CRA/LA, A DESIGNATED LOCAL AUTHORITY

(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles, California)

Financial Statements

For the Fiscal Years Ended June 30, 2015 and 2014

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT

Governing Board of
CRA/LA, A Designated Local Authority
The Successor Agency to The Community Redevelopment Agency of
The City of Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the CRA/LA, A Designated Local Authority (CRA/LA-DLA), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the CRA/LA-DLA'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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the CRA/LA-DLA'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 CRA/LA-DLA'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CRA/LA-DLA as of June 30, 2015 and 2014, and changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 1.R and 1.T to the financial statements, in 2015, CRA/LA-DLA adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement 68. Our opinion is not modified with respect to this matter.

As described in Note 1.R to the financial statements, in 2015, CRA/LA-DLA restated the beginning net position to record certain long-term obligations and other assets related to various agreements with developers. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of CRA/LA-DLA's proportionate share of the net pension liability and related ratios – Miscellaneous Plan, schedule of CRA/LA-DLA's contributions – Miscellaneous Plan, and schedule of other postemployment benefits funding information, as listed in the 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information 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 an opinion on the CRA/LA-DLA's financial statements. As identified in the accompanying table of contents, the other supplementary information including the schedule of third-party indebtedness and the schedules of net position and changes in net position of the Community Redevelopment Financing Authority of the City of Los Angeles (a component unit of CRA/LA-DLA), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of third-party indebtedness and the schedules of net position and changes in net position of the Community Redevelopment Financing Authority of the City of Los Angeles are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of third-party indebtedness and the schedules of net position and changes in net position of the Community Redevelopment Financing Authority of the City of Los Angeles are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 31, 2015, on our consideration of the CRA/LA-DLA's internal control over financial reporting and 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 the 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 CRA/LA-DLA's internal control over financial reporting and compliance.

Simpson & Simpson

Los Angeles, California
December 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Management's Discussion and Analysis

June 30, 2015 and 2014
(Unaudited)

As management of the CRA/LA, A Designated Local Authority (CRA/LA-DLA), Successor Agency to the former Community Redevelopment Agency of the City of Los Angeles (Former Agency), we offer readers of the CRA/LA-DLA's financial statements this narrative overview and analysis of the financial activities of CRA/LA-DLA for the years ended June 30, 2015 and 2014.

FINANCIAL HIGHLIGHTS

On June 29, 2011, Assembly Bill 1X26 (the Dissolution Act) was enacted, which dissolved all California's redevelopment agencies and authorized establishment of successor agencies, other designated local authorities and oversight boards to satisfy enforceable obligations and wind down the affairs of the former redevelopment agencies. Legal challenges were raised and the constitutionality of the Dissolution Act was subsequently upheld on December 29, 2011 by the California Supreme Court. As a result, all redevelopment agencies were dissolved and ceased to operate as legal entities effective February 1, 2012. Pursuant to State Law, and following a decision by the City of Los Angeles (City) to not become the Successor Agency to the Former Agency, the Governor appointed three residents of the County of Los Angeles (County) to serve as the governing board of a Designated Local Authority (CRA/LA-DLA), as confirmed by Resolution No. 001 adopted on February 3, 2012. The matter is disclosed in more detail in note 1-A on page 10.

Pursuant to the Dissolution Act, CRA/LA-DLA is required to prepare a Recognized Obligation Payment Schedule (ROPS) for each six month period of each fiscal year. CRA/LA-DLA is further required to submit its ROPS to its Governing and Oversight Boards for review and approval. Following approval by the Oversight Board, the CRA/LA-DLA is to submit the approved ROPS to the Department of Finance (DOF), State Controller and County Auditor-Controller. Following DOF approval, the Successor Agency may pay only those scheduled amounts listed on the approved ROPS.

The accompanying financial statements presents the financial position and changes in the financial position as of and for the years ended June 30, 2015 and 2014.

