financing 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 Financing Authority. Separate financial statements of the Financing Authority are not issued.

The 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. 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 Housing Authority. Separate financial statements of the Housing Authority may be obtained at City Hall.

The Reclamation Authority was formed in February 2015 by the governing boards of the Housing Authority and the Carson Community Facilities Districts Nos. 2012-1 and 2012-2. Even though it is legally separate, it is reported as if it were part of the City because the City is able to impose its will on the Reclamation Authority and the Reclamation Authority's services almost exclusively benefit the City. Separate financial statements of the Reclamation Authority may be obtained at City Hall.

The purpose of the Reclamation Authority is to oversee and facilitate the remediation of contaminated properties in the City. The Reclamation Authority's role is to facilitate and fund the environmental study, investigation, and remediation and reclamation of any and all contaminated properties in the City, or the acquisition and subsequent reclamation of contaminated properties. These powers also include any improvements on property related to environmental clean up and any negotiations or processing of property reclamation required in connection with the California Department of Toxic Substances Control or any other state or federal environmental agency.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus, Basis of Accounting, and Financial Presentation:

The statement of net position and statement of activities (i.e., the government-wide financial statements) display information on all of the nonfiduciary activities of the primary government (the City) and its blended component units. Eliminations have been made to minimize the effect of interfund activity. These statements distinguish between the City's governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activity, which relies to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for the City's business-type activity. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the functions or programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statement of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year, which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus, Basis of Accounting, and Financial Presentation (Continued):

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with applicable regulations, restrictions or limitations. The governmental funds financial statements are provided for major funds individually and nonmajor funds in the aggregate, the proprietary fund, and the fiduciary funds, even though the last is excluded from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets, current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of “available spendable resources”.

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on long-term liabilities, claims payable, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Sales taxes, property taxes, franchise fees, gas taxes, motor vehicle in-lieu, and transient occupancy taxes, 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. All other revenue items are considered to be measurable and available only when the related cash is received by the government.

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 nonexchange* 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 nonexchange* transactions are recognized as revenues when all applicable eligibility requirements have been met.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus, Basis of Accounting, and Financial Presentation (Continued):

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

The City’s fiduciary fund financial statements are comprised of a private-purpose trust fund and agency funds. The private-purpose trust fund is reported using the “economic resources measurement focus” and the “accrual basis of accounting”. The agency funds have no measurement focus but utilize the “accrual basis of accounting” for reporting their assets and liabilities.

C. Fund Classifications:

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 Special Revenue 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 Special Revenue 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.

CITY OF CARSON
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Fund Classifications (Continued):

The City reports the following major proprietary fund:

The Reclamation Authority Enterprise Fund oversees and facilitates the remediation of contaminated properties in the City of Carson.

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

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

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

- *Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund* - This fund is 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.
- *Agency Funds* - These funds account 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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. New Accounting Pronouncements:

Current Year Standards:

In fiscal year 2015-2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *"Fair Value Measurement and Application"*. GASB Statement No. 72 requires the City to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the City's financial statements as a result of the implementation of GASB Statement No. 72.

GASB Statement No. 73 - *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*, was required to be implemented in the current fiscal year, except for those provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for periods beginning after June 15, 2016, and did not impact the City.

GASB Statement No. 76 - *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, was required to be implemented in the current fiscal year and did not impact the City.

GASB Statement No. 79 - *"Certain External Investment Pools and Pool Participants"*, was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the City.

GASB Statement No. 82 - *"Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73"*, changed the measurement of covered payroll reported in required supplementary information and has been early implemented.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- GASB 73 - *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*, the provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016.
- GASB 74 - *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"*, effective for periods beginning after June 15, 2016.
- GASB 75 - *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*, effective for periods beginning after June 15, 2017.
- GASB 77 - *"Tax Abatement Disclosure"*, effective for periods beginning after December 15, 2015.
- GASB 78 - *"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"*, effective for periods beginning after December 15, 2015.
- GASB 79 - *"Certain External Investment Pools and Pool Participants"*, the certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015.
- GASB 80 - *"Blending Requirements for Certain Component Units"*, effective for periods beginning after June 15, 2016.
- GASB 81 - *"Irrevocable Split-Interest Agreements"*, effective for periods beginning after December 15, 2016.
- GASB 82 - *"Pension Issues"*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which is effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Investments:

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of the investments is generally based on published market prices and quotations from custodians. Investment earnings are allocated based on the source of funds.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income also reports interest earnings, rental income, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

F. Property Taxes:

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

The former Carson Redevelopment Agency receives annual property tax increment funds from the County of Los Angeles. In addition, the City receives funds from the State of California via the County, as the City is considered to be a “no and low” property tax City. The City’s current year allocation of the “no and low” property tax of \$7,351,395 was included in the General Fund tax revenues.

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 st
Levy Date:	July 1 st to June 30 th
Due Date:	First Installment - November 1 st Second Installment - March 1 st
Delinquent Date:	First Installment - December 10 th Second Installment - April 10 th

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Receivables:

The City extends credit to customers in the normal course of operations. Uncollectible amounts are accounted for by the reserve method, which establishes an allowance for doubtful accounts based upon historical losses and review of past due accounts.

H. Interfund Transactions:

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activity are reported in the government-wide financial statements as “internal balances”.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs costs, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers.

I. 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. Inventory in the Reclamation Authority Enterprise Fund consists principally of liner, backfill material, gravel, pile cap boots, geotextile and miscellaneous landfill gas components. Materials and supplies are charged to inventories when purchased and treated as expenditure when issued. Inventory amounts in the General Fund are classified as nonspendable in the fund balance since they do not represent available spendable resources.

J. Capital Assets:

Capital assets are recorded at cost where historical records are available and at estimated historical cost where no historical records exist. Contributed capital assets are valued at their acquisition 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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Capital Assets (Continued):

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
Machinery and equipment	5 - 20 years
Infrastructure:	
Roadways	7 - 100 years
Sewer	25 - 30 years
Storm drain	20 - 50 years

K. Land Held for Resale:

Land held for resale in the Housing Authority Fund represents housing properties transferred to the Housing Authority from 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. This property will be sold and proceeds will be sent to the County of Los Angeles for distribution to affected taxing agencies. Land held for resale is recorded at the lower of acquisition cost or estimated net realizable value.

L. 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. 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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. Employee Compensated Absences (Continued):

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.

M. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan, which is 3.9 years.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from unavailable revenues, which is only reported in the governmental funds balance sheet. Unavailable revenues come from one source, which is grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Deferred Outflows/Inflows of Resources (Continued):

- Deferred inflows from pensions resulting from changes of assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan, which is 3.9 years.
- Deferred inflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan's fiduciary net position. These amounts are amortized over five years.

N. Pensions:

For purposes of measuring the net pension liability, 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 Plan's 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.

O. Fund Balances and Flow Assumptions:

The fund balances reported in the governmental funds financial statements consist of the following 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, and prepaid and other assets.

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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

O. Fund Balances and Flow Assumptions (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.

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 expenditures are 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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

P. Net Position and Flow Assumptions:

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net position is divided into three captions. These captions are described below and apply only to net position, which is applicable only to the government-wide statements, proprietary fund statements, private-purpose trust fund statements.

Net investment in capital assets - describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets, unspent bond proceeds from debt, and the deferral on refunding.

Restricted - describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted - describes the portion of net position which is not restricted as to use.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted net position to have been depleted before unrestricted net position is applied.

Q. Statement of Cash Flows:

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash and not subject to significant changes in value from interest rate fluctuations.

CITY OF CARSON
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

R. Use of Estimates:

The preparation of basic financial statements in accordance 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.

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Position	Fiduciary Funds Statement of Net Position		
		Private-Purpose Trust Fund	Agency Funds	Total
Unrestricted assets:				
Cash and investments	\$ 111,864,898	\$ 19,217,625	\$ 7,624,125	\$ 138,706,648
Restricted assets:				
Cash and investments with fiscal agents	<u>15,908,717</u>	<u>21,960,716</u>	<u>2,536,573</u>	<u>40,406,006</u>
Total cash and investments	<u>\$ 127,773,615</u>	<u>\$ 41,178,341</u>	<u>\$ 10,160,698</u>	<u>\$ 179,112,654</u>

Cash and investments at June 30, 2016, consist of the following:

Cash on hand	\$ 4,050
Dep osits with financial institutions	92,475,029
Investments	<u>86,633,575</u>
Total cash and investments	<u>\$ 179,112,654</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

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
United States Treasury Bills	Yes	5 Years	None	None
Federal Government Obligations	Yes	5 Years	None	None
Collateralized Time Deposits	Yes	5 Years	None	None
Banker's Acceptances	Yes	7 Days	10%	None
Commercial Paper	Yes	7 Days	15%	10%
Negotiable Certificates of Deposit	Yes	5 Years	10%	None
Certificates of Deposit - Private Placement	Yes	5 Years	30%	None
Local Agency Investment Fund	Yes	N/A	\$50 Million	None
Money Market Funds or Mutual Funds	Yes	5 Years	20%	10%
Medium Term Corporate Notes	Yes	5 Years	20%	5%
State/Municipal Bonds	Yes	5 Years	20%	None
Common Stocks	No	N/A	N/A	N/A
Long-Term Notes and Bonds	No	N/A	N/A	N/A
Derivative Based Instruments	No	N/A	N/A	N/A
Repurchase Agreements	No	N/A	N/A	N/A
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Inverse Floaters	No	N/A	N/A	N/A
Futures and Options	No	N/A	N/A	N/A
Mortgage Backed Securities	No	N/A	N/A	N/A

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

N/A - Not Applicable

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements:

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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

N/A - Not Applicable

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.

CITY OF CARSON
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued):

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:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 24 Months	25 - 60 Months	
Local Agency Investment Fund	\$ 8,484,895	\$ -	\$ -	\$ 8,484,895
Money Market Funds	961,136	-	-	961,136
U.S. Treasury Securities	1,020,120	-	-	1,020,120
U.S. Agency Securities	2,830,351	11,038,818	7,639,441	21,508,610
Medium-Term Corporate Notes	648,185	1,318,475	100,704	2,067,364
State/Municipal Bonds	753,980	872,146	-	1,626,126
Held by Fiscal Agent:				
Money Market Funds	26,620,715	-	-	26,620,715
U.S. Treasury Securities	3,508,130	-	-	3,508,130
U.S. Agency Securities	13,747,687	2,706,055	1,938,312	18,392,054
State/Municipal Bonds	<u>2,444,425</u>	<u>-</u>	<u>-</u>	<u>2,444,425</u>
	<u>\$ 61,019,624</u>	<u>\$ 15,935,494</u>	<u>\$ 9,678,457</u>	<u>\$ 86,633,575</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

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 by Standard & Poor's or Moody, as of year-end for each investment type.

Investment Type	Total as of June 30, 2016	Minimum Legal Rating	Aaa	Other	Not Rated	Not Required to be Rated
Local Agency Investment Fund	\$ 8,484,895	N/A	\$ -	\$ -	\$ 8,484,895	\$ -
Money Market Funds	961,136	AA+	961,136	-	-	-
U.S. Treasury Securities	1,020,120	N/A	-	-	-	1,020,120
U.S. Agency Securities	21,508,610	N/A	-	21,508,610	-	-
Medium-Term Corporate Notes	2,067,364	N/A	-	2,067,364	-	-
State/Municipal Bonds	1,626,126	Aaa	-	1,626,126	-	-
Held by Fiscal Agent:						
Money Market Funds	26,620,715	N/A	26,620,715	-	-	-
U.S. Treasury Securities	3,508,130	N/A	-	-	-	3,508,130
U.S. Agency Securities	18,392,054	N/A	-	18,392,054	-	-
State/Municipal Bonds	<u>2,444,425</u>	N/A	<u>-</u>	<u>2,444,425</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 86,633,575</u>		<u>\$ 27,581,851</u>	<u>\$ 46,038,579</u>	<u>\$ 8,484,895</u>	<u>\$ 4,528,250</u>

N/A - Not Applicable

The actual ratings for the "Other" category above are as follows:

Investment Type	AA+	AA	AA-	A+	A	A-	Total
U.S. Agency Securities	\$ 21,508,610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,508,610
Medium-Term							
Corporate Notes	-	-	-	815,890	901,154	350,320	2,067,364
State/Municipal Bonds	-	974,422	401,364	250,340	-	-	1,626,126
Held by Fiscal Agent:							
U.S. Agency Securities	18,392,054	-	-	-	-	-	18,392,054
State/Municipal Bonds	<u>-</u>	<u>2,444,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,444,425</u>
Total	<u>\$ 39,900,664</u>	<u>\$ 3,418,847</u>	<u>\$ 401,364</u>	<u>\$ 1,066,230</u>	<u>\$ 901,154</u>	<u>\$ 350,320</u>	<u>\$ 46,038,579</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Mortgage Corp. Notes	U.S. Agency Securities	\$ 14,210,318
Federal Home Loan Bank Notes	U.S. Agency Securities	19,615,955

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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

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 \$8,484,895 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.

Fair Value Measurements:

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

CITY OF CARSON
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment or liability.

The following is a description of the recurring valuation methods and assumptions used by the City to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by City's asset manager from third party service provider.

For a large portion of the City's portfolio, the City's asset manager applies their leveling methodology across all securities in a specific sector (i.e. U.S. Government Sponsored Agency Securities). Inputs to their pricing models are based on observable market inputs in active markets.

The City has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Securities	\$ 1,020,120	\$ -	\$ -	\$ 1,020,120
U.S. Agency Securities	-	21,508,610	-	21,508,610
Medium-Term Corporate Notes	-	2,067,364	-	2,067,364
State/Municipal Bonds	-	1,626,126	-	1,626,126
Held by Fiscal Agent:				
U.S. Treasury Securities	3,508,130	-	-	3,508,130
U.S. Agency Securities	-	18,392,054	-	18,392,054
State/Municipal Bonds	-	2,444,425	-	2,444,425
Total Leveled Investments	<u>\$ 4,528,250</u>	<u>\$ 46,038,579</u>	<u>\$ -</u>	<u>50,566,829</u>
Local Agency Investment Fund*				8,484,895
Money Market Funds*				961,136
Held by Fiscal Agent				
Money Market Funds*				<u>26,620,715</u>
Total Investment Portfolio				<u>\$ 86,633,575</u>

* Not subject to fair value measurements.

3. LOANS RECEIVABLE:

Details of the City's loans receivable as of June 30, 2016 are as follows:

Loans relative to development projects under various disposition and development agreements	\$ 43,734,668
First Time Homebuyer Loan Program	7,006,092
Computer Loan Program	27,362
HOME Loan Program	196,326
Neighborhood Stabilization Program Loans	<u>165,000</u>
Total Loans Receivable	51,129,448
Less: Allowance for uncollectible accounts	<u>(43,734,668)</u>
Loans Receivable, Net	<u>\$ 7,394,780</u>

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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

4. CAPITAL ASSETS:

Governmental Activities:

The following is a summary of changes in capital assets of the Governmental Activities for the year ended June 30, 2016:

	Balance at July 1, 2015 as Restated (1)	Additions	Deletions	Balance at June 30, 2016
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	9,367,887	-	-	9,367,887
Construction-in-progress	42,377,855	17,571,270	(19,822,634)	40,126,491
Total capital assets, not being depreciated	144,681,770	17,571,270	(19,822,634)	142,430,406
Capital assets, being depreciated:				
Buildings and improvements	96,709,824	-	-	96,709,824
Machinery and equipment	14,678,489	1,410,929	(1,830,324)	14,259,094
Infrastructure:				
Roadways	294,701,711	19,822,634	-	314,524,345
Sewer	20,123,476	-	-	20,123,476
Storm drain	6,381,489	-	-	6,381,489
Total capital assets, being depreciated	432,594,989	21,233,563	(1,830,324)	451,998,228
Less accumulated depreciation for:				
Buildings and improvements	(33,102,505)	(1,927,331)	-	(35,029,836)
Machinery and equipment	(12,237,148)	(543,296)	1,719,775	(11,060,669)
Infrastructure:				
Roadways	(152,302,139)	(6,872,334)	-	(159,174,473)
Sewer	(16,069,537)	(349,241)	-	(16,418,778)
Storm drain	(3,557,139)	(119,303)	-	(3,676,442)
Total accumulated depreciation	(217,268,468)	(9,811,505)	1,719,775	(225,360,198)
Total capital assets, being depreciated, net	215,326,521	11,422,058	(110,549)	226,638,030
Total governmental activities capital assets, net	\$ 360,008,291	\$ 28,993,328	\$(19,933,183)	\$ 369,068,436

- (1) Beginning balances of construction-in-progress, buildings and improvements, machinery and equipment, and roadways have been restated to add governmental-use assets reported previously in the Successor Agency Private-Purpose Trust Fund that should have been reported as City capital assets, and to make corrections for capital assets that had been inadvertently removed, and for construction-in-progress amounts that were not capitalizable.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

4. CAPITAL ASSETS (CONTINUED):

Governmental Activities (Continued):

Depreciation expense was charged to the following functions in the Statement of Activities for the year ended June 30, 2016:

General government	\$ 1,726,129
Community services	4,885,141
Public works	2,363,754
Community development	<u>836,481</u>
Total depreciation expense	<u>\$ 9,811,505</u>

Business-type Activity:

The following is a summary of changes in capital assets of the Business-type Activity for the year ended June 30, 2016:

	Balance at July 1, 2015 <u>as Restated (1)</u>	<u>Additions</u>	<u>Deletions</u>	Balance at June 30, 2016 <u></u>
Capital assets, not being depreciated:				
Land	<u>\$ 36,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,000,000</u>

(1) The beginning balance of land was increased by \$36,000,000, the estimated fair value for 157 acres of land that had been contributed to the Reclamation Authority in May 2015.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

5. INTERFUND TRANSACTIONS:

Due From/To Other Funds:

Due from/due to other funds as of June 30, 2016, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Carson Housing Authority	
	Special Revenue Fund	\$ 35,524
	Cooperation Agreement Bond	
	Proceeds Special Revenue Fund	29,487
	Nonmajor Governmental Funds	438,171
	Reclamation Authority	
	Enterprise Fund	7,076
Cooperation Agreement Bond		
Proceeds Special Revenue Fund	Nonmajor Governmental Funds	62,711
Nonmajor Governmental Funds	Cooperation Agreement Bond	
	Proceeds Special Revenue Fund	<u>31</u>
		<u>\$ 573,000</u>

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

Interfund Transfers:

Transfers in and out for the year ended June 30, 2016, were as follows:

<u>Transfer In to Fund</u>	<u>Transfer Out of Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 19,884
Nonmajor Governmental Funds	General Fund	<u>125,873</u>
		<u>\$ 145,757</u>

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

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

6. LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 5,232,798	\$ 3,149,016	\$ (3,427,043)	\$ 4,954,771	\$ 3,922,521	\$ 1,032,250
Self-insurance claims payable	3,194,910	2,537,509	(1,799,756)	3,932,663	795,555	3,137,108
Total	<u>\$ 8,427,708</u>	<u>\$ 5,686,525</u>	<u>\$ (5,226,799)</u>	<u>\$ 8,887,434</u>	<u>\$ 4,718,076</u>	<u>\$ 4,169,358</u>

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

The City's self-insurance claims payable are described in Note 7.