- The CRA/LA-DLA's total liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the year ended June 30, 2015 by $440,472,000. The negative financial position is mainly due to outstanding long-term debt which will be eliminated by debt service funded by the Successor Agency's Redevelopment Property Tax Trust Fund administered by the County Auditor-Controller.
- The CRA/LA-DLA's bonded debt and long-term notes payable at June 30, 2015, net of unamortized premiums and discounts on bonds, totaled $624,314,000. (page 26)
- The CRA/LA-DLA's extraordinary items resulting from Redevelopment Agency Dissolution resulted in a loss of $84,850,000. (pages 14 and 15)
- CRA/LA-DLA's restatement of net position is due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* in fiscal year 2015 resulting in cumulative adjustments to the net position by the amount of the net pension liability of $78,891,000 and the inclusion of other long-term obligations and other assets resulted in cumulative adjustments to the net position totaling $5,419,000. (page 15)

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the CRA/LA-DLA's financial statements. The CRA/LA-DLA's financial statements consist of two components: 1) financial statements; and, 2) notes to financial statements. The report also contains required and other supplementary information in addition to the financial statements.

Financial statements. There are two financial statements presented by CRA/LA-DLA. The financial statements can be found on pages 8 and 9 of this report.

The *statements of fiduciary net position* provides a snapshot of the account balances at year end and the net position of CRA/LA-DLA to pay enforceable obligations.

The *statements of changes in fiduciary net position* present information showing the additions to and the deductions from the CRA/LA-DLA's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, additions and deductions are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to financial statements. The notes provide additional information and are essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 10 through 49 of this report.

Required supplemental information. In addition to the financial statements and accompanying notes, this report also presents required supplementary information concerning the funding progress of the employees' pension plan and other postemployment benefits of CRA/LA-DLA on pages 50 through 52 of this report.

Other supplementary information. Included in the other supplementary information are the schedule of third-party indebtedness on page 53 and the financial schedules of the Community Redevelopment Financing Authority of the City of Los Angeles, a blended component unit of CRA/LA-DLA, on pages 54 and 55.

FINANCIAL STATEMENT ANALYSIS

Fiduciary Net position. As of the close of the year ended June 30, 2015, CRA/LA-DLA's liabilities and deferred inflows of resources exceeded its assets and deferred outflows by $440,472,000. The negative net position is primarily caused by the outstanding long-term liabilities of $720,226,000. This is due to the nature of how redevelopment activities were financed. The Former Agency issued tax allocation bonds or incurred other long-term debt to finance a substantial portion of its activities which included public infrastructure, affordable housing, public parking, commercial and retail projects, and community development activities. While the public infrastructure and land financed by bond proceeds were transferred to the City or to developers, the associated debt remains with CRA/LA-DLA. Acknowledged by the Department of Finance as enforceable obligations, the long-term liabilities will be eliminated with the allocation of future revenues from the Successor Agency's Redevelopment Property Tax Trust Fund administered by the County Auditor-Controller.

The negative net position of $440,472,000 at June 30, 2015, declined $142,957,000 when compared to the negative net position of $297,515,000 at June 30, 2014. The decline in net position is mainly due to the transfers of additional housing and non-housing assets and available unspent excess bond proceeds totaling $84,850,000, the cumulative effect resulting from the adoption of GASB Statement No. 68 and No. 71, $78,891,000 and the inclusion of other long-term obligations and other assets, $5,419,000.

The following table summarizes the CRA/LA-DLA's net position (dollars in thousands):

CRA/LA-DLA's Fiduciary Net Position

	2015	2014
Assets		
Current and other assets	$ 146,903	$ 215,826
Restricted assets	77,161	122,784
Property held for resale, future development, and government use	116,784	87,644
Capital assets, net of accumulated depreciation and amortization	3,126	55,559
Total assets	343,974	481,813
Deferred outflows of resources	7,569	632
Liabilities		
Current and other liabilities	54,634	79,018
Long-term liabilities, net of unamortized premium and discount on bonds	720,226	658,098
Total liabilities	774,860	737,116
Deferred inflows of resources	17,155	42,844
Total net position	$(440,472)	$(297,515)

Changes in fiduciary net position. Total additions of $120,474,000 for the year ended June 30, 2015 decreased $2,174,000 when compared to total additions of $122,648,000 for the year ended June 30, 2014. Decrease in total additions is due primarily to decrease in redevelopment property tax revenues of $2,791,000. The decrease in redevelopment property tax revenues is a result of the decrease in outstanding obligations on the approved Recognized Obligation Payment Schedules for fiscal year 2015.

Total deductions of $94,271,000 for the year ended June 30, 2015 decreased $9,760,000 when compared to total deductions of $104,031,000 for the year ended June 30, 2014. This decline is primarily due to the decrease in litigation, claims, and settlements of $18,252,000 offset by an increase in program delivery expense of $9,112,000.

The extraordinary items in the amount of $84,850,000 for the year ended June 30, 2015 represent transfers of additional non-housing assets of $89,231,000 and an adjustment to unspent housing bond proceeds of $4,381,000 previously recorded.

The following table provides a summary of the CRA/LA-DLA's additions and deductions (dollars in thousands):

CRA/LA-DLA's Changes in Fiduciary Net Position

	2015	2014
Additions:		
Redevelopment property tax revenues	$ 106,243	$103,452
Parking receipts	5,328	5,035
Court settlement	-	3,956
Rental income	5,387	4,298
Other additions	3,516	5,907
Total additions	120,474	122,648
Deductions:		
Program delivery expense	43,750	34,638
Administrative expense	9,885	11,242
Litigation, claims, and settlements	778	19,030
Pension expense	2,739	744
Interest expense	35,549	35,740
Depreciation and amortization	1,570	2,637
Total deductions	94,271	104,031
Extraordinary items resulting from Redevelopment Agency Dissolution	(84,850)	(48,028)
Change in net assets	(58,647)	(29,411)
Net position, beginning of year, as previously reported	(297,515)	(261,476)
Cumulative effect resulting from:		
Adoption of GASB Statement No. 65	-	(6,628)
Adoption of GASB Statement No. 68	(78,891)	-
Inclusion of other long-term obligations and other assets	(5,419)	-
Net position, beginning of year, as restated	(381,825)	(268,104)
Ending net position (deficit)	$ (440,472)	$ (297,515)

CAPITAL ASSETS

The CRA/LA-DLA's capital assets net of accumulated depreciation and amortization at June 30, 2015 totaled $3,126,000. The CRA/LA-DLA's capital assets include building and improvements, and equipment.

Following DOF's approval of the Long Range Property Management Plan (LRPMP) on October 7, 2014, certain properties on the approved LRPMP with the book value of 48,078,000 previously reported under capital assets were reclassified to property held for resale, future development, and government use.

Additional information on the CRA/LA-DLA's capital assets can be found in note 2-C on page 22 of this report.

DEBT ADMINISTRATION

At June 30, 2015, the CRA/LA-DLA's long-term debt of $624,314,000, net of unamortized bond premium and discount is summarized as follows (dollars in thousands):

CRA/LA-DLA's Long-Term Debt

Bonds payable	$ 583,736
Notes payable	34,245
Payable to the City	6,333
Total	$ 624,314

As of June 30, 2015, CRA/LA-DLA had 57 tax allocation bonds and one parking revenue bond outstanding, totaling $583,736,000, net of unamortized bond premiums and discounts of $28,661,000. Of the 58 bond issues, 20 are insured. This equates to 72.36 percent of the original principal amount of bonds having been issued with insurance. Investors in insured CRA/LA-DLA bonds are encouraged to contact their respective investment advisor to obtain the latest rating(s) on their insured bonds. The remaining bonds are uninsured and have investment grade ratings.

During fiscal year 2015, CRA/LA-DLA participated in the County's 2014 refunding bond pool, which included two CRA/LA-DLA's tax allocation refunding bonds totaling $171,080,000. The total cash flow saving and economic gain resulted from the refunding amounted to $55,107,000 and $32,886,000, respectively.

Additional information on the CRA/LA-DLA's long-term liabilities can be found in note 2-E, 2-F, and 2-G on pages 24 through 32 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the CRA/LA-DLA's finances for all those with an interest in such information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Executive Officer, CRA/LA, A Designated Local Authority, 448 S. Hill Street, Suite 1200, Los Angeles, California 90013.

CRA/LA-DLA's website can be found at www.crala.org.

FINANCIAL STATEMENTS

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to The Community Redevelopment Agency of the City of Los Angeles)

Statements of Fiduciary Net Position

June 30, 2015 and 2014
(In Thousands)