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, 2016, \$3,932,663 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, 2016, 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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

7. SELF-INSURANCE PROGRAMS (CONTINUED):

A summary of the City's claims activity for the two years through June 30, 2016, is as follows:

	Workers' Compensation Claims	General Liability Claims	Totals
Balance at June 30, 2014	\$ 3,275,442	\$ 1,747,462	\$ 5,022,904
Additions	315,982	657,027	973,009
Payments	<u>(1,187,817)</u>	<u>(1,613,186)</u>	<u>(2,801,003)</u>
Balance at June 30, 2015	2,403,607	791,303	3,194,910
Additions	572,114	1,965,395	2,537,509
Payments	<u>(833,534)</u>	<u>(966,222)</u>	<u>(1,799,756)</u>
Balance at June 30, 2016	<u>\$ 2,142,187</u>	<u>\$ 1,790,476</u>	<u>\$ 3,932,663</u>

8. DEFINED BENEFIT PENSION PLAN:

A. General Information about the Pension Plan:

Plan Description:

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). 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 plan 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 to 62 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) 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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

8. DEFINED BENEFIT PENSION PLAN (CONTINUED):

A. General Information about the Pension Plan (Continued):

The Plan's provisions and benefits in effect are summarized as follows:

	Miscellaneous	
	Prior to	On or After
	January 1, 2013	January 1, 2013
Hire date		
Benefit formula	2.7%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.75%
Required employer contribution rates	23.73%	23.73%

Employees Covered:

The following employees were covered by the benefit terms of the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	430
Inactive employees entitled to but not yet receiving benefits	200
Active employees	344
Total	974

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 is 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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

8. DEFINED BENEFIT PENSION PLAN (CONTINUED):

B. 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, 2015, using an annual actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions:

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Depending on age, service and type of employment.

(2) Net of pension plan investment expenses, including inflation.

(3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

8. DEFINED BENEFIT PENSION PLAN (CONTINUED):

B. Net Pension Liability:

Change of Assumptions:

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.

Discount Rate:

The discount rate used to measure the total pension liability was 7.65% for the 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) 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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

8. DEFINED BENEFIT PENSION PLAN (CONTINUED):

B. Net Pension Liability (Continued):

Discount Rate (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. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

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

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

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

8. DEFINED BENEFIT PENSION PLAN (CONTINUED):

C. Changes in the Net Pension Liability:

The changes in the net pension liability for the Miscellaneous Plan, using the measurement date of June 30, 2015, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2014	<u>\$ 229,790,020</u>	<u>\$ 168,373,004</u>	<u>\$ 61,417,016</u>
Changes in the Year:			
Service cost	4,326,829	-	4,326,829
Interest on the total pension liability	17,550,999	-	17,550,999
Changes of assumptions	(4,237,527)	-	(4,237,527)
Differences between expected and actual experience	6,597,837	-	6,597,837
Plan to plan resource movement	-	(228,538)	228,538
Contribution - employer	-	5,746,641	(5,746,641)
Contribution - employee	-	2,169,417	(2,169,417)
Net investment income	-	3,717,143	(3,717,143)
Benefit payments, including refunds of employee contributions	(9,777,863)	(9,777,863)	-
Administrative expenses	-	(191,232)	191,232
Net Changes	<u>14,460,275</u>	<u>1,435,568</u>	<u>13,024,707</u>
Balance at June 30, 2015 (Measurement Date)	<u>\$ 244,250,295</u>	<u>\$ 169,808,572</u>	<u>\$ 74,441,723</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

8. DEFINED BENEFIT PENSION PLAN (CONTINUED):

C. Changes in the Net Pension Liability (Continued):

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the City for the Plan, calculated using the discount rate for the Plan of 7.65%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.65%) or 1-percentage point higher (8.65%) than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.65%
Net Pension Liability	\$ 106,694,803
Current Discount Rate	7.65%
Net Pension Liability	\$ 74,441,723
1% Increase	8.65%
Net Pension Liability	\$ 47,643,407

Pension Plan Fiduciary Net Position:

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

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

8. DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

For the year ended June 30, 2016, the City recognized pension expense of \$6,865,674. At June 30, 2016, 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	\$ 6,258,247	\$ -
Differences between actual and expected experience	4,906,084	-
Change of assumptions	-	(3,150,982)
Net differences between projected and actual earnings on plan investments	-	(1,682,152)
Total	<u>\$ 11,164,331</u>	<u>\$ (4,833,134)</u>

\$6,258,247 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. 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 Ending June 30,	Amount
2017	\$ (554,875)
2018	(554,875)
2019	(615,397)
2020	1,798,097
2021	-
Thereafter	-

E. Payable to the Pension Plan:

At June 30, 2016, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN:

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.

Eligible participants to the plan as of July 1, 2015, the date of the most recent actuarial valuation, are as follows:

Retirees Receiving Benefits:	
Age 65 and above	172
Age below 65	<u>79</u>
Subtotal	<u>251</u>
Active Employees:	
Full-time	317
Unclassified/Part-time	<u>139</u>
Subtotal	<u>456</u>
Total	<u><u>707</u></u>

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 \$318,044 for the fiscal year 2015-2016 in addition to direct contributions it paid for retiree benefits of \$1,804,366. Direct contributions of \$57,897 were for the benefit of the dissolved redevelopment agency employees. Total contributions during the fiscal year 2015-2016 amounted to \$2,122,410.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

Annual OPEB Cost and Net OPEB Obligation:

The City's annual other post-employment 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's net OPEB obligation for these benefits:

Annual required contribution (ARC)	\$ 5,128,216
Interest on net OPEB obligation	881,198
Adjustments to ARC	<u>(1,217,811)</u>
Annual OPEB cost	4,791,603
Benefit payments and contributions made	<u>(2,122,410)</u>
Increase in net OPEB obligation	2,669,193
Net OPEB obligation, beginning of year	<u>15,325,175</u>
Net OPEB obligation, end of year	<u>\$ 17,994,368</u>

Three-Year Trend Information:

The City'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, 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/14	\$ 4,664,809	129.1 %	\$ 14,380,295
06/30/15	4,603,539	79.5 %	15,325,175
06/30/16	4,791,603	44.3 %	17,994,368

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

Funded Status and Funding Progress:

As of July 1, 2015, the most recent valuation date, the actuarial accrued liability for benefits was \$55,196,794, and the actuarial value of assets was \$16,112,035, resulting in an unfunded actuarial accrued liability (UAAL) of \$39,084,759 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 29%. The covered payroll (annual payroll of active employees covered by the plan) was \$29,602,000, and the ratio of the UAAL to the covered payroll was 132%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. 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 presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

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 multiyear 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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

Actuarial Methods and Assumptions (Continued):

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

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Method. The actuarial assumptions included a 5.75% discount rate, which reflects a blend between a pay-as-you-go discount rate of 5% and the 7.61% discount rate for invested assets, and actual annual cost trend rates for 2016, and annual cost trend rates of 6.5% for HMO and 7.0% for PPO for 2017, reduced by decrements of 0.5% per year to an ultimate rate of 5% after the third and fourth year, respectively. All the rates included a 2.75% inflation assumption. The UAAL is being amortized over 30 years using a level-dollar method on a closed basis. The remaining period at June 30, 2015 is 23 years. It is assumed the City's payroll will increase 3.00% per year.

CITY OF CARSON
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

10. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:

The various fund balance classifications established as of June 30, 2016, were as follows:

		<u>Special Revenue Funds</u>			
		Carson Housing Authority	Cooperation Agreement Bond Proceeds	Nonmajor Governmental Funds	Total
	<u>General</u>				
Nonspendable:					
Inventory	\$ 301,819	\$ -	\$ -	\$ -	\$ 301,819
Prepays and other assets	<u>40,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,613</u>
Total Nonspendable	<u>342,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342,432</u>
Restricted for:					
Housing projects	-	33,115,931	-	-	33,115,931
Special revenue funds	-	-	-	6,403,356	6,403,356
1% PEG fees	431,403	-	-	-	431,403
Alameda Corridor Projects	1,000,000	-	-	-	1,000,000
Capital projects	<u>-</u>	<u>-</u>	<u>24,870,947</u>	<u>-</u>	<u>24,870,947</u>
Total Restricted	<u>1,431,403</u>	<u>33,115,931</u>	<u>24,870,947</u>	<u>6,403,356</u>	<u>65,821,637</u>
Committed:					
Economic uncertainties	16,585,504	-	-	-	16,585,504
Reward funds	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
Total Committed	<u>16,710,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,710,504</u>
Assigned:					
Loan shed program	<u>226,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,096</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(611,104)</u>	<u>(611,104)</u>
Total Fund Balances	<u>\$ 18,710,435</u>	<u>\$ 33,115,931</u>	<u>\$ 24,870,947</u>	<u>\$ 5,792,252</u>	<u>\$ 82,489,565</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

11. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances:

The following funds reported an accumulated deficit in fund balance as of June 30, 2016:

	<u>Accumulated Deficit</u>
Nonmajor Special Revenue Funds:	
TDA Article 3 Fund	\$ (3,834)
Los Angeles County Park District Fund	(131,346)
Proposition 1B Fund	(32,311)
State CIP Grants Fund	(5,040)
Federal Highway Planning Grant Fund	(438,573)

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

Excess of Expenditures over Appropriations:

For the year ended June 30, 2016, expenditures by function exceeded appropriations of the following City funds:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Fund:			
General Fund:			
General government:			
City Attorney	\$ 4,570,550	\$ 12,586,274	\$ (8,015,724)
City Manager	4,019,728	4,020,640	(912)
Community development	4,631,819	4,662,800	(30,981)
Capital improvement programs	264,298	529,861	(265,563)
Nonmajor Special Revenue Funds:			
Proposition A Local Return Fund:			
Capital improvement programs	14,000	14,382	(382)
Self-Supporting Fund:			
Community services	971,883	1,101,739	(129,856)

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

11. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED):

Excess of Expenditures over Appropriations (Continued):

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Nonmajor Special Revenue Funds (Continued):			
Capital Asset Replacement Fund:			
Capital improvement programs	\$ 124,754	\$ 126,149	\$ (1,395)
Park Development Fund:			
Capital improvement programs	29,288	31,545	(2,257)
Proposition 1B Fund:			
Capital improvement programs	54,649	54,652	(3)
Federal Highway Planning Grant Fund:			
Capital improvement programs	1,636,718	1,703,194	(66,476)

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, (collectively, the Bonds). The Bonds were issued to finance certain public capital improvements within the Assessment District, purchase the outstanding Reassessment District No. 2001-1 Limited Obligation Refunding Improvement Bonds, establish the Reserve Fund, pay the premium, and to pay the cost of issuing the bonds.

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

For these reasons, neither the debt nor the related debt service transactions are recorded on the City's basic financial statements. The principal balances outstanding at June 30, 2016, are \$19,075,000 and \$6,175,000, for Series A and Subordinate Series B, respectively.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

12. DEBT ISSUED WITHOUT GOVERNMENT COMMITMENT (CONTINUED):

Assessment District No. 92-1:

In October 1992, the City of Carson issued \$13,100,000 of Assessment District No. 92-1 (Sepulveda Special District) Limited Obligation Improvement Bonds, Series 1992 (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, 2016 is \$1,030,000.

13. 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.

The City has accrued a liability of \$7,964,718 in the General Fund for certain claims that existed as of June 30, 2016, that were either settled or a judgment against the City made subsequently.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

14. 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 former Carson Redevelopment Agency (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. At June 30, 2016, the balance on the Note is \$7,865,891.

East Carson II Housing Partners, L.P.:

On February 19, 2013, the Housing Authority entered into an Affordable Housing Agreement with East Carson II Housing Partners, L.P. (Developer) for the development of a 40-unit workforce housing community on approximately 1.0 acre Housing Authority-owned property. On November 25, 2013 the Housing Authority closed escrow for the sale of the property and the Developer began 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.

The Housing 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 Housing Authority sells the property to Developer. The Note is to be repaid by the 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 commencement of the permanent senior loan. The permanent financing began on November 25, 2013.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

14. HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS
(CONTINUED):

City View - 616 E. Carson Street:

On February 17, 2011, the Agency and City View 616 East Carson, LLC (Developer) entered into a disposition and development agreement (DDA) 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 has been built and the Developer is waiting to receive its certificate of occupancy. All affordable units have been sold.

Affirmed Housing Group - 21227 Figueroa Street:

On March 1, 2011, the 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). The Agency's 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 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 issuance of a certificate of occupancy. The certificate of occupancy was issued on March 6, 2014.

City Ventures - 2666 Dominguez Street:

On September 17, 2013, the Housing Authority entered into a Purchase and Sale Agreement with City Ventures (Developer) for the sale of approximately 0.5-acre Housing 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 Housing Authority assistance provided for this project. The sales proceeds will be used to assist future affordable housing developments.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

14. HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED):

City Ventures - 2666 Dominguez Street (Continued):

Concurrently with the sale of the Property, the Housing Authority facilitated the sale, to the Developer, of a 1.0-acre parcel of contiguous land at 2666 Dominguez (Site), owned by the City. 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. All homes have been sold.

Avalon Courtyard Senior Apartments:

In July 1992, the Agency entered into a disposition and 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, 2016, 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).

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

14. HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS
(CONTINUED):

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 \$2,296,988. The amount of Developer loan repayments are equal to 50% of the positive cash flow generated by the Project. At June 30, 2016, the balance on the note is \$2,296,988. 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 (or until December 26, 2030).

Gramercy Urban Housing, LLC. - 21521 Avalon Boulevard:

On January 21, 2014, the Housing Authority entered into a purchase and sale agreement with Gramercy Urban Housing, LLC (Developer) for the sale of approximately 1.0-acre Housing Authority-owned property located at 21521 Avalon Boulevard. Once purchased, the Developer will build a mixed-use commercial/residential project generally consistent with the City's Carson Street Master Plan. 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 Housing Authority assistance in connection with this sale. The property was sold for the highest and best use fair market appraised value of \$1,000,000. Escrow closed on August 12, 2015.

15. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT
AGENCIES:

On June 28, 2011, Assembly Bills x1 26 (the Dissolution Act) and x1 27 was enacted as part of the fiscal year 2011-12 state budget package which dissolved Redevelopment.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

15. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

In September 2015, the Legislature passed and the Governor signed SB 107, which made additional changes to the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each Dissolved RDA) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 10, 2012, the City became the Successor Agency of the former redevelopment agency by operation of law in accordance with the Bill.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The Housing Authority elected on January 27, 2012 to serve as the Housing Successor Agency.

The housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Carson Housing Authority Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller (CAC), the California Department of Finance (the DOF) and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the RPTTF) for each Successor Agency and depositing into the RPTTF the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

15. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The Successor Agency is required to prepare a recognized obligation payment schedule (the ROPS) approved by the oversight board setting forth the amounts due for each enforceable obligation. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

As part of the dissolution process AB1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The former redevelopment agency (Successor Agency) did not have to remit any funds to the CAC as a result of the due diligence reviews.

The DOF issued a Finding of Completion on August 9, 2013, in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews even though no payment was required.

The Successor Agency's use and disposition of all properties held (Long Range Property Management Plan or LRPMP) was approved by the California Department of Finance on September 24, 2013. As a result, the Successor Agency transferred the properties designated for governmental purposes to the City in June 2015.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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.

Loans Receivable:

Details of the Successor Agency's loans receivable as of June 30, 2016, are as follows:

Loans relative to development projects under various disposition and development agreements	\$ 22,248,975
Less: Allowance for uncollectible accounts	<u>(22,248,975)</u>
Loans Receivable, Net	<u><u>\$ -</u></u>

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.

CITY OF CARSON
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year	Due in More Than One Year
Redevelopment Project Area 1:						
2003B Tax Allocation Bonds	\$ 10,054,234	\$ 567,995	\$ -	\$ 10,622,229	\$ -	\$ 10,622,229
2001 Tax Allocation						
Refunding Bonds	5,410,000	-	(2,635,000)	2,775,000	2,775,000	-
2009A Tax Allocation Bonds	20,845,000	-	(445,000)	20,400,000	470,000	19,930,000
2009 Revenue Bonds	11,635,000	-	(285,000)	11,350,000	295,000	11,055,000
2014A Tax Allocation						
Refunding Bonds	25,945,000	-	(215,000)	25,730,000	225,000	25,505,000
Redevelopment Project Area 2:						
2007A Tax Allocation						
Refunding Bonds	16,260,000	-	(130,000)	16,130,000	135,000	15,995,000
2014A Tax Allocation						
Refunding Bonds	15,380,000	-	(1,255,000)	14,125,000	1,300,000	12,825,000
Redevelopment Project Area 4:						
2006 Tax Allocation Bonds	24,335,000	-	(510,000)	23,825,000	535,000	23,290,000
Low and Moderate Income Housing:						
2010A-T Tax Allocation						
Housing Bonds	10,315,000	-	(1,440,000)	8,875,000	1,505,000	7,370,000
2010A Tax Allocation						
Housing Bonds	25,620,000	-	-	25,620,000	-	25,620,000
Successor Agency:						
2015B Subordinate Tax Allocation						
Refunding Bonds	-	52,920,000	-	52,920,000	2,685,000	50,235,000
County deferred loans	2,568,710	-	-	2,568,710	2,568,710	-
Total	<u>\$ 168,367,944</u>	<u>\$ 53,487,995</u>	<u>\$ (6,915,000)</u>	<u>\$ 214,940,939</u>	<u>\$ 12,493,710</u>	<u>\$ 202,447,229</u>

All bonds are in compliance with their respective reserve requirements, by either the purchase of a surety bond or the placement of cash in a reserve account with the fiscal agent trustee.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - 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 partially defeased when the Successor Agency of the former Carson Redevelopment Agency issued the Tax Allocation Refunding Bonds, Series 2014A. 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 were 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 \$5,211,366 has been reflected as long-term debt.

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 1 - 2003B Tax Allocation Bonds as of June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ -	\$ -	\$ -
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022 - 2026	2,153,026	4,476,974	6,630,000
2027 - 2031	2,296,614	6,983,386	9,280,000
2032 - 2033	<u>961,223</u>	<u>3,678,777</u>	<u>4,640,000</u>
Totals	<u>\$ 5,410,863</u>	<u>\$ 15,139,137</u>	<u>\$ 20,550,000</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - Redevelopment Project Area 1 (Continued):

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 fiduciary net position in the accompanying fiduciary fund financial statements.

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 1 - 2001 Tax Allocation Refunding Bonds as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	<u>\$ 2,775,000</u>	<u>\$ 76,313</u>	<u>\$ 2,851,313</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - Redevelopment Project Area 1 (Continued):2009A Tax Allocation Bonds

On June 23, 2009, the Carson Redevelopment Agency issued \$22,810,000 of Tax Allocation Bonds, Series 2009A for Redevelopment Project Area No. 1 to fund redevelopment projects within the project area. Principal installments are due and begin October 1, 2010 annually ranging from \$290,000 to \$3,350,000 plus interest at 0.98% to 6.23% through October 2036.

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 1 - 2009A Tax Allocation Bonds as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 470,000	\$ 1,332,550	\$ 1,802,550
2018	545,000	1,305,225	1,850,225
2019	575,000	1,272,988	1,847,988
2020	615,000	1,237,288	1,852,288
2021	650,000	1,198,900	1,848,900
2022 - 2026	7,330,000	4,827,056	12,157,056
2027 - 2031	1,795,000	3,277,575	5,072,575
2032 - 2036	5,070,000	2,440,550	7,510,550
2037	<u>3,350,000</u>	<u>117,250</u>	<u>3,467,250</u>
Totals	<u>\$ 20,400,000</u>	<u>\$ 17,009,382</u>	<u>\$ 37,409,382</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - Redevelopment Project Area 1 (Continued):

2009 Revenue Bonds

In July 2009, the Carson Redevelopment Agency issued \$12,165,000 of Revenue Bonds, Series 2009, for Redevelopment Project Area No.1 to fund redevelopment activities within the project area. Principal payments are due annually ranging from \$260,000 to \$930,000 plus interest at 3.75% to 5.5% through October 1, 2036.

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 1 - 2009 Revenue Bonds as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 295,000	\$ 687,075	\$ 982,075
2018	310,000	672,688	982,688
2019	325,000	656,813	981,813
2020	340,000	639,763	979,763
2021	360,000	621,387	981,387
2022 - 2026	2,105,000	2,773,937	4,878,937
2027 - 2031	2,830,000	2,025,706	4,855,706
2032 - 2036	3,855,000	960,537	4,815,537
2037	<u>930,000</u>	<u>30,225</u>	<u>960,225</u>
Totals	<u>\$ 11,350,000</u>	<u>\$ 9,068,131</u>	<u>\$ 20,418,131</u>

2014A Tax Allocation Refunding Bonds

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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - 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 following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 1 - 2014A Tax Allocation Refunding Bonds as of June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 225,000	\$ 1,218,788	\$ 1,443,788
2018	2,830,000	1,157,688	3,987,688
2019	2,950,000	1,027,338	3,977,338
2020	3,095,000	876,213	3,971,213
2021	3,245,000	717,712	3,962,712
2022 - 2026	7,005,000	1,786,812	8,791,812
2027 - 2031	2,025,000	976,062	3,001,062
2032 - 2035	<u>4,355,000</u>	<u>557,281</u>	<u>4,912,281</u>
Totals	<u>\$ 25,730,000</u>	<u>\$ 8,317,894</u>	<u>\$ 34,047,894</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - Redevelopment Project Area 2:

2007A Tax Allocation Refunding Bonds

In October 2007, the Carson Redevelopment Agency issued \$16,845,000 of Tax Allocation Refunding Bonds, Series 2007A for Redevelopment Project Area No. 2 to advance refund \$14,925,000 of the outstanding 2003 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 Allocation Bonds are considered to be defeased and the liability for this bond has been removed from the statement of fiduciary net position in the accompanying fiduciary fund financial statements.

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 2 - 2007A Tax Allocation Refunding Bonds as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 135,000	\$ 736,500	\$ 871,500
2018	145,000	731,100	876,100
2019	150,000	725,300	875,300
2020	150,000	719,300	869,300
2021	155,000	713,300	868,300
2022 - 2026	1,780,000	3,458,819	5,238,819
2027 - 2031	6,050,000	2,620,263	8,670,263
2032 - 2036	<u>7,565,000</u>	<u>1,107,337</u>	<u>8,672,337</u>
Totals	<u>\$ 16,130,000</u>	<u>\$ 10,811,919</u>	<u>\$ 26,941,919</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - Redevelopment Project Area 2 (Continued):

2014A Tax Allocation Refunding Bonds

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.

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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - Redevelopment Project Area 2 (Continued):

2014A Tax Allocation Refunding Bonds (Continued)

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 2 - 2014A Tax Allocation Refunding Bonds as of June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,300,000	\$ 653,750	\$ 1,953,750
2018	1,350,000	600,750	1,950,750
2019	1,405,000	538,625	1,943,625
2020	1,475,000	466,625	1,941,625
2021	1,550,000	391,000	1,941,000
2022 - 2025	7,045,000	729,125	7,774,125
Totals	<u>\$ 14,125,000</u>	<u>\$ 3,379,875</u>	<u>\$ 17,504,875</u>

Long-Term Liabilities - Redevelopment Project Area 4:

2006 Tax Allocation Bonds

In December 2006, the Carson Redevelopment Agency issued \$28,000,000 of Tax Allocation Bonds, Series 2006 for Redevelopment Project Area No. 4 to fund redevelopment projects within the project area. Principal installments are due and begin October 1, 2007 annually ranging from \$385,000 to \$1,485,000 plus interest at 3.5% to 4.25% through October 2041.

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 4 - 2006 Tax Allocation Bonds as of June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 535,000	\$ 1,005,960	\$ 1,540,960
2018	550,000	986,698	1,536,698
2019	575,000	966,160	1,541,160
2020	590,000	944,460	1,534,460
2021	615,000	921,482	1,536,482
2022 - 2026	3,460,000	4,210,606	7,670,606
2027 - 2031	4,245,000	3,403,750	7,648,750
2032 - 2036	5,260,000	2,370,531	7,630,531
2037 - 2041	6,510,000	1,084,784	7,594,784
2042	1,485,000	33,413	1,518,413
Totals	<u>\$ 23,825,000</u>	<u>\$ 15,927,844</u>	<u>\$ 39,752,844</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - Low and Moderate Income Housing:

2010A-T Tax Allocation Housing Bonds

In October 2010, the Carson Redevelopment Agency issued \$14,940,000 of Tax Allocation Housing Bonds, Series 2010A-T to fund low and moderate income housing projects. Principal installments are due annually beginning on October 1, 2011 with interest rates ranging from 1.725% to 5.8% through October 1, 2021.

The following schedule summarizes the debt service to maturity requirement for the Low and Moderate Income Housing - 2010A-T Tax Allocation Housing Bonds as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,505,000	\$ 439,295	\$ 1,944,295
2018	1,570,000	362,175	1,932,175
2019	1,655,000	273,488	1,928,488
2020	1,750,000	179,850	1,929,850
2021	1,845,000	80,987	1,925,987
2022	<u>550,000</u>	<u>15,125</u>	<u>565,125</u>
Totals	<u>\$ 8,875,000</u>	<u>\$ 1,350,920</u>	<u>\$ 10,225,920</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - Low and Moderate Income Housing (Continued):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% through October 1, 2036.

The following schedule summarizes the debt service to maturity requirement for the Low and Moderate Income Housing - 2010A Tax Allocation Housing Bonds as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 1,294,063	\$ 1,294,063
2018	-	1,294,063	1,294,063
2019	-	1,294,063	1,294,063
2020	-	1,294,063	1,294,063
2021	-	1,294,063	1,294,063
2022 - 2026	9,510,000	5,369,643	14,879,643
2027 - 2031	6,700,000	3,266,875	9,966,875
2032 - 2036	7,695,000	1,501,368	9,196,368
2037	<u>1,715,000</u>	<u>45,019</u>	<u>1,760,019</u>
Totals	<u>\$ 25,620,000</u>	<u>\$ 16,653,220</u>	<u>\$ 42,273,220</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - Successor Agency:

2015B Subordinate Tax Allocation Refunding Bonds

In August 2015, the Successor Agency to the Carson Redevelopment Agency issued \$52,920,000 of Tax Allocation Refunding Bonds Series, 2015B to refund certain outstanding indebtedness previously issued by the Successor Agency. Interest payments are due semi-annually beginning on February 1, 2016 with interest rates ranging from 2.26% to 5.41% through February 1, 2036. Principal installments are due annually beginning on February 1, 2020.

The following schedule summarizes the debt service to maturity requirement for the Successor Agency - 2015B Subordinate Tax Allocation Refunding Bonds as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,685,000	\$ 2,373,771	\$ 5,058,771
2018	3,035,000	2,313,064	5,348,064
2019	3,105,000	2,229,662	5,334,662
2020	3,205,000	2,126,979	5,331,979
2021	3,335,000	2,006,568	5,341,568
2022 - 2026	19,235,000	7,796,320	27,031,320
2027 - 2031	9,960,000	3,452,766	13,412,766
2032 - 2036	<u>8,360,000</u>	<u>1,408,813</u>	<u>9,768,813</u>
Totals	<u>\$ 52,920,000</u>	<u>\$ 23,707,943</u>	<u>\$ 76,627,943</u>

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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities - 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, 2016, the cumulative deferred loan balance payable to the County of Los Angeles was \$2,568,710.

Transfers:

The Successor Agency transferred \$50,590,000 bond proceeds to the Reclamation Authority. The Reclamation Authority will utilize the bond proceeds in a manner consistent with the original bond covenants. The Successor Agency also owed \$6,665,151 of land sale proceeds pursuant to an existing enforceable obligation to the Reclamation Authority. The land sale proceeds will be used to continue remediation efforts on a former landfill site.

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, 2016, 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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Commitments Under Development Agreements (Continued):

BP West Coast Products, LLC/Tesoro Corporation (Continued)

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 percent (2%) 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, 2016, the balance on the Note is \$1,832,532.

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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Commitments Under Development Agreements (Continued):

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.

On May 18, 2015, the Carson Reclamation Authority (Authority) took title to the Site, becoming the successor in interest to the Developer. The Successor Agency issued bonds in the amount of \$50.5 million, and the Series 2015B bonds closed on August 20, 2015, and the funds were transferred to the Authority. In 2015, the Site was proposed as the location for an NFL stadium; however, on January 12, 2016, that the NFL instead approved a location in the nearby City of Inglewood for the relocation of up to two NFL teams to the Los Angeles area. The two NFL teams proposed for the Site have since terminated their option, which would have expired on April 30, 2016.

Alternatively, the Site remains approved for the mixed-use development, and the City and Authority negotiated an Exclusive Negotiating Agreement with The Macerich Company for a 560,000 square foot fashion outlet mall. The mall is anticipated to open in late 2020.

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.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Commitments Under Development Agreements (Continued):

The Gateway at City Center - 720 E. Carson St. & the Renaissance at City Center - 21800 S. Avalon

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. As of June 30, 2016, WIN Chevrolet has a loan balance of \$5,600,000.

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, 2016, the loan balance is \$2,022,790.

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

17. RESTATEMENTS:

Restatements of the Government-Wide and the Successor Agency Private-purpose Trust Fund's net position as of July 1, 2015, are as follows:

	<u>Government-Wide</u>			<u>Successor Agency Private-purpose Trust Fund</u>
	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>	
Net position at July 1, 2015, as originally reported	\$327,232,242	\$ -	\$327,232,242	\$ (70,120,674)
To transfer assets with governmental purposes from the Successor Agency to the City	62,881,206	-	62,881,206	(62,881,206)
To record a receivable/payable for reimbursement of prior year City expenditures incurred by Successor Agency	(1,714,390)	-	(1,714,390)	1,714,390
To correct capital asset balances related to buildings, improvements and construction-in-progress	2,847,738	-	2,847,738	-
To include the Reclamation Authority as a blended component unit of City since it had not been included previously	-	251,000	251,000	-
To record estimated acquisition value of land and inventory contributed in the prior year.	-	41,977,407	41,977,407	-
To create allowances for uncollectible loans receivable due to their long-term nature and repayment terms	<u>(13,054,870)</u>	<u>-</u>	<u>(13,054,870)</u>	<u>(2,016,821)</u>
Net position at July 1, 2015, as restated	<u>\$378,191,926</u>	<u>\$ 42,228,407</u>	<u>\$420,420,333</u>	<u>\$ (133,304,311)</u>

CITY OF CARSON

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

17. RESTATEMENTS (CONTINUED):

Restatements of the Governmental Funds (the Carson Housing Authority and the Cooperation Agreement Bond Proceeds Special Revenue Funds) fund balances as of July 1, 2015, are as follows:

	Carson Housing Authority Special Revenue Fund	Cooperation Agreement Bond Proceeds Special Revenue Fund
Fund balances at July 1, 2015, as originally reported	\$ 30,712,050	\$ 40,092,461
To eliminate unavailable revenue related to long-term loans receivable	7,006,092	-
To record a receivable/payable for reimbursement of prior year City expenditures incurred by Successor Agency	-	(1,714,390)
Fund balances at July 1, 2015, as restated	<u>\$ 37,718,142</u>	<u>\$ 38,378,071</u>

Restatements of the Proprietary Fund's net position as of July 1, 2015, are as follows:

	Reclamation Authority Enterprise Fund
Net position at July 1, 2015, as originally reported	\$ -
To include the Reclamation Authority as a blended component unit of City	251,000
To record estimated fair value of land and inventory contributed in the prior year.	<u>41,977,407</u>
Net position at July 1, 2015, as restated	<u>\$ 42,228,407</u>

CITY OF CARSON
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

18. SUBSEQUENT EVENTS:

Reclamation Authority Settlement Agreement:

On November 1, 2016, the City and Reclamation Authority entered into a settlement agreement with the developer of the proposed stadium project that elected not to proceed with the development. As part of the settlement, the City and Reclamation Authority retained the property, the City received \$1,823,952 from the final accounting of the existing reimbursement agreement and California Department of Finance settlement, and the Reclamation Authority received \$5,179,504 for the carrying costs of the property.

Issuance of Tax Allocation Refunding Bonds, Series 2016A:

On December 22, 2016, the Successor Agency to the former Carson Redevelopment Agency issued \$21,350,000 of Tax Allocation Refunding Bonds, Series 2016A. The proceeds were used to advance refund and defease all of the outstanding Carson Redevelopment Agency Redevelopment Project Area No. 1 Tax Allocation Bonds, Series 2009A. The advance refunding resulted in a reduction of total debt service requirements by \$1,575,720 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,301,527.