	2015	2014
ASSETS		
Cash and cash equivalents	$ 106,878	$ 189,390
Receivables:		
Grants	18	326
Other, net of uncollectibles of $188 and $196 for 2015 and 2014 respectively	1,086	2,209
Loans receivable, net of allowance for market value write-downs and uncollectibles of $46,064 and $58,683 for 2015 and 2014 respectively	8,423	12,950
Restricted assets	77,161	122,784
Prepaid bond insurance	5,090	6,944
Property held for resale, future development, and government use	116,784	87,644
Capital assets, net of accumulated depreciation and amortization of $25,957 and $32,661 for 2015 and 2014 respectively		
Land	-	33,726
Building and improvements	2,866	21,115
Equipment and leasehold improvements	260	718
Other assets	25,408	4,007
Total assets	343,974	481,813
DEFERRED OUTFLOWS ON RESOURCES		
Deferred loss on refunding, net of accumulated amortization	880	632
Deferred amounts on pension plans	6,689	-
Total Deferred Outflows on Resources	7,569	632
LIABILITIES		
Accounts payable and accrued liabilities	1,596	7,840
Interest payable	17,098	15,184
Unearned revenue	351	329
Deposits and other liabilities	35,589	55,665
Noncurrent liabilities:		
Due within one year	29,504	31,346
Due in more than one year	690,722	626,752
Total liabilities	774,860	737,116
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding, net of accumulated amortization	1,879	-
Deferred amounts on pension plans	15,276	-
Deferred amounts from advanced receipt of property tax revenue	-	42,844
DEFERRED INFLOWS OF RESOURCES	17,155	42,844
NET POSITION		
Net position held in trust	$ (440,472)	$ (297,515)

See accompanying notes to financial statements.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to The Community Redevelopment Agency of the City of Los Angeles)

Statements of Changes in Fiduciary Net Position

For the Years Ended June 30, 2015 and 2014
(In Thousands)

	2015	2014
ADDITIONS		
Redevelopment property tax revenue	$ 106,243	$ 103,452
Parking receipts	5,328	5,035
Rental income	5,387	4,298
Court settlement	-	3,956
Interest	1,995	1,176
Other	1,521	4,731
Total additions	120,474	122,648
DEDUCTIONS		
Program delivery expense	43,750	34,638
Administrative expense	9,885	11,242
Litigation, claims, and settlements	778	19,030
Pension expense	2,739	744
Interest expense	35,549	35,740
Depreciation and amortization	1,570	2,637
Total deductions	94,271	104,031
Extraordinary items resulting from Redevelopment Agency Dissolution	(84,850)	(48,028)
Change in net position	(58,647)	(29,411)
NET POSITION		
Beginning net position, beginning of year	(297,515)	(261,476)
Cummulative effect resulting from:		
Adoption of GASB Statement No. 65	-	(6,628)
Adoption of GASB Statement No. 68	(78,891)	-
Inclusion of other long-term obligations and other assets	(5,419)	-
Net position, beginning of year, as restated	(381,825)	(268,104)
Ending net position (deficit)	$ (440,472)	$ (297,515)

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the CRA/LA, A Designated Local Authority (CRA/LA-DLA) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The significant accounting principles and policies utilized by the CRA/LA-DLA are described below.

A. Reporting Entity

The Former Agency was established in 1948 for the purpose of eliminating blight and promoting economic revitalization within designated project areas of the City of Los Angeles. Over the years, the Former Agency was active in implementing housing programs, business incentive programs, commercial improvement programs, planning and development of projects, capital improvement projects, and property acquisition in the Project Areas.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (the Dissolution Act) that provides for the dissolution of all redevelopment agencies in the State of California. In accordance with the timeline set forth in AB 1X26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012.

The Dissolution Act provides that upon dissolution of a redevelopment agency, either the city or another unit of local government may agree to serve as the Successor Agency to hold the former agency's assets until they are monetized and/or distributed to affected taxing entities. On January 11, 2012, the City of Los Angeles (City) elected not to become the Successor Agency to The Community Redevelopment Agency of the City of Los Angeles, as part of City Council File 12-0049. Subsequently, and as authorized by State Law, Governor Brown appointed three County of Los Angeles (County) residents to serve as the Governing Board of a Designated Local Authority (CRA/LA-DLA), as confirmed by Resolution No. 001 adopted on February 3, 2012. On February 1, 2012, net assets of the Former Agency in the amount of $97,391,000 were transferred to the newly formed CRA/LA-DLA.

The Dissolution Act requires the Successor Agency to expeditiously wind down the affairs of the Former Agency with authority limited to the extent required to implement an orderly wind down of Former Agency activities. In this regard, CRA/LA-DLA is required to prepare a Recognized Obligation Payment Schedule (ROPS) for each six month period of each fiscal year. CRA/LA-DLA is further required to submit its ROPS to its Governing Board and Oversight Board for review and approval. Following approval by the Oversight Board, CRA/LA-DLA is to submit the approved ROPS to the Department of Finance (DOF), State Controller and County Auditor-Controller (County AC). Following DOF approval, only those scheduled amounts listed on the approved ROPS may be paid.