Other Events:

Other events occurring after June 30, 2016, have been evaluated for possible adjustments to the financial statements or disclosure as of February 28, 2017, which is the date these financial statements were available to be issued.

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, 2016	June 30, 2015
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	(9,777,863)	(9,448,777)
Net Change in Total Pension Liability	14,460,275	11,385,201
Total Pension Liability - Beginning of Year	229,790,020	218,404,819
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	(191,232)	-
Net Change in Plan Fiduciary Net Position	1,435,568	24,737,509
Plan Fiduciary Net Position - Beginning of Year	168,373,004	143,635,495
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	June 30, 2016	June 30, 2015
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	<u>57,588,280</u>	<u>59,635,335</u>	<u>58,228,761</u>	<u>(1,406,574)</u>
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	<u>6,333,503</u>	<u>6,333,503</u>	<u>7,111,989</u>	<u>778,486</u>
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	<u>1,852,208</u>	<u>1,732,208</u>	<u>1,588,678</u>	<u>(143,530)</u>
Intergovernmental:				
Motor vehicle licenses	41,102	41,102	37,584	(3,518)
Other intergovernmental	302,591	302,591	304,877	2,286
Total Intergovernmental	<u>343,693</u>	<u>343,693</u>	<u>342,461</u>	<u>(1,232)</u>
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	<u>2,242,008</u>	<u>2,242,008</u>	<u>2,445,836</u>	<u>203,828</u>
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	<u>1,858,538</u>	<u>1,892,138</u>	<u>1,782,338</u>	<u>(109,800)</u>
Miscellaneous	<u>1,315,441</u>	<u>2,572,391</u>	<u>2,676,687</u>	<u>104,296</u>
TOTAL REVENUES	<u>71,533,671</u>	<u>74,751,276</u>	<u>74,176,750</u>	<u>(574,526)</u>

(Continued)

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	20,269,140	23,124,177	29,956,664	(6,832,487)
Community Development	4,642,006	4,631,819	4,662,800	(30,981)
Public Works	15,071,781	15,568,973	15,547,603	21,370
Community Services	32,732,364	33,124,097	32,230,590	893,507
Capital Improvement Programs	-	264,298	529,861	(265,563)
TOTAL EXPENDITURES	72,715,291	76,713,364	82,927,518	(6,214,154)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,181,620)	(1,962,088)	(8,750,768)	(6,788,680)
OTHER FINANCING SOURCES (USES):				
Transfers in	19,884	19,884	19,884	-
Transfers out	(90,000)	(90,000)	(125,873)	(35,873)
TOTAL OTHER FINANCING SOURCES (USES)	(70,116)	(70,116)	(105,989)	(35,873)
NET CHANGE IN FUND BALANCE	(1,251,736)	(2,032,204)	(8,856,757)	(6,824,553)
FUND BALANCE - BEGINNING OF YEAR	27,567,192	27,567,192	27,567,192	-
FUND BALANCE - END OF YEAR	\$ 26,315,456	\$ 25,534,988	\$ 18,710,435	\$ (6,824,553)

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	385,000	385,000	324,095	(60,905)
EXPENDITURES:				
Current:				
Community development	24,938,336	14,037,303	13,831,219	206,084
TOTAL EXPENDITURES	24,938,336	14,037,303	13,831,219	206,084
NET CHANGE IN FUND BALANCE	(24,553,336)	(13,652,303)	(13,507,124)	145,179
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	38,378,071	38,378,071	38,378,071	-
FUND BALANCE - END OF YEAR	<u>\$ 13,824,735</u>	<u>\$ 24,725,768</u>	<u>\$ 24,870,947</u>	<u>\$ 145,179</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.

SUPPLEMENTARY INFORMATION

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose. All the Special Revenue funds of the City are nonmajor governmental funds.

The **Asset Forfeiture Fund** accounts for funds accumulated through seizure and forfeiture of properties, which are then used to supplement funds for public safety services.

The **State Gas Tax Fund** accounts for revenues apportioned under the Streets and Highway Code of the State of California. These funds can be expended for any street-related purpose.

The **TDA Article 3 Fund** accounts for Transportation Development Act grant monies received for building or improving bicycle paths and handicapped accesses.

The **Proposition A Local Return Fund** is used to account for the City's share of an additional one-half cent sales tax, which was approved by the electorate in November 1980. These funds must be used for local transportation programs.

The **Proposition C Local Return Fund** is used to account for the City's share of an additional one-half cent sales tax, which was approved by the electorate in November 1990. These funds must be used for local transportation programs.

The **Air Quality Improvement Fund** accounts for revenues and expenditures for clean air measures authorized by AB2766, which increased motor vehicle registration fees.

The **Self-Supporting Fund** accounts for the self-sustaining programs of the City.

The **Capital Asset Replacement Fund** is used to account for and finance the on-going replacement of the City's stock of vehicles, heavy equipment, specialized equipment, and office furniture and equipment. It is also used to renovate and construct City building and park facilities.

The **Measure R Fund** is used to account for the City's share of an additional half-cent sales tax that became effective on July 1, 2009. The fund is used for transportation and highway projects.

The **Restricted Administrative Tow Fee Fund** represents the \$56 out of the \$175 collected for administering the City's towing program, which is being exclusively used to address the public safety and code enforcement issues in the City.

The **Youth Services Program Fund** accounts for funds related to the implementation of the following youth services program: (a) Parent Project (b) Positive Choices (c) Anger Management (d) Youth and the Law and (e) Community Services.

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CITY OF CARSON

NONMAJOR GOVERNMENTAL FUNDS
(CONTINUED)

SPECIAL REVENUE FUNDS
(CONTINUED)

The **City Special Events Fund** accounts for restricted donations received from the Community for various annual City events, as well as contributions from the General Fund.

The **MTA Call for Projects Fund** accounts for the Los Angeles County Metropolitan Transportation Authority (MTA) Call-for-Project programs. The fund is used to improve all modes of surface transportation.

The **Parks and Recreation Funds** represent two funds used to account for capital improvements at City parks and recreation facilities. Included in this category is the Park Development Fund, which accounts for monies used to implement capital improvements to various parks and the Los Angeles County Park District Grant Fund.

The **State Grant Funds** represent five funds used for specific community programs. The Beverage Container Recycling Fund is used for the effective disposal of recyclable containers while preserving the environment. The State COPS Grant Fund is used to provide a Community Oriented Policing program. The Used Oil State Grant Fund is used to increase public awareness of the benefits of recycling oil. The Proposition 1 B passed in 2006, is also dedicated to the reduction of traffic congestion and increase in traffic safety. The State CIP Grants Fund accounts for all grants received from the State to fund the non-recurring CIP projects of the city.

The **Federal Grant Funds** account for seven types of federal grant monies. The Department of Justice/OJP Grant Fund accounts for monies required to be expended for public safety services that include anti-gang and community crime prevention activities. The Family Support Grant Fund provides funds for a Youth Enrichment Scholarship Program available to children ages 17 and under, who are local area residents and are in financial need. The HOME and Community Development Block Grant Funds account for funds used for a variety of projects, and programs primarily benefiting low-income residents. These funds were originally authorized under the Housing and Community Development Act of 1974 and their expenditure is approved by the Department of Housing and Urban Development (HUD). The Federal Highway Planning Grant Fund accounts for federal monies passed through the State of California Department of Transportation to local cities for the construction and repair of inter-connected Interstate highways and other public roads important to interstate commerce and travel. The Workforce Investment Act (WIA) Grant Fund provides assistance for youth employment, training efforts, and dislocated worker support services. The Neighborhood Stabilization Program Grant Fund accounts for monies received for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. This grant was authorized under the American Recovery and Reinvestment Act (ARRA).

CITY OF CARSON

ALL NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

June 30, 2016

	Asset Forfeiture Fund	State Gas Tax Fund	TDA Article 3 Fund	Proposition A Local Return Fund
ASSETS				
Cash and investments	\$ 76	\$ 423,449	\$ -	\$ 578,537
Receivables:				
Accounts	-	-	-	-
Loans, net of allowance	-	-	-	-
Due from other funds	-	-	-	-
Due from Successor Agency	-	-	-	-
Due from government agencies	-	-	58,898	3,946
TOTAL ASSETS	\$ 76	\$ 423,449	\$ 58,898	\$ 582,483
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ 173,506	\$ 3,834	\$ 438,533
Accrued payroll	-	2,045	-	-
Due to other funds	-	-	58,898	-
Due to government agencies	-	-	-	-
Retentions payable	-	-	-	5,054
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	-	175,551	62,732	443,587
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	-	-	-	-
FUND BALANCES (DEFICIT):				
Restricted	76	247,898	-	138,896
Unassigned	-	-	(3,834)	-
TOTAL FUND BALANCES (DEFICIT)	76	247,898	(3,834)	138,896
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 76	\$ 423,449	\$ 58,898	\$ 582,483

Proposition C Local Return Fund	Air Quality Improvement Fund	Self-Supporting Fund	Capital Asset Replacement Fund	Measure R Fund	Restricted Administrative Tow Fee Fund
\$ 963,256	\$ 236,459	\$ 105,332	\$ 543,053	\$ 1,277,047	\$ 84,806
92	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	31	-
-	-	-	-	-	-
-	30,880	-	-	-	3,640
<u>\$ 963,348</u>	<u>\$ 267,339</u>	<u>\$ 105,332</u>	<u>\$ 543,053</u>	<u>\$ 1,277,078</u>	<u>\$ 88,446</u>
\$ 328,870	\$ -	\$ 25,785	\$ 39,000	\$ 2,134	\$ 3,757
1,248	-	79,547	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>330,118</u>	<u>-</u>	<u>105,332</u>	<u>39,000</u>	<u>2,134</u>	<u>3,757</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
633,230	267,339	-	504,053	1,274,944	84,689
-	-	-	-	-	-
<u>633,230</u>	<u>267,339</u>	<u>-</u>	<u>504,053</u>	<u>1,274,944</u>	<u>84,689</u>
<u>\$ 963,348</u>	<u>\$ 267,339</u>	<u>\$ 105,332</u>	<u>\$ 543,053</u>	<u>\$ 1,277,078</u>	<u>\$ 88,446</u>

CITY OF CARSON

ALL NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)

June 30, 2016

	Youth Services Program Fund	City Special Events Fund	MTA Call for Projects Fund	Combined Parks and Recreation Funds
ASSETS				
Cash and investments	\$ 51,232	\$ 53,770	\$ 815,190	\$ 1,441,500
Receivables:				
Accounts	-	-	-	-
Loans, net of allowance	-	-	-	-
Due from other funds	-	-	-	-
Due from Successor Agency	-	-	-	12,497
Due from government agencies	-	-	224,734	264,494
TOTAL ASSETS	<u>\$ 51,232</u>	<u>\$ 53,770</u>	<u>\$ 1,039,924</u>	<u>\$ 1,718,491</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 144,599	\$ 130,852
Accrued payroll	-	-	-	-
Due to other funds	-	-	62,711	127,405
Due to government agencies	-	-	-	-
Retentions payable	-	-	-	5,941
Unearned revenue	-	-	31,376	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>238,686</u>	<u>264,198</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	-	-	-	264,494
FUND BALANCES (DEFICIT):				
Restricted	51,232	53,770	801,238	1,321,145
Unassigned	-	-	-	(131,346)
TOTAL FUND BALANCES (DEFICIT)	<u>51,232</u>	<u>53,770</u>	<u>801,238</u>	<u>1,189,799</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 51,232</u>	<u>\$ 53,770</u>	<u>\$ 1,039,924</u>	<u>\$ 1,718,491</u>

Combined State Grant Funds	Combined Federal Grant Funds	Total Nonmajor Governmental Funds
\$ 115,654	\$ 879,802	\$ 7,569,163
49	125,754	125,895
-	361,326	361,326
-	-	31
-	-	12,497
8,639	187,342	782,573
<u>\$ 124,342</u>	<u>\$ 1,554,224</u>	<u>\$ 8,851,485</u>

\$ 52,977	\$ 437,408	\$ 1,781,255
-	20,881	103,721
6,480	245,388	500,882
-	361,326	361,326
-	116	11,111
-	-	31,376
<u>59,457</u>	<u>1,065,119</u>	<u>2,789,671</u>

<u>5,068</u>	<u>-</u>	<u>269,562</u>
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97,168	927,678	6,403,356
(37,351)	(438,573)	(611,104)
<u>59,817</u>	<u>489,105</u>	<u>5,792,252</u>

<u>\$ 124,342</u>	<u>\$ 1,554,224</u>	<u>\$ 8,851,485</u>
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CITY OF CARSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - PARKS AND RECREATION FUNDS

June 30, 2016

	Park Development Fund	Los Angeles County Park District Fund	Total Parks and Recreation Funds
ASSETS			
Cash and investments	\$ 1,441,500	\$ -	\$ 1,441,500
Due from Successor Agency	-	12,497	12,497
Due from government agencies	-	264,494	264,494
TOTAL ASSETS	\$ 1,441,500	\$ 276,991	\$ 1,718,491
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 114,414	\$ 16,438	\$ 130,852
Due to other funds	-	127,405	127,405
Retentions payable	5,941	-	5,941
TOTAL LIABILITIES	120,355	143,843	264,198
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues	-	264,494	264,494
FUND BALANCES (DEFICIT):			
Restricted	1,321,145	-	1,321,145
Unassigned	-	(131,346)	(131,346)
TOTAL FUND BALANCES (DEFICIT)	1,321,145	(131,346)	1,189,799
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,441,500	\$ 276,991	\$ 1,718,491

CITY OF CARSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - STATE GRANT FUNDS

June 30, 2016

	Beverage Container Recycling Fund	State COPS Grant Fund
ASSETS		
Cash and investments	\$ 27,589	\$ 75,444
Receivables:	-	-
Accounts	-	49
Due from government agencies	-	715
TOTAL ASSETS	\$ 27,589	\$ 76,208
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ -	\$ 19,250
Due to other funds	-	-
TOTAL LIABILITIES	-	19,250
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenues	-	-
FUND BALANCES (DEFICITS):		
Restricted	27,589	56,958
Unassigned	-	-
TOTAL FUND BALANCES (DEFICITS)	27,589	56,958
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 27,589	\$ 76,208

Used Oil State Grant Fund	Proposition 1B Fund	State CIP Grants Fund	Total State Grant Funds
\$ 12,621	\$ -	\$ -	\$ 115,654
-	-	-	49
-	2,856	5,068	8,639
<u>\$ 12,621</u>	<u>\$ 2,856</u>	<u>\$ 5,068</u>	<u>\$ 124,342</u>

\$ -	\$ 31,189	\$ 2,538	\$ 52,977
-	3,978	2,502	6,480
<u>-</u>	<u>35,167</u>	<u>5,040</u>	<u>59,457</u>

<u>-</u>	<u>-</u>	<u>5,068</u>	<u>5,068</u>
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12,621	-	-	97,168
-	(32,311)	(5,040)	(37,351)
<u>12,621</u>	<u>(32,311)</u>	<u>(5,040)</u>	<u>59,817</u>

<u>\$ 12,621</u>	<u>\$ 2,856</u>	<u>\$ 5,068</u>	<u>\$ 124,342</u>
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CITY OF CARSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - FEDERAL GRANT FUNDS

June 30, 2016

	Department of Justice/OJP Grant Fund	Family Support Grant Fund
ASSETS		
Cash and investments	\$ -	\$ -
Receivables:		
Accounts	-	-
Loans, net of allowance	-	-
Due from government agencies	-	37,076
TOTAL ASSETS	\$ -	\$ 37,076
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ -	\$ -
Accrued payroll	-	1,533
Due to other funds	-	15,455
Due to government agencies	-	-
Retentions payable	-	-
TOTAL LIABILITIES	-	16,988
FUND BALANCES (DEFICIT):		
Restricted	-	20,088
Unassigned	-	-
TOTAL FUND BALANCES (DEFICIT)	-	20,088
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 37,076

HOME Grant Fund	Community Development Block Grant Fund	Federal Highway Planning Grant Fund	Workforce Investment Act (WIA) Grant Fund	Neighborhood Stabilization Grant Fund	Total Federal Grant Funds
\$ -	\$ 619,891	\$ -	\$ -	\$ 259,911	\$ 879,802
-	125,754	-	-	-	125,754
196,326	-	-	-	165,000	361,326
-	-	101,970	48,296	-	187,342
<u>\$ 196,326</u>	<u>\$ 745,645</u>	<u>\$ 101,970</u>	<u>\$ 48,296</u>	<u>\$ 424,911</u>	<u>\$ 1,554,224</u>

\$ -	\$ 91,399	\$ 345,342	\$ 667	\$ -	\$ 437,408
-	6,667	-	12,681	-	20,881
-	-	195,085	34,848	-	245,388
196,326	-	-	-	165,000	361,326
-	-	116	-	-	116
<u>196,326</u>	<u>98,066</u>	<u>540,543</u>	<u>48,196</u>	<u>165,000</u>	<u>1,065,119</u>

-	647,579	-	100	259,911	927,678
-	-	(438,573)	-	-	(438,573)
<u>-</u>	<u>647,579</u>	<u>(438,573)</u>	<u>100</u>	<u>259,911</u>	<u>489,105</u>

<u>\$ 196,326</u>	<u>\$ 745,645</u>	<u>\$ 101,970</u>	<u>\$ 48,296</u>	<u>\$ 424,911</u>	<u>\$ 1,554,224</u>
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CITY OF CARSON

ALL NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the year ended June 30, 2016

	Asset Forfeiture Fund	State Gas Tax Fund	TDA Article 3 Fund	Proposition A Local Return Fund
REVENUES:				
Taxes	\$ -	\$ 1,762,219	\$ -	\$ 1,672,103
Licenses and permits	-	-	-	-
Intergovernmental	-	-	58,898	203,772
Charges for services	-	-	-	-
Investment income	-	4,138	-	4,245
Miscellaneous	-	34,276	-	163,326
TOTAL REVENUES	-	1,800,633	58,898	2,043,446
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Public works	-	-	-	-
Community services	-	-	-	2,364,121
Capital improvement programs	-	1,816,074	69,632	14,382
TOTAL EXPENDITURES	-	1,816,074	69,632	2,378,503
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(15,441)	(10,734)	(335,057)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	(15,441)	(10,734)	(335,057)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	76	263,339	6,900	473,953
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 76	\$ 247,898	\$ (3,834)	\$ 138,896

Proposition C Local Return Fund	Air Quality Improvement Fund	Self-Supporting Fund	Capital Asset Replacement Fund	Measure R Fund	Restricted Administrative Tow Fee Fund
\$ 1,389,345	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	103,223	-	-	58,408
-	117,691	-	-	1,040,853	-
-	-	1,015,907	-	-	-
7,871	1,910	-	-	10,319	682
65,558	-	-	136,079	-	-
<u>1,462,774</u>	<u>119,601</u>	<u>1,119,130</u>	<u>136,079</u>	<u>1,051,172</u>	<u>59,090</u>
-	-	-	-	-	-
-	-	-	-	26,871	-
1,084,834	18,940	1,101,739	-	-	41,694
505,113	97,169	-	126,149	2,134	-
<u>1,589,947</u>	<u>116,109</u>	<u>1,101,739</u>	<u>126,149</u>	<u>29,005</u>	<u>41,694</u>
(127,173)	3,492	17,391	9,930	1,022,167	17,396
-	-	72,103	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>72,103</u>	<u>-</u>	<u>-</u>	<u>-</u>
(127,173)	3,492	89,494	9,930	1,022,167	17,396
760,403	263,847	(89,494)	494,123	252,777	67,293
<u>\$ 633,230</u>	<u>\$ 267,339</u>	<u>\$ -</u>	<u>\$ 504,053</u>	<u>\$ 1,274,944</u>	<u>\$ 84,689</u>

CITY OF CARSON

ALL NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the year ended June 30, 2016

	Youth Services Program Fund	City Special Events Fund	MTA Call for Projects Fund	Combined Parks and Recreation Funds
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	2,054,658	2,500
Charges for services	120	-	-	-
Investment income	-	-	-	10,912
Miscellaneous	-	-	-	87,616
TOTAL REVENUES	120	-	2,054,658	101,028
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Public works	-	-	-	855
Community services	-	-	-	-
Capital improvement programs	-	-	1,350,686	119,929
TOTAL EXPENDITURES	-	-	1,350,686	120,784
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	120	-	703,972	(19,756)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	53,770	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	53,770	-	-
NET CHANGE IN FUND BALANCES	120	53,770	703,972	(19,756)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	51,112	-	97,266	1,209,555
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 51,232	\$ 53,770	\$ 801,238	\$ 1,189,799

Combined State Grant Funds	Combined Federal Grant Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 4,823,667
-	-	161,631
529,636	2,773,613	6,781,621
-	-	1,016,027
935	7,046	48,058
-	773,327	1,260,182
<u>530,571</u>	<u>3,553,986</u>	<u>14,091,186</u>
-	1,379,391	1,379,391
50,750	-	78,476
193,394	687,787	5,492,509
363,949	1,703,194	6,168,411
<u>608,093</u>	<u>3,770,372</u>	<u>13,118,787</u>
<u>(77,522)</u>	<u>(216,386)</u>	<u>972,399</u>
-	-	125,873
<u>(19,884)</u>	<u>-</u>	<u>(19,884)</u>
<u>(19,884)</u>	<u>-</u>	<u>105,989</u>
(97,406)	(216,386)	1,078,388
<u>157,223</u>	<u>705,491</u>	<u>4,713,864</u>
<u>\$ 59,817</u>	<u>\$ 489,105</u>	<u>\$ 5,792,252</u>

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CITY OF CARSON

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 PARKS AND RECREATION FUNDS

For the year ended June 30, 2016

	Park Development Fund	Los Angeles County Park District Fund	Total Parks and Recreation Funds
REVENUES:			
Intergovernmental	\$ -	\$ 2,500	\$ 2,500
Investment income	10,912	-	10,912
Miscellaneous	87,616	-	87,616
TOTAL REVENUES	98,528	2,500	101,028
EXPENDITURES:			
Current:			
Public works	-	855	855
Capital improvement programs	31,545	88,384	119,929
TOTAL EXPENDITURES	31,545	89,239	120,784
NET CHANGE IN FUND BALANCES	66,983	(86,739)	(19,756)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	1,254,162	(44,607)	1,209,555
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 1,321,145	\$ (131,346)	\$ 1,189,799

CITY OF CARSON

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 STATE GRANT FUNDS

For the year ended June 30, 2016

	Beverage Container Recycling Fund	State COPS Grant Fund
REVENUES:		
Intergovernmental	\$ 24,568	\$ 167,033
Investment income	224	609
	<u>24,792</u>	<u>167,642</u>
TOTAL REVENUES		
EXPENDITURES:		
Current:		
Public works	47,622	-
Community services	-	193,394
Capital improvement programs	14,229	-
	<u>61,851</u>	<u>193,394</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(37,059)</u>	<u>(25,752)</u>
OTHER FINANCING USES:		
Transfers out	<u>(9,841)</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>(9,841)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(46,900)	(25,752)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>74,489</u>	<u>82,710</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u><u>\$ 27,589</u></u>	<u><u>\$ 56,958</u></u>

Used Oil State Grant Fund	Proposition 1B Fund	State CIP Grants Fund	Total State Grant Funds
\$ 25,690 102	\$ 22,345 -	\$ 290,000 -	\$ 529,636 935
25,792	22,345	290,000	530,571
3,128	-	-	50,750
-	-	-	193,394
	54,652	295,068	363,949
3,128	54,652	295,068	608,093
22,664	(32,307)	(5,068)	(77,522)
(10,043)	-	-	(19,884)
(10,043)	-	-	(19,884)
12,621	(32,307)	(5,068)	(97,406)
-	(4)	28	157,223
\$ 12,621	\$ (32,311)	\$ (5,040)	\$ 59,817

CITY OF CARSON

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FEDERAL GRANT FUNDS

For the year ended June 30, 2016

	Department of Justice/OJP Grant Fund	Family Support Grant Fund
REVENUES:		
Intergovernmental	\$ 33,606	\$ 86,236
Investment income	-	-
Miscellaneous	-	-
	<hr/>	<hr/>
TOTAL REVENUES	33,606	86,236
	<hr/>	<hr/>
EXPENDITURES:		
Current:		
Community development	-	-
Community services	33,606	86,236
Capital improvement programs	-	-
	<hr/>	<hr/>
TOTAL EXPENDITURES	33,606	86,236
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	-	-
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	-	20,088
	<hr/>	<hr/>
FUND BALANCES (DEFICIT) - END OF YEAR	\$ -	\$ 20,088
	<hr/> <hr/>	<hr/> <hr/>

HOME Grant Fund	Community Development Block Grant Fund	Federal Highway Planning Grant Fund	Workforce Investment Act (WIA) Grant Fund	Neighborhood Stabilization Grant Fund	Total Federal Grant Funds
\$ 348,000	\$ 402,662	\$ 1,335,164	\$ 567,945	\$ -	\$ 2,773,613
-	4,946	-	-	2,100	7,046
-	773,327	-	-	-	773,327
348,000	1,180,935	1,335,164	567,945	2,100	3,553,986
348,000	996,840	-	-	34,551	1,379,391
-	-	-	567,945	-	687,787
-	-	1,703,194	-	-	1,703,194
348,000	996,840	1,703,194	567,945	34,551	3,770,372
-	184,095	(368,030)	-	(32,451)	(216,386)
-	463,484	(70,543)	100	292,362	705,491
\$ -	\$ 647,579	\$ (438,573)	\$ 100	\$ 259,911	\$ 489,105

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,077,145	\$ 2,077,145	\$ 1,762,219	\$ (314,926)
Investment income	-	-	4,138	4,138
Miscellaneous	-	-	34,276	34,276
TOTAL REVENUES	2,077,145	2,077,145	1,800,633	(276,512)
EXPENDITURES:				
Capital improvement programs	1,838,516	1,818,871	1,816,074	2,797
TOTAL EXPENDITURES	1,838,516	1,818,871	1,816,074	2,797
NET CHANGE IN FUND BALANCE	238,629	258,274	(15,441)	(273,715)
FUND BALANCE - BEGINNING OF YEAR	263,339	263,339	263,339	-
FUND BALANCE - END OF YEAR	<u>\$ 501,968</u>	<u>\$ 521,613</u>	<u>\$ 247,898</u>	<u>\$ (273,715)</u>

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TDA ARTICLE 3 SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 84,100	\$ 136,725	\$ 58,898	\$ (77,827)
TOTAL REVENUES	84,100	136,725	58,898	(77,827)
EXPENDITURES:				
Capital improvement programs	91,000	82,625	69,632	12,993
TOTAL EXPENDITURES	91,000	82,625	69,632	12,993
NET CHANGE IN FUND BALANCE	(6,900)	54,100	(10,734)	(64,834)
FUND BALANCE - BEGINNING OF YEAR	6,900	6,900	6,900	-
FUND BALANCE - END OF YEAR	\$ -	\$ 61,000	\$ (3,834)	\$ (64,834)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PROPOSITION A LOCAL RETURN SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,672,788	\$ 1,672,788	\$ 1,672,103	\$ (685)
Intergovernmental	245,734	245,734	203,772	(41,962)
Investment income	5,100	5,100	4,245	(855)
Miscellaneous	171,500	171,500	163,326	(8,174)
TOTAL REVENUES	2,095,122	2,095,122	2,043,446	(51,676)
EXPENDITURES:				
Current:				
Community services	2,396,820	2,397,057	2,364,121	32,936
Capital improvement programs	14,000	14,000	14,382	(382)
TOTAL EXPENDITURES	2,410,820	2,411,057	2,378,503	32,554
NET CHANGE IN FUND BALANCE	(315,698)	(315,935)	(335,057)	(19,122)
FUND BALANCE - BEGINNING OF YEAR	473,953	473,953	473,953	-
FUND BALANCE - END OF YEAR	\$ 158,255	\$ 158,018	\$ 138,896	\$ (19,122)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PROPOSITION C LOCAL RETURN SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,387,534	\$ 1,387,534	\$ 1,389,345	\$ 1,811
Investment income	5,800	5,800	7,871	2,071
Miscellaneous	92,100	92,100	65,558	(26,542)
TOTAL REVENUES	1,485,434	1,485,434	1,462,774	(22,660)
EXPENDITURES:				
Current:				
Community services	1,166,054	1,165,720	1,084,834	80,886
Capital improvement programs	516,000	771,371	505,113	266,258
TOTAL EXPENDITURES	1,682,054	1,937,091	1,589,947	347,144
NET CHANGE IN FUND BALANCE	(196,620)	(451,657)	(127,173)	324,484
FUND BALANCE - BEGINNING OF YEAR	760,403	760,403	760,403	-
FUND BALANCE - END OF YEAR	\$ 563,783	\$ 308,746	\$ 633,230	\$ 324,484

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 115,500	\$ 175,500	\$ 117,691	\$ (57,809)
Investment income	1,800	1,800	1,910	110
TOTAL REVENUES	117,300	177,300	119,601	(57,699)
EXPENDITURES:				
Current:				
Community services	42,349	42,349	18,940	23,409
Capital improvement programs	215,000	180,000	97,169	82,831
TOTAL EXPENDITURES	257,349	222,349	116,109	106,240
NET CHANGE IN FUND BALANCE	(140,049)	(45,049)	3,492	48,541
FUND BALANCE - BEGINNING OF YEAR	263,847	263,847	263,847	-
FUND BALANCE - END OF YEAR	\$ 123,798	\$ 218,798	\$ 267,339	\$ 48,541

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SELF-SUPPORTING SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 150,000	\$ 150,000	\$ 103,223	\$ (46,777)
Charges for services	927,500	927,500	1,015,907	88,407
 TOTAL REVENUES	 1,077,500	 1,077,500	 1,119,130	 41,630
EXPENDITURES:				
Current:				
Community services	971,883	971,883	1,101,739	(129,856)
Capital improvement programs	6,127	6,127	-	6,127
 TOTAL EXPENDITURES	 978,010	 978,010	 1,101,739	 (123,729)
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 99,490	 99,490	 17,391	 (82,099)
OTHER FINANCING SOURCES:				
Transfers in	-	-	72,103	72,103
 TOTAL OTHER FINANCING SOURCES	 -	 -	 72,103	 72,103
 NET CHANGE IN FUND BALANCE	 99,490	 99,490	 89,494	 (9,996)
 FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	 (89,494)	 (89,494)	 (89,494)	 -
 FUND BALANCE - END OF YEAR	 \$ 9,996	 \$ 9,996	 \$ -	 \$ (9,996)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL ASSET REPLACEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 136,079	\$ 136,079
TOTAL REVENUES	-	-	136,079	136,079
EXPENDITURES:				
Capital improvement programs	484,889	124,754	126,149	(1,395)
TOTAL EXPENDITURES	484,889	124,754	126,149	(1,395)
NET CHANGE IN FUND BALANCE	(484,889)	(124,754)	9,930	134,684
FUND BALANCE - BEGINNING OF YEAR	494,123	494,123	494,123	-
FUND BALANCE - END OF YEAR	\$ 9,234	\$ 369,369	\$ 504,053	\$ 134,684

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,040,663	\$ 1,040,663	\$ 1,040,853	\$ 190
Investment income	7,584	7,584	10,319	2,735
TOTAL REVENUES	1,048,247	1,048,247	1,051,172	2,925
EXPENDITURES:				
Current:				
Public works	63,057	63,057	26,871	36,186
Capital improvement programs	1,216,999	62,899	2,134	60,765
TOTAL EXPENDITURES	1,280,056	125,956	29,005	96,951
NET CHANGE IN FUND BALANCE	(231,809)	922,291	1,022,167	99,876
FUND BALANCE - BEGINNING OF YEAR	252,777	252,777	252,777	-
FUND BALANCE - END OF YEAR	\$ 20,968	\$ 1,175,068	\$ 1,274,944	\$ 99,876

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RESTRICTED ADMINISTRATIVE TOW FEE SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 56,733	\$ 56,733	\$ 58,408	\$ 1,675
Investment income	639	639	682	43
TOTAL REVENUES	57,372	57,372	59,090	1,718
EXPENDITURES:				
Current:				
Community services	57,758	57,758	41,694	16,064
Capital improvement programs	10,000	10,000	-	10,000
TOTAL EXPENDITURES	67,758	67,758	41,694	26,064
NET CHANGE IN FUND BALANCE	(10,386)	(10,386)	17,396	27,782
FUND BALANCE - BEGINNING OF YEAR	67,293	67,293	67,293	-
FUND BALANCE - END OF YEAR	\$ 56,907	\$ 56,907	\$ 84,689	\$ 27,782

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YOUTH SERVICES PROGRAM SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 3,300	\$ 3,300	\$ 120	\$ (3,180)
TOTAL REVENUES	3,300	3,300	120	(3,180)
EXPENDITURES:				
Current:				
Community services	24,150	24,150	-	24,150
TOTAL EXPENDITURES	24,150	24,150	-	24,150
NET CHANGE IN FUND BALANCE	(20,850)	(20,850)	120	20,970
FUND BALANCE - BEGINNING OF YEAR	51,112	51,112	51,112	-
FUND BALANCE - END OF YEAR	\$ 30,262	\$ 30,262	\$ 51,232	\$ 20,970

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MTA CALL FOR PROJECTS SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 7,022,940	\$ 7,022,940	\$ 2,054,658	\$ (4,968,282)
TOTAL REVENUES	7,022,940	7,022,940	2,054,658	(4,968,282)
EXPENDITURES:				
Capital improvement programs	7,022,940	1,350,686	1,350,686	-
TOTAL EXPENDITURES	7,022,940	1,350,686	1,350,686	-
NET CHANGE IN FUND BALANCE	-	5,672,254	703,972	(4,968,282)
FUND BALANCE - BEGINNING OF YEAR	97,266	97,266	97,266	-
FUND BALANCE - END OF YEAR	\$ 97,266	\$ 5,769,520	\$ 801,238	\$ (4,968,282)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARK DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 8,779	\$ 8,779	\$ 10,912	\$ 2,133
Miscellaneous	173,320	182,855	87,616	(95,239)
TOTAL REVENUES	182,099	191,634	98,528	(93,106)
EXPENDITURES:				
Capital improvement programs	1,121,759	29,288	31,545	(2,257)
TOTAL EXPENDITURES	1,121,759	29,288	31,545	(2,257)
NET CHANGE IN FUND BALANCE	(939,660)	162,346	66,983	(95,363)
FUND BALANCE - BEGINNING OF YEAR	1,254,162	1,254,162	1,254,162	-
FUND BALANCE - END OF YEAR	\$ 314,502	\$ 1,416,508	\$ 1,321,145	\$ (95,363)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOS ANGELES COUNTY PARK DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 866,874	\$ 866,874	\$ 2,500	\$ (864,374)
TOTAL REVENUES	866,874	866,874	2,500	(864,374)
EXPENDITURES:				
Current:				
Public works	61,414	61,414	855	60,559
Capital improvement programs	629,350	97,290	88,384	8,906
TOTAL EXPENDITURES	690,764	158,704	89,239	69,465
NET CHANGE IN FUND BALANCE	176,110	708,170	(86,739)	(794,909)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(44,607)	(44,607)	(44,607)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 131,503	\$ 663,563	\$ (131,346)	\$ (794,909)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BEVERAGE CONTAINER RECYCLING SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 24,568	\$ 24,568	\$ 24,568	\$ -
Investment income	350	350	224	(126)
TOTAL REVENUES	24,918	24,918	24,792	(126)
EXPENDITURES:				
Current:				
Public works	51,000	51,000	47,622	3,378
Capital improvement programs	38,505	38,505	14,229	24,276
TOTAL EXPENDITURES	89,505	89,505	61,851	27,654
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(64,587)	(64,587)	(37,059)	27,528
OTHER FINANCING USES:				
Transfers out	(9,841)	(9,841)	(9,841)	-
TOTAL OTHER FINANCING USES	(9,841)	(9,841)	(9,841)	-
NET CHANGE IN FUND BALANCE	(74,428)	(74,428)	(46,900)	27,528
FUND BALANCE - BEGINNING OF YEAR	74,489	74,489	74,489	-
FUND BALANCE - END OF YEAR	\$ 61	\$ 61	\$ 27,589	\$ 27,528

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE COPS GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 167,033	\$ 17,033
Investment income	579	579	609	30
TOTAL REVENUES	150,579	150,579	167,642	17,063
EXPENDITURES:				
Current:				
Community services	193,394	193,394	193,394	-
TOTAL EXPENDITURES	193,394	193,394	193,394	-
NET CHANGE IN FUND BALANCE	(42,815)	(42,815)	(25,752)	17,063
FUND BALANCE - BEGINNING OF YEAR	82,710	82,710	82,710	-
FUND BALANCE - END OF YEAR	\$ 39,895	\$ 39,895	\$ 56,958	\$ 17,063

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
USED OIL STATE GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 25,414	\$ 25,414	\$ 25,690	\$ 276
Investment income	53	53	102	49
TOTAL REVENUES	25,467	25,467	25,792	325
EXPENDITURES:				
Current:				
Public works	15,371	15,371	3,128	12,243
TOTAL EXPENDITURES	15,371	15,371	3,128	12,243
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,096	10,096	22,664	12,568
OTHER FINANCING USES:				
Transfers out	(10,043)	(10,043)	(10,043)	-
TOTAL OTHER FINANCING USES	(10,043)	(10,043)	(10,043)	-
NET CHANGE IN FUND BALANCE	53	53	12,621	12,568
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ 53	\$ 53	\$ 12,621	\$ 12,568

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PROPOSITION 1B SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 136,259	\$ 136,259	\$ 22,345	\$ (113,914)
TOTAL REVENUES	136,259	136,259	22,345	(113,914)
EXPENDITURES:				
Capital improvement programs	136,256	54,649	54,652	(3)
TOTAL EXPENDITURES	136,256	54,649	54,652	(3)
NET CHANGE IN FUND BALANCE	3	81,610	(32,307)	(113,917)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(4)	(4)	(4)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (1)	\$ 81,606	\$ (32,311)	\$ (113,917)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE CIP GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 860,000	\$ 860,000	\$ 290,000	\$ (570,000)
TOTAL REVENUES	860,000	860,000	290,000	(570,000)
EXPENDITURES:				
Capital improvement programs	950,000	385,068	295,068	90,000
TOTAL EXPENDITURES	950,000	385,068	295,068	90,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(90,000)	474,932	(5,068)	(480,000)
OTHER FINANCING SOURCES:				
Transfers in	90,000	90,000	-	(90,000)
TOTAL OTHER FINANCING SOURCES	90,000	90,000	-	(90,000)
NET CHANGE IN FUND BALANCE	-	564,932	(5,068)	(570,000)
FUND BALANCE - BEGINNING OF YEAR	28	28	28	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 28	\$ 564,960	\$ (5,040)	\$ (570,000)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEPARTMENT OF JUSTICE/OJP GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 33,606	\$ 33,606	\$ 33,606	\$ -
TOTAL REVENUES	33,606	33,606	33,606	-
EXPENDITURES:				
Current:				
Community services	33,606	33,606	33,606	-
TOTAL EXPENDITURES	33,606	33,606	33,606	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FAMILY SUPPORT GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 77,160	\$ 77,160	\$ 86,236	\$ 9,076
Investment income	100	100	-	(100)
TOTAL REVENUES	77,260	77,260	86,236	8,976
EXPENDITURES:				
Current:				
Community services	92,160	92,160	86,236	5,924
TOTAL EXPENDITURES	92,160	92,160	86,236	5,924
NET CHANGE IN FUND BALANCE	(14,900)	(14,900)	-	14,900
FUND BALANCE - BEGINNING OF YEAR	20,088	20,088	20,088	-
FUND BALANCE - END OF YEAR	\$ 5,188	\$ 5,188	\$ 20,088	\$ 14,900

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOME GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 632,723	\$ 632,723	\$ 348,000	\$ (284,723)
TOTAL REVENUES	632,723	632,723	348,000	(284,723)
EXPENDITURES:				
Current:				
Community development	632,723	632,723	348,000	284,723
TOTAL EXPENDITURES	632,723	632,723	348,000	284,723
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 685,146	\$ 685,146	\$ 402,662	\$ (282,484)
Investment income	-	-	4,946	4,946
Miscellaneous	698,777	698,777	773,327	74,550
TOTAL REVENUES	1,383,923	1,383,923	1,180,935	(202,988)
EXPENDITURES:				
Current:				
Community development	1,458,462	1,356,124	996,840	359,284
Capital improvement programs	-	150,000	-	150,000
TOTAL EXPENDITURES	1,458,462	1,506,124	996,840	509,284
NET CHANGE IN FUND BALANCE	(74,539)	(122,201)	184,095	306,296
FUND BALANCE - BEGINNING OF YEAR	463,484	463,484	463,484	-
FUND BALANCE - END OF YEAR	\$ 388,945	\$ 341,283	\$ 647,579	\$ 306,296

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL HIGHWAY PLANNING GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 6,881,292	\$ 6,881,292	\$ 1,335,164	\$ (5,546,128)
TOTAL REVENUES	6,881,292	6,881,292	1,335,164	(5,546,128)
EXPENDITURES:				
Capital improvement programs	6,881,292	1,636,718	1,703,194	(66,476)
TOTAL EXPENDITURES	6,881,292	1,636,718	1,703,194	(66,476)
NET CHANGE IN FUND BALANCE	-	5,244,574	(368,030)	(5,612,604)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(70,543)	(70,543)	(70,543)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (70,543)	\$ 5,174,031	\$ (438,573)	\$ (5,612,604)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WORKFORCE INVESTMENT ACT (WIA) GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 641,885	\$ 641,885	\$ 567,945	\$ (73,940)
TOTAL REVENUES	641,885	641,885	567,945	(73,940)
EXPENDITURES:				
Current:				
Community development	641,885	641,885	567,945	73,940
TOTAL EXPENDITURES	641,885	641,885	567,945	73,940
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	100	100	100	-
FUND BALANCE - END OF YEAR	\$ 100	\$ 100	\$ 100	\$ -

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NEIGHBORHOOD STABILIZATION GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 2,400	\$ -	\$ 2,100	\$ 2,100
TOTAL REVENUES	2,400	-	2,100	2,100
EXPENDITURES:				
Current:				
Community development	127,684	127,684	34,551	93,133
TOTAL EXPENDITURES	127,684	127,684	34,551	93,133
NET CHANGE IN FUND BALANCE	(125,284)	(127,684)	(32,451)	95,233
FUND BALANCE - BEGINNING OF YEAR	292,362	292,362	292,362	-
FUND BALANCE - END OF YEAR	\$ 167,078	\$ 164,678	\$ 259,911	\$ 95,233

CITY OF CARSON

AGENCY FUNDS

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

An Agency fund is accounted for in essentially the same manner as governmental funds; however, its purpose is custodial in nature (assets equal liabilities); therefore, the measurement of results is not appropriate. The following Agency Funds are funds deposited with the City by various individuals and private organizations:

The **Trust and Agency Fund** is used to account for assets that are held in a custodial relationship for various individuals and private organizations.

The **Wilmington Assessment District Fund** is used to account for the \$2.2 million Assessment District Limited Obligation Refunding Improvement Bonds, Series 1995. The bonds were used to finance the installations and construction of certain public improvements within the boundaries of the District. The City is in no way liable for the repayment of the bonds 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.

The **Sepulveda Boulevard Assessment District Fund** is used to account for the \$13.1 million Limited Obligation Improvement Bonds, Series 1992. The bonds were used to finance the cost of certain street improvements. The City is in no way liable for repayment of the bonds 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.

The **Dominquez Technology Center West Assessment District Fund** is used to account for the \$32.2 million Limited Obligation Improvement Bonds, Series 2001. The bonds were used to finance the acquisition costs for improvements within the Assessment District, to establish the Reserve Fund and to pay the cost of issuing the bonds. The City is in no way liable for repayment of the bonds 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.

CITY OF CARSON
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES

June 30, 2016

	Trust and Agency	Wilmington Avenue Assessment District	Sepulveda Boulevard Assessment District	Dominquez Tech Center Assessment District	Total Agency Funds
ASSETS:					
Cash and investments	\$ 3,432,308	\$ 735,101	\$ 1,166,545	\$ 2,290,171	\$ 7,624,125
Cash and investments with fiscal agents	-	-	-	2,536,573	2,536,573
Receivables:					
Taxes	-	-	-	-	-
TOTAL ASSETS	\$ 3,432,308	\$ 735,101	\$ 1,166,545	\$ 4,826,744	\$ 10,160,698
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 609,793	\$ -	\$ -	\$ -	\$ 609,793
Refundable deposits	2,822,515	-	-	-	2,822,515
Due to assessed parties	-	735,101	-	-	735,101
Due to other government	-	-	-	-	-
Due to bondholders	-	-	1,166,545	4,826,744	5,993,289
TOTAL LIABILITIES	\$ 3,432,308	\$ 735,101	\$ 1,166,545	\$ 4,826,744	\$ 10,160,698

CITY OF CARSON
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
TRUST AND AGENCY				
ASSETS:				
Cash and investments	\$ 4,449,165	\$ 3,449,665	\$ (4,466,522)	\$ 3,432,308
TOTAL ASSETS	<u>\$ 4,449,165</u>	<u>\$ 3,449,665</u>	<u>\$ (4,466,522)</u>	<u>\$ 3,432,308</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 389,906	\$ 3,642,321	\$ (3,422,434)	\$ 609,793
Refundable deposits	2,608,259	3,763,746	(3,549,490)	2,822,515
Due to other governments	1,451,000	-	(1,451,000)	-
TOTAL LIABILITIES	<u>\$ 4,449,165</u>	<u>\$ 7,406,067</u>	<u>\$ (8,422,924)</u>	<u>\$ 3,432,308</u>
WILMINGTON AVENUE ASSESSMENT DISTRICT				
ASSETS:				
Cash and investments	\$ 729,161	\$ 5,940	\$ -	\$ 735,101
TOTAL ASSETS	<u>\$ 729,161</u>	<u>\$ 5,940</u>	<u>\$ -</u>	<u>\$ 735,101</u>
LIABILITIES:				
Due to assessed parties	\$ 729,161	\$ 5,940	\$ -	\$ 735,101
TOTAL LIABILITIES	<u>\$ 729,161</u>	<u>\$ 5,940</u>	<u>\$ -</u>	<u>\$ 735,101</u>
SEPULVEDA BOULEVARD ASSESSMENT DISTRICT				
ASSETS:				
Cash and investments	\$ 1,146,524	\$ 221,839	\$ (201,818)	\$ 1,166,545
TOTAL ASSETS	<u>\$ 1,146,524</u>	<u>\$ 221,839</u>	<u>\$ (201,818)</u>	<u>\$ 1,166,545</u>
LIABILITIES:				
Due to bondholders	\$ 1,146,524	\$ 228,232	\$ (208,211)	\$ 1,166,545
TOTAL LIABILITIES	<u>\$ 1,146,524</u>	<u>\$ 228,232</u>	<u>\$ (208,211)</u>	<u>\$ 1,166,545</u>

(Continued)

CITY OF CARSON
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
(CONTINUED)

For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
DOMINGUEZ TECH CENTER ASSESSMENT DISTRICT				
ASSETS:				
Cash and investments	\$ 2,291,340	\$ 2,356,864	\$ (2,358,033)	\$ 2,290,171
Cash and investments with fiscal agent	2,537,376	2,270,999	(2,271,802)	2,536,573
Receivables:				
Taxes	28	-	(28)	-
TOTAL ASSETS	\$ 4,828,744	\$ 4,627,863	\$ (4,629,863)	\$ 4,826,744
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ 7,194	\$ (7,194)	\$ -
Due to bondholders	4,828,744	4,627,863	(4,629,863)	4,826,744
TOTAL LIABILITIES	\$ 4,828,744	\$ 4,635,057	\$ (4,637,057)	\$ 4,826,744
TOTAL ALL FIDUCIARY FUNDS				
ASSETS:				
Cash and investments	\$ 8,616,190	\$ 6,034,308	\$ (7,026,373)	\$ 7,624,125
Cash and investments with fiscal agent	2,537,376	2,270,999	(2,271,802)	2,536,573
Receivables:				
Taxes	28	-	(28)	-
TOTAL ASSETS	\$ 11,153,594	\$ 8,305,307	\$ (9,298,203)	\$ 10,160,698
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 389,906	\$ 3,649,515	\$ (3,429,628)	\$ 609,793
Refundable deposits	2,608,259	3,763,746	(3,549,490)	2,822,515
Due to other governments	1,451,000	-	(1,451,000)	-
Due to assessed parties	729,161	5,940	-	735,101
Due to bondholders	5,975,268	4,856,095	(4,838,074)	5,993,289
TOTAL LIABILITIES	\$ 11,153,594	\$ 12,275,296	\$ (13,268,192)	\$ 10,160,698

STATISTICAL SECTION

(Not covered by Independent Auditors' Report)

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF CARSON

DESCRIPTION OF STATISTICAL SECTION

This part of the City of Carson's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

CITY OF CARSON, CALIFORNIA
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 338,831,073	\$ 339,173,885	\$ 343,401,921	\$ 339,117,408	\$ 339,193,971	\$ 302,392,752	\$ 296,900,646	\$ 293,712,678	\$ 295,848,031	\$ 369,068,436
Restricted for:										
Community services	7,266,284	7,955,782	365,563	437,501	1,351,533	6,228,534	1,874,973	3,259,542	42,495,631	28,535,274
Public works	-	-	5,163,559	6,218,413	5,462,293	4,606,521	3,379,453	4,396,352	2,021,219	2,397,487
Economic development	16,876,793	14,883,468	66,747,912	58,194,306	21,030,464	207,323	-	-	-	-
Housing projects	44,076,682	47,791,190	57,703,840	56,547,299	33,212,090	47,104,277	56,811,390	52,696,178	51,058,195	33,115,931
Unrestricted	90,795,828	96,062,533	(13,874,931)	(41,228,567)	(20,605,772)	2,571,341	12,357,782	10,281,994	(64,190,834)	(75,486,338)
Total governmental activities net position	\$ 497,846,660	\$ 505,866,858	\$ 459,507,864	\$ 419,286,360	\$ 379,644,579	\$ 363,110,748	\$ 371,324,244	\$ 364,346,744	\$ 327,232,242	\$ 357,630,790
Business-type activity										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,000,000
Restricted for:										
Community services	-	-	-	-	-	-	-	-	-	49,556,994
Unrestricted	-	-	-	-	-	-	-	-	-	6,665,151
Total business-type activities net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,222,145
Primary government										
Net investment in capital assets	\$ 338,831,073	\$ 339,173,885	\$ 343,401,921	\$ 339,117,408	\$ 339,193,971	\$ 302,392,752	\$ 296,900,646	\$ 293,712,678	\$ 295,848,031	\$ 405,068,436
Restricted for:										
Community services	7,266,284	7,955,782	365,563	437,501	1,351,533	6,228,534	1,874,973	3,259,542	42,495,631	78,092,268
Public works	-	-	5,163,559	6,218,413	5,462,293	4,606,521	3,379,453	4,396,352	2,021,219	2,397,487
Economic development	16,876,793	14,883,468	66,747,912	58,194,306	21,030,464	207,323	-	-	-	-
Housing projects	44,076,682	47,791,190	57,703,840	56,547,299	33,212,090	47,104,277	56,811,390	52,696,178	51,058,195	33,115,931
Unrestricted	90,795,828	96,062,533	(13,874,931)	(41,228,567)	(20,605,772)	2,571,341	12,357,782	10,281,994	(64,190,834)	(68,821,187)
Total primary government net position	\$ 497,846,660	\$ 505,866,858	\$ 459,507,864	\$ 419,286,360	\$ 379,644,579	\$ 363,110,748	\$ 371,324,244	\$ 364,346,744	\$ 327,232,242	\$ 449,852,935

Source: City of Carson

TABLE 2
CITY OF CARSON, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 19,469,561	\$ 20,809,981	\$ 27,028,260	\$ 20,353,648	\$ 20,578,498	\$ 22,940,199	\$ 22,049,082	\$ 23,721,702	\$ 21,573,509	\$ 35,319,096
Community services	36,489,941	39,934,036	40,435,251	42,720,043	36,479,106	41,684,670	35,247,843	37,689,223	38,696,281	42,477,759
Public works	15,041,177	14,393,790	13,221,772	16,439,029	11,742,451	14,060,876	15,799,718	18,736,498	22,492,218	19,819,103
Community development	18,252,691	14,418,785	70,810,907	56,847,899	53,957,318	14,469,115	32,878,975	19,125,990	11,951,040	12,330,080
Interest and other charges	5,689,403	6,820,184	6,429,807	7,858,690	15,535,108	5,350,108	-	-	-	-
Capital maintenance programs	-	-	-	-	2,921,050	-	2,031,237	-	301,315	-
Inherent reimbursement	-	-	-	-	8,615,980	-	-	-	-	-
Total governmental activities expenses	\$ 94,942,773	\$ 96,376,776	\$ 157,925,997	\$ 144,219,309	\$ 149,829,511	\$ 98,504,968	\$ 108,006,855	\$ 99,273,413	\$ 95,014,363	\$ 109,946,038
Business-type activity:										
Reclamation Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,307,108
Total business-type activity expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,307,108
Total primary government expenses	\$ 94,942,773	\$ 96,376,776	\$ 157,925,997	\$ 144,219,309	\$ 149,829,511	\$ 98,504,968	\$ 108,006,855	\$ 99,273,413	\$ 95,014,363	\$ 117,253,146
Program Revenues										
Governmental activities:										
Charges for services	\$ 11,823,146	\$ 11,942,829	\$ 11,976,952	\$ 12,061,204	\$ 15,100,971	\$ 14,690,950	\$ 12,137,769	\$ 13,040,956	\$ 13,876,288	\$ 13,725,032
Operating contributions and grants	17,071,652	12,623,073	7,767,632	12,193,258	10,963,981	13,483,809	12,895,134	13,096,789	13,457,894	11,159,230
Capital contributions and grants	77,327	78,098	1,890,354	4,067,208	5,322,016	3,148,874	489,800	1,871,566	2,733,035	1,335,164
Total governmental activities program revenues	\$ 28,972,125	\$ 24,644,000	\$ 21,634,938	\$ 28,321,670	\$ 31,386,968	\$ 31,323,633	\$ 25,522,703	\$ 28,009,311	\$ 30,067,217	\$ 26,219,426
Business-type activity:										
Operating contributions and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,255,151
Total business-type activity program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,255,151
Total primary government program revenues	\$ 28,972,125	\$ 24,644,000	\$ 21,634,938	\$ 28,321,670	\$ 31,386,968	\$ 31,323,633	\$ 25,522,703	\$ 28,009,311	\$ 30,067,217	\$ 83,474,577
Net (Expenses) Revenues										
Governmental activities	\$ (65,970,648)	\$ (71,732,776)	\$ (136,291,059)	\$ (115,897,639)	\$ (118,442,543)	\$ (67,181,335)	\$ (82,484,152)	\$ (71,264,102)	\$ (64,947,146)	\$ (83,726,612)
Business-type activity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,948,043
Total primary government net (expenses) revenues	\$ (65,970,648)	\$ (71,732,776)	\$ (136,291,059)	\$ (115,897,639)	\$ (118,442,543)	\$ (67,181,335)	\$ (82,484,152)	\$ (71,264,102)	\$ (64,947,146)	\$ (33,778,569)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 31,005,842	\$ 32,202,400	\$ 34,892,648	\$ 32,874,557	\$ 32,977,590	\$ 28,206,102	\$ 19,247,084	\$ 17,381,673	\$ 14,720,272	\$ 15,128,210
Sales taxes	21,066,579	21,648,681	19,262,212	15,051,658	17,195,450	20,688,872	25,187,734	23,668,795	21,820,128	25,364,057
Transient occupancy taxes	1,392,123	1,564,083	1,244,543	1,121,092	1,197,800	1,307,732	1,462,174	1,598,037	1,812,310	2,138,378
Franchise taxes	8,120,849	8,159,269	9,686,804	6,876,484	7,483,227	7,746,907	7,090,887	7,933,064	8,274,908	8,587,698
Admissions tax	-	-	105,019	362,105	266,446	390,600	463,116	315,511	458,117	256,343
Utility users tax	-	-	1,028	6,722,319	7,439,521	8,016,141	7,495,997	9,284,071	8,135,144	6,754,075
Motor vehicle in lieu	6,395,360	6,780,952	7,235,463	7,153,876	7,104,861	-	-	-	-	-
Motor vehicle license fee, unrestricted	531,114	435,813	334,137	288,398	242,811	256,016	50,405	41,716	40,296	37,584
Other tax	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-	-
Investment income	10,288,832	9,209,215	8,488,288	4,842,082	3,062,757	1,763,424	2,568,878	3,295,319	748,051	1,199,856
Developer constructed infrastructure	-	-	-	-	-	-	-	-	-	-
Loss on sale of land	-	-	-	-	-	-	-	-	-	-
Transfer from Successor Agency	-	-	-	-	-	-	-	-	-	-
Other revenue	956,734	533,503	638,428	5,212,274	1,830,299	195,425	938,422	768,416	40,271,017	-
Total governmental activities	\$ 79,757,433	\$ 80,533,916	\$ 81,888,570	\$ 80,504,845	\$ 78,800,762	\$ 68,571,219	\$ 64,504,697	\$ 64,286,602	\$ 98,441,980	\$ 63,165,476
Business-type activity:										
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,695
Total business-type activity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,695
Total primary government	\$ 79,757,433	\$ 80,533,916	\$ 81,888,570	\$ 80,504,845	\$ 78,800,762	\$ 68,571,219	\$ 64,504,697	\$ 64,286,602	\$ 98,441,980	\$ 63,211,171
Changes in Net Position										
Governmental activities	\$ 13,786,785	\$ 8,801,140	\$ (54,402,489)	\$ (35,392,794)	\$ (39,641,781)	\$ 1,389,884	\$ (17,979,455)	\$ (6,977,500)	\$ 33,494,834	\$ (20,561,136)
Business-type activity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,993,738
Total primary government	\$ 13,786,785	\$ 8,801,140	\$ (54,402,489)	\$ (35,392,794)	\$ (39,641,781)	\$ 1,389,884	\$ (17,979,455)	\$ (6,977,500)	\$ 33,494,834	\$ 29,432,602

Source: City of Carson

TABLE 3

CITY OF CARSON, CALIFORNIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 1,158,240	\$ 2,705,353	\$ 3,114,747	\$ 944,838						
Unreserved, reported in:										
Designated for special purpose	-	-	1,269,181	1,245,972						
Undesignated	26,679,476	21,679,654	16,405,465	15,991,314						
Total general fund	27,837,716	24,385,007	20,789,393	18,182,124						
All other governmental funds										
Reserved	105,323,071	95,953,287	96,827,515	68,865,002						
Unreserved, Designated reported in:										
Special revenue funds	8,034,288	11,962,175	6,724,222	7,045,587						
Capital projects funds	142,140,637	156,640,705	116,298,202	109,182,006						
Total all other governmental funds	255,497,996	264,556,167	219,849,939	185,092,595						
Grand total governmental funds	<u>\$ 283,335,712</u>	<u>\$ 288,941,174</u>	<u>\$ 240,639,332</u>	<u>\$ 203,274,719</u>						
General fund										
Nonspendable	\$ 677,922	\$ 739,877	\$ 1,632,266	\$ 2,507,687	\$ 375,759	\$ 342,432				
Restricted	2,321,416	2,410,033	2,484,398	1,760,551	1,760,710	1,431,403				
Committed	6,198,067	6,705,685	20,409,123	20,957,808	18,583,716	16,710,504				
Assigned	3,712,276	3,792,000	5,102,225	5,276,764	5,071,211	226,096				
Unassigned	10,591,610	15,971,310	6,739,998	5,875,509	1,775,796	-				
Total general fund	23,501,291	29,618,905	36,368,010	36,378,319	27,567,192	18,710,435				
All other governmental funds										
Nonspendable	32,311,110	16,218,201	8,146,939	6,640,174	8,046,694	-				
Restricted	179,097,981	15,188,708	33,804,829	33,584,394	67,182,178	64,390,234				
Assigned	589,883	608,662	1,015,107	693,941	494,123	-				
Unassigned	(3,363,044)	(1,089,714)	(81,767)	(343,282)	(204,620)	(611,104)				
Total all other governmental funds	208,635,930	30,925,857	42,885,108	40,575,227	75,518,375	63,779,130				
Grand total government funds	<u>\$ 232,137,221</u>	<u>\$ 60,544,762</u>	<u>\$ 79,253,118</u>	<u>\$ 76,953,546</u>	<u>\$ 103,085,567</u>	<u>\$ 82,489,565</u>				

Source: City of Carson

TABLE 4

CITY OF CARSON, CALIFORNIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 73,210,445	\$ 76,416,838	\$ 80,907,303	\$ 74,168,970	\$ 79,015,236	\$ 68,978,607	\$ 63,743,453	\$ 63,049,509	\$ 58,206,650	\$ 63,052,428
Licenses and permits	5,293,969	5,385,637	5,643,875	4,766,767	6,472,150	6,240,419	5,733,199	6,157,526	6,306,253	7,273,620
Fines, forfeitures and penalties	1,727,612	1,609,321	1,701,748	1,789,500	2,187,730	2,789,268	2,013,571	1,976,961	1,987,718	1,588,678
Investment income	11,007,795	11,433,529	10,557,318	4,604,809	3,184,744	1,763,424	2,259,942	2,950,912	3,043,620	2,285,175
Intergovernmental	12,207,289	9,067,678	5,443,708	13,027,869	10,746,260	8,361,928	7,794,867	10,688,245	11,729,825	7,397,268
Charges for services	2,985,352	2,985,224	2,559,121	2,662,335	3,062,757	8,967,821	2,907,197	3,070,807	3,338,706	3,461,863
Charges to other funds	372,000	869,400	32,697	145,057	-	-	567,509	646,647	6,600	-
Miscellaneous	3,453,703	1,192,004	1,304,603	6,450,369	2,180,221	2,729,580	4,698,626	3,755,306	3,618,808	4,341,491
Total revenues	110,258,165	108,959,631	108,150,373	107,615,676	106,849,098	99,831,047	89,718,364	92,295,913	88,238,180	89,400,523
Expenditures										
General government	18,071,092	19,130,574	20,139,083	20,686,885	18,136,954	20,690,955	20,120,174	22,042,126	21,922,895	29,956,664
Community services	34,324,469	36,385,981	36,577,270	36,679,991	34,477,002	36,366,232	33,994,074	35,461,405	37,126,200	37,723,099
Public works	14,600,846	15,243,991	12,786,280	13,695,643	14,145,645	16,711,058	14,294,060	16,701,191	21,126,233	15,626,079
Community development	27,983,987	18,219,462	67,156,790	27,037,959	15,249,106	27,466,234	23,606,994	15,139,783	8,472,904	25,284,113
Debt Service										
Bond principal	3,105,000	3,795,000	3,610,000	3,765,000	4,390,000	5,735,000	-	-	-	-
Bond interest	5,223,017	7,634,458	5,985,058	7,181,131	8,592,640	5,096,767	-	-	-	-
Other bond financing costs	947,786	1,033,973	234,980	334,120	577,740	-	-	-	-	-
Capital improvement programs	5,709,591	8,053,836	32,557,557	51,262,569	27,221,615	17,402,989	5,187,757	5,250,980	11,612,457	6,698,272
Interfund reimbursement	(3,196,983)	(3,617,653)	(3,995,295)	(3,770,394)	(3,464,606)	(5,198,738)	-	-	-	-
Total expenditures	106,768,805	105,879,622	175,051,723	156,872,904	119,326,096	124,270,497	97,203,059	94,595,485	100,260,689	115,288,227
Excess (deficiency) of revenues over (under) expenditures	<u>3,489,360</u>	<u>3,080,009</u>	<u>(66,901,350)</u>	<u>(49,257,228)</u>	<u>(12,476,998)</u>	<u>(24,439,450)</u>	<u>(7,484,695)</u>	<u>(2,299,572)</u>	<u>(12,022,509)</u>	<u>(25,887,704)</u>
Other financing sources (uses)										
Transfers in	13,623,464	23,638,979	26,673,638	18,589,935	22,838,526	25,766,146	1,566,581	1,063,673	43,249,253	145,757
Transfers out	(13,623,464)	(23,638,979)	(26,673,638)	(18,589,935)	(22,838,526)	(25,766,146)	(1,566,581)	(1,063,673)	(2,978,236)	(145,757)
Loan Proceeds	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	28,000,000	16,845,000	22,810,000	12,165,000	40,560,000	-	-	-	-	-
Payment to escrow agent	-	(14,319,547)	(390,683)	(272,385)	-	-	-	-	-	-
Loss on sale of land	-	-	-	-	779,500	-	-	-	-	-
Total other financing sources (uses)	<u>28,000,000</u>	<u>2,525,453</u>	<u>22,419,317</u>	<u>11,892,615</u>	<u>41,339,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,271,017</u>	<u>-</u>
Net change in fund balances	<u>\$ 31,489,360</u>	<u>\$ 5,605,462</u>	<u>\$ (44,482,033)</u>	<u>\$ (37,364,613)</u>	<u>\$ 28,862,502</u>	<u>\$ (24,439,450)</u>	<u>\$ (7,484,695)</u>	<u>\$ (2,299,572)</u>	<u>\$ 28,248,508</u>	<u>\$ (25,887,704)</u>
Debt service as a percentage of noncapital expenditures	9.77%	14.01%	7.19%	11.50%	16.54%	10.70%	0.00%	0.00%	0.00%	0.00%

Source: City of Carson

TABLE 5

CITY OF CARSON, CALIFORNIA
General Governmental Revenues by Source
Last Ten Fiscal Years

Year Ended June 30,	Property Tax	Sales Tax	Franchise Tax	Interest Income on Investments	Building Construction Permits	Business License Fees	Federal Grants	Motor Vehicle License Fees	Utility Users Tax
2007	\$ 39,148,797	* \$ 21,053,363	** \$ 8,120,846	\$ 8,458,027	\$ 2,195,205	\$ 2,538,674	\$ 8,303,199	\$ 531,114	\$ -
2008	41,960,439	* 21,615,227	** 8,159,269	9,442,128	2,291,416	2,567,338	2,449,439	435,813	-
2009	47,831,937	* 19,262,212	** 9,686,804	8,347,727	2,422,053	2,681,222	1,597,640	334,137	-
2010	41,519,865	* 15,051,658	** 6,876,484	2,849,583	1,901,201	2,282,081	12,607,160	288,398	6,722,319
2011	42,753,339	* 17,195,450	** 7,483,227	1,808,934	3,053,450	2,650,060	5,769,445	242,811	7,439,521
2012	19,355,360	# 20,688,872	** 7,746,907	937,338	2,789,592	2,649,097	2,056,551	256,016	7,980,683
2013	15,611,394	25,187,734	** 7,090,887	341,557	2,379,027	2,628,905	3,043,040	50,405	7,495,997
2014	14,182,112	23,668,796	7,933,064	716,643	2,899,460	2,546,608	3,269,370	41,716	9,284,071
2015	14,290,374	21,820,128	8,274,908	544,103	2,903,621	2,698,782	3,944,432	40,296	8,135,144
2016	15,674,990	24,504,724	8,587,699	637,543	3,835,990	2,791,431	2,773,613	37,584	6,754,075

* - Includes property taxes received in lieu of motor vehicles license fees.

** - Includes property taxes received in lieu of sales taxes.

^ - Utility Users tax is a new revenue source beginning in fiscal year 2009-10.

Redevelopment Agency was dissolved on 2/1/2012 due to ABx1 26. Property Tax allocation to the dissolved agency is limited to the State's approved Redevelopment Property Tax Trust Fund (RPTTF) money.

Source: City of Carson

TABLE 6

CITY OF CARSON, CALIFORNIA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Entire City				Redevelopment Agency			
	Taxable		Less:		Taxable		Less:	
	Secured	Unsecured	Exemptions	Assessed Value	Secured	Unsecured	Exemptions	Assessed Value
2007	\$ 10,563,712	\$ 1,449,239	\$ (93,186)	\$ 11,919,765	\$ 3,029,193	\$ 608,572	\$ (14,785)	\$ 3,622,979
2008	11,312,601	1,416,880	(94,094)	12,635,387	3,230,043	557,471	(15,449)	3,772,064
2009	12,037,843	1,544,502	(95,059)	13,487,286	3,386,534	642,531	(15,853)	4,013,211
2010	11,949,059	1,480,135	(95,424)	13,333,770	3,436,787	649,248	(16,065)	4,069,970
2011	11,897,501	1,439,918	(95,196)	13,242,223	3,405,081	632,562	(16,197)	4,021,446
2012	11,857,196	1,327,723	(93,911)	13,091,009	3,451,606	562,904	(16,037)	3,998,473
2013	11,959,163	1,211,622	(92,535)	13,078,250	3,496,537	578,477	(16,017)	4,058,997
2014	11,973,053	1,210,090	(91,719)	13,091,424	3,655,473	565,268	(15,913)	4,204,829
2015	12,197,821	1,287,142	(90,395)	13,394,567	3,729,983	589,858	(15,825)	4,304,015
2016	12,797,251	1,214,303	(89,369)	13,922,185	3,871,550	590,427	(15,651)	4,446,327

Note:

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With a few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is re-assessed at the purchase price of the property sold. The valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitation described above.

Source: Los Angeles County Assessor's Office

TABLE 7

CITY OF CARSON, CALIFORNIA
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Direct Rates:										
City basic rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total City Direct Rate	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Overlapping Rates:										
County of Los Angeles	0.0007	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Community College	0.0215	0.0088	0.0221	0.0231	0.0403	0.0353	0.0488	0.0445	0.0402	0.0358
Unified Schools	0.1068	0.1233	0.1248	0.1518	0.1870	0.1682	0.1756	0.1464	0.1469	0.1297
Flood Control	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Metropolitan Water District	0.0047	0.0045	0.0043	0.0043	0.0037	0.0037	0.0035	0.0035	0.0035	0.0035
Total Direct Rate	1.1337	1.1366	1.1512	1.1792	1.2310	1.2072	1.2279	1.1944	1.1906	1.1690

Note:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various inter-governmental overlapping debt.

Source: Los Angeles County Assessor's Office

TABLE 8

CITY OF CARSON, CALIFORNIA
Principal Property Tax Payers
Current Year and Nine Years Ago

	2016		2007	
	Taxpayer	Taxable Assessed Value*	Percent of Total City Taxable Assessed Value	Percent of Total City Taxable Assessed Value
	Tesoro Refining and Marketing Co.	\$ 1,842,945,538	13.67%	0.00%
	Phillips 66	546,143,195	4.05%	0.00%
	Watson Land Co	503,805,317	3.74%	2.97%
	Gatx Tank Storage Terminals Corp.	349,048,631	2.59%	1.30%
	Watson Cogeneration Co.	243,123,293	1.80%	4.63%
	Equilon Enterprises LLC	138,579,815	1.03%	2.14%
	General Mills Operations Inc.	138,470,276	1.03%	0.00%
	Home Depot Center Anschutz So. Cal. Sport	125,940,647	0.93%	1.26%
	Prologis LP/Catellus	118,741,200	0.88%	0.00%
	Carson Dominguez Properties LP	115,107,329	0.85%	0.94%
	BP West Coast Products	-	0.00%	16.73%
	ConocoPhillips Co	-	0.00%	3.24%
	Ineos Innovene Polypropylene LLC	-	0.00%	1.52%
	Nissan Motor Corp.	-	0.00%	0.91%
		\$ 4,121,905,241	30.57%	35.63%

*The amounts shown include assessed value data for both the City and the Redevelopment Agency.
Source: Los Angeles County Assessor's Office

TABLE 9

CITY OF CARSON, CALIFORNIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of Levy	Percent of Levy		Amount	Percent of Levy
2007	\$ 26,878,008	\$ 24,577,979	91.44%	\$ 2,300,029	\$ 26,878,008	100.00%
2008	31,165,050	28,498,357	91.44%	2,666,694	31,165,051	100.00%
2009	34,030,650	31,368,244	92.18%	2,662,406	34,030,650	100.00%
2010	33,890,362	31,630,105	93.33%	2,260,257	33,890,362	100.00%
2011	33,155,535	30,977,690	93.43%	2,177,845	33,155,535	100.00%
2012	33,313,250	31,337,722	94.07%	1,975,528	33,313,250	100.00%
2013	33,825,963	32,062,885	94.79%	1,763,078	33,825,963	100.00%
2014	35,269,741	33,567,707	95.17%	1,702,032	35,269,740	100.00%
2015	36,104,610	35,622,156	98.66%	482,454	36,104,610	100.00%
2016	28,869,646	28,368,269	98.26%	501,377	28,869,646	100.00%

Note: The amounts presented include city property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: Los Angeles County Auditor Controller
N/A - Not Available

TABLE 10

CITY OF CARSON, CALIFORNIA

Direct and Overlapping Government Activities Debt

June 30, 2016

	Gross Bonded Debt	Exclusions	Net Bonded Debt City Share
Direct Debt			
City of Carson - 1915 Act Bonds	\$ 26,280,000	\$ 26,280,000	\$ -
Carson Redevelopment Agency	207,160,863	207,160,863	-
Total Direct Debt	<u>233,440,863</u>	<u>233,440,863</u>	<u>-</u>
Overlapping Debt-Repaid with Property Taxes			
Tax and Assessment Debt			332,371,436
General Fund Debt (Net)			<u>35,518,897</u>
Total Overlapping Debt-Repaid with Property Taxes			<u>367,890,333</u>
Total Direct and Overlapping Debt			<u>\$ 367,890,333</u>

Notes:

- (1) Direct debt exclusions represent bonds which are not general obligation bonds of the city and do not represent a claim against the General Fund revenues of the city.
- (2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The net bonded debt estimates the portion of the outstanding debt of the overlapping governments that is borne by the residents and businesses of the city.

Source: California Municipal Statistics, Inc. and the City of Carson, Finance Division.

TABLE 11

CITY OF CARSON, CALIFORNIA
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit - 15% of Total Assessed Value	\$ 1,813,984,397	\$ 1,923,741,099	\$ 2,052,719,396	\$ 2,029,465,128	\$ 2,016,431,540	\$ 1,994,163,608	\$ 1,993,415,963	\$ 1,997,340,573	\$ 2,041,875,290	\$ 2,120,679,259
Amount of debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 1,813,984,397	\$ 1,923,741,099	\$ 2,052,719,396	\$ 2,029,465,128	\$ 2,016,431,540	\$ 1,994,163,608	\$ 1,993,415,963	\$ 1,997,340,573	\$ 2,041,875,290	\$ 2,120,679,259
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation										
Assessed value	\$ 11,919,765,292	\$ 12,635,386,881	\$ 13,487,285,911	\$ 13,333,770,032	\$ 13,242,222,532	\$ 13,091,008,795	\$ 13,078,249,995	\$ 13,091,423,898	\$ 13,394,567,248	\$ 13,922,184,669
Add back: exempt real property	173,464,020	189,553,778	197,510,065	195,997,487	200,654,403	203,415,257	211,189,755	224,179,924	217,934,686	215,677,060
Total assessed value	\$ 12,093,229,312	\$ 12,824,940,659	\$ 13,684,795,976	\$ 13,529,767,519	\$ 13,442,876,935	\$ 13,294,424,052	\$ 13,289,439,750	\$ 13,315,603,822	\$ 13,612,501,934	\$ 14,137,861,729
Debt limit (15% of total assessed value)	\$ 1,813,984,397	\$ 1,923,741,099	\$ 2,052,719,396	\$ 2,029,465,128	\$ 2,016,431,540	\$ 1,994,163,608	\$ 1,993,415,963	\$ 1,997,340,573	\$ 2,041,875,290	\$ 2,120,679,259
Debt applicable to limit:	-	-	-	-	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount set aside for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 1,813,984,397	\$ 1,923,741,099	\$ 2,052,719,396	\$ 2,029,465,128	\$ 2,016,431,540	\$ 1,994,163,608	\$ 1,993,415,963	\$ 1,997,340,573	\$ 2,041,875,290	\$ 2,120,679,259
	\$ 130,365,863	\$ 128,570,863	\$ 147,770,863	\$ 156,170,863	\$ 192,340,863	\$ 186,605,863	\$ 180,870,863	\$ 172,352,100	\$ 165,799,234	\$ 211,804,234

Note:

The City of Carson has no bonded debt.
The Carson Redevelopment Agency has bonded debt (Tax Allocation)

Source: County of Los Angeles, Auditor-Controller/Tax Division and City of Carson, Finance Department.

TABLE 12

CITY OF CARSON, CALIFORNIAPledged-Revenue Coverage
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gross tax increment	\$25,682,282	\$ 27,856,482	\$ 33,249,076	\$ 28,706,556	\$ 28,307,079	\$ 24,310,311	\$ 31,286,630	\$ 32,204,166	\$ 31,827,881	\$ 33,543,626
Less Mandatory Costs:										
Admin & Pass-Thru	\$ -	\$ 2,079,662	\$ 2,761,636	\$ 1,989,657	\$ 1,715,027	\$ 6,023,672	\$ 10,961,661	\$ 14,721,942	\$ 21,699,942	\$ 10,897,192
20% Housing Set aside	-	5,571,297	6,649,815	5,741,311	5,661,416	-	-	-	-	-
Total	-	7,650,959	9,411,451	7,730,968	7,376,443	6,023,672	10,961,661	14,721,942	21,699,942	10,897,192
Net tax increment	\$25,682,282	\$ 20,205,523	\$ 23,837,625	\$ 20,975,588	\$ 20,930,635	\$ 18,286,639	\$ 20,324,969	\$ 17,482,224	\$ 10,127,939	\$ 22,646,434
Debt service										
Principal	\$ 3,105,000	\$ 3,795,000	\$ 3,610,000	\$ 3,765,000	\$ 4,390,000	\$ 5,735,000	\$ 5,735,000	\$ 6,405,000	\$ 7,090,000	\$ 6,915,000
Interest	4,870,555	5,931,620	5,848,966	7,175,236	8,394,118	9,320,356	9,083,631	8,813,997	8,119,584	7,909,443
	\$ 7,975,555	\$ 9,726,620	\$ 9,458,966	\$ 10,940,236	\$ 12,784,118	\$ 15,055,356	\$ 14,818,631	\$ 15,218,997	\$ 15,209,584	\$ 14,824,443
Coverage	<u>3.22</u>	<u>2.86</u>	<u>3.52</u>	<u>2.62</u>	<u>2.21</u>	<u>1.61</u>	<u>2.11</u>	<u>2.12</u>	<u>2.09</u>	<u>2.26</u>

TABLE 13

CITY OF CARSON, CALIFORNIA
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2007	98,110	\$ 412,257,372	\$ 42,499	5.1%
2008	98,178	425,573,170	43,715	7.5%
2009	98,159	411,492,352	42,043	11.7%
2010	98,047	424,813,015	43,234	12.8%
2011	91,548	454,935,533	45,969	12.4%
2012	91,828	486,733,508	48,818	9.4%
2013	92,196	483,578,594	48,140	7.7%
2014	92,636	512,846,779	50,730	10.6%
2015	93,148	544,324,900	53,521	8.6%
2016	93,993	N/A	N/A	N/A

Sources:

(1) State Department of Finance

(2) U.S. Bureau of Economic Analysis (data shown is for Los Angeles, CA)

(3) State of California Employment Development Department

N/A - Not Available

TABLE 14

CITY OF CARSON, CALIFORNIA
Principal Employers
Current Year and Nine Years Ago

Employer	2016			2007		
	Number of Employees (1)	Rank	Percent of Total City Employment	Number of Employees (1)	Rank	Percent of Total City Employment
Tesoro Refining & Marketing Company LLC	1,110	1	2.66%	1,099	1	2.53%
Select Staffing	472	2	1.23%			
Lakeshore Learning	446	3	1.17%			
Cedarlane Natural Foods Inc.	428	4	1.12%			
See's Candy Shops Inc.	427	5	1.12%	527	6	1.21%
Huck International Inc.	396	6	1.03%			
Prime Wheel Corporation	369	7	0.89%			
Mag Aerospace Industries	366	8	0.96%			
The Pepsi Bottling Group	290	9	0.76%	391	10	0.90%
Defense Contract Management Agency	278	10	0.73%			
Northrup Grumman				744	2	1.71%
Lakeshore Equipment Co. Inc.				740	3	1.70%
Golden Wheel Corp.				634	4	1.46%
Leiner Health Products				628	5	1.44%
USA Waste of California Inc.				457	7	1.05%
Target Corporation				438	8	1.01%
A C S Education Services				396	9	0.91%
Total	4,582		11.67%	6,054		13.92%
Total City Employment ⁽¹⁾	38,270					

Sources: (1) City of Carson

(2) State of California Employment Development Department
(data shown is not seasonally adjusted - 38,270)

N/A - Not Available. Data on city employment for 2007 is not available.

TABLE 15

CITY OF CARSON, CALIFORNIA
Full-time-Equivalent City Government Employees
By Function/Workgroup
Last Ten Fiscal Years

	Full-time-Equivalent Employees as of June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Workgroup										
General government										
City Council	2.99	4.06	4.00	4.00	4.00	4.00	3.00	5.00	5.00	5.00
City Attorney	-	-	-	-	-	-	-	-	-	-
City Clerk	6.00	6.00	6.00	6.00	6.00	6.00	4.00	4.00	4.00	4.00
City Treasurer	5.00	5.00	5.00	5.00	5.00	4.94	5.00	5.00	5.00	5.00
City Manager	48.93	46.95	47.00	47.00	47.00	45.65	20.00	20.00	21.00	26.00
Human Resources										11.00
Administrative services	52.00	52.00	52.00	52.00	52.00	50.24	46.00	44.00	44.00	34.00
Public Works	94.90	96.00	95.80	82.00	82.00	71.15	136.00	131.00	133.00	130.00
Community Development	29.18	28.99	30.20	41.00	41.00	12.03	32.00	31.00	30.00	31.00
Community Services	158.00	159.00	158.00	158.00	158.00	154.00	84.00	88.00	88.00	88.00
Total	<u>397.00</u>	<u>398.00</u>	<u>398.00</u>	<u>395.00</u>	<u>395.00</u>	<u>348.01</u>	<u>330.00</u>	<u>328.00</u>	<u>330.00</u>	<u>334.00</u>

TABLE 16

CITY OF CARSON, CALIFORNIA

Operating Indicators
by Workgroup
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Economic Development</u>										
Housing and Block Grant Division:										
Mobile home rehab grant applications received	75	28	49	38	55	21	35	23	30	29
Mobile home rehab grants (qualified)	51	33	17	24	32	18	23	20	21	20
Mobile home rehab grants (dollar value)	\$255,000	\$140,000	\$85,000	\$115,389	\$137,705	\$85,000	\$172,500	\$125,065	\$166,710	\$157,595
Single family rehab loan applications received	89	60	63	64	35	36	30	35	15	32
Single family rehab loans granted	69	36	16	2	22	13	20	23	8	24
Single family rehab loans granted (dollar value)	\$885,000	\$355,000	\$125,000	\$50,000	\$139,185	\$17,500	\$230,000	\$89,550	\$139,275	\$336,549
Mobile home rent control increases processed	6	9	11	11	13	9	11	7	6	7
Employment Development Division:										
Job applicants processed	N/A	654	1,545	1,274	16,810	18,442	25,232	35,035	35,261	5,883
Summer youth employees hired	100	90	181	100	27	11	13	125	120	95
Business Development Division:										
Business visitations conducted	6	19	25	60	280	140	12	30	250	12
Redevelopment Division:										
Development agreements negotiated	12	10	4	5	17	0	0	2	0	3
<u>Public Services</u>										
Graffiti Abatement Division:										
Service request completed	2,228	2,939	2,321	2,050	1,882	1,412	817	932	869	937
Square feet of graffiti removed by waterblast	93,697	33,620	69,293	43,013	49,996	14,343	26,156	23,243	19,862	21,256
Square feet of graffiti removed by painting over	685,605	572,347	553,654	646,754	291,507	85,768	153,734	178,017	179,445	206,895
Building and Landscape Maintenance Division:										
Service request completed	1,521	1,886	1,712	1,719	1,715	1,672	N/A	1,520	602	498
Vouchers issued	57	56	27	18	0	1	N/A	N/A	1	2

Source: City of Carson
N/A - Not Available

TABLE 17

CITY OF CARSON, CALIFORNIA

Capital Asset Statistics

by Function

Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Services:										
City square miles	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Parks acreage	147.8	147.8	147.8	147.8	147.8	147.8	147.8	147.8	147.8	147.8
Facilities square footage	320,004	320,004	320,004	320,004	320,004	320,004	320,004	320,004	320,004	320,004
Parks	12	12	12	12	12	12	12	12	12	12
Parks - mini	3	3	3	3	3	3	3	3	3	3
Sports Complex	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	4	4	4	4	4	4	4	4
City Hall	1	1	1	1	1	1	1	1	1	1
Corporate yard	1	1	1	1	1	1	1	1	1	1
Public Safety Services Center	1	1	1	1	1	1	1	1	1	1
Gymnasiums	3	3	3	3	3	3	3	3	3	3
Tennis courts	18	18	18	18	18	18	18	18	18	18
Basketball courts	18	18	18	28	28	28	28	28	28	28
Racquetball courts	8	8	8	8	8	8	8	8	8	8
Volleyball courts	2	2	2	4	4	4	4	4	4	4
Snack bars	14	14	14	10	10	10	10	10	10	10
Ornamental fountains	3	3	3	3	3	3	3	3	3	3
Flagpoles	17	17	17	17	17	17	17	17	17	17
Wading pools	7	7	7	5	4	4	4	4	4	4
Parking lots	23	23	23	23	23	23	23	23	23	23

Source: City of Carson
N/A - Not Available.