As part of the FY2012-13 state budget, the Governor signed into law AB 1484 on June 27, 2012, amending the Dissolution Act. AB 1484's purpose is to make technical and substantive amendments to the Dissolution Act based on experience to date at the state and local level.

On September 22, 2015, the Governor signed Senate Bill 107 (SB 107), further amending the Dissolution Act by creating additional requirements and deadlines for the dissolution of former redevelopment agencies. Among other items, SB 107 provides for an annual ROPS beginning with ROPS 16-17. Eligible successor agencies are also authorized to request approval of a last and final ROPS.

CRFA, Blended Component Unit

On June 5, 1992, and based on a joint powers agreement, the Former Agency and the Former Agency's Industrial Development Authority created the Community Redevelopment Financing Authority (CRFA) for the purpose of issuing one or more pooled bond issues and other financings. By issuing bonds on a pooled basis, issuance costs can be reduced significantly, making previously uneconomic bond financings and refinancings feasible.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The CRFA is an entity legally separate from CRA/LA-DLA but is governed by the same board members and officers as that of CRA/LA-DLA. For financial reporting purposes, the CRFA is blended into the CRA/LA-DLA's basic financial statements as if it were part of the CRA/LA-DLA's operations, because its sole purpose was to provide pooled bond financing benefitting for the Former Agency.

B. Basis of Accounting and Financial Statement Presentation

The CRA/LA-DLA's accounts are organized in a private-purpose trust fund, which is used to account for the assets, deferred outflows of resources, liabilities, deferred inflows of resources, additions and deductions for payments of enforceable obligations of the CRA/LA-DLA until all such obligations are paid in full and assets have been liquidated.

The financial statements are reported using 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. Grants and similar non-exchange transactions are recognized as revenues as soon as all eligibility requirements are met.

C. Cash and Investments

Cash includes deposits maintained with various banks within redevelopment project areas while cash equivalents represent investments with original maturities of 90 days or less.

Money market investments that have a remaining maturity of one year or less at the time of purchase, including those shown as restricted assets (note 1-E) are carried at amortized cost, provided that the fair value is not significantly affected by the impairment of the credit standing of the issuer or other factors. Other investments are reported at fair value.

D. Loans Receivable

To facilitate the redevelopment process, the Former Agency made loans to developers at below-market interest rates primarily for the rehabilitation and development of low and moderate-income housing and the development of commercial properties. Since these loans were generated to assist various redevelopment project areas, repayment terms are structured to meet requirements established by the Former Agency and the specific project area. Repayment terms on these loans can be classified in the following categories:

- Amortizing loans – loans requiring monthly payments designed to payoff both the principal and interest over a specified period, usually 15-20 years. Included in this category are partially amortizing loans and interest only payment loans requiring balloon payments at maturity date.

- Deferred loans – loans requiring repayments only on the earlier of loan due date or when the mortgaged properties are sold or refinanced.

- Residual receipts loans – loans requiring repayments only when the project or mortgaged properties have positive cash flows pursuant to a formula set forth in the specific loan agreement.

In the financial statements, loans receivable are reported net of allowance for market value write-downs and uncollectibles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Restricted Assets

Restricted assets consist primarily of investments maintained by the bond fiscal agents and trustees, under provisions of the respective bond indentures/trust agreements/fiscal agent agreements/loan agreements, which are considered as pledged collateral for payment of principal and interest on the associated tax allocation and parking revenue bond obligations.

F. Property Held for Resale, Future Development, and Government Use

As part of its redevelopment activities, the Former Agency acquired land for eventual disposition to developers of housing or commercial projects, often conveyed on the reuse value of the land. These properties will be held until resold and/or conveyed for development. On October 7, 2014, DOF approved the Long Range Property Management Plan (LRPMP) which specifies the disposition of various CRA/LA-DLA properties. Separately, DOF approved the transfer of Government Use assets to the City (page 14). The CRA/LA-DLA is implementing the liquidation of its land inventory pursuant to Governing and Oversight Board approvals and consistent with DOF-approved disposition plans.

G. Capital Assets

Assets purchased or acquired with original costs of $150 or more and estimated useful life of more than one year are capitalized at historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of capital assets other than land is provided using the straight-line method over the following estimated useful lives:

Capital Assets	Years
Building and improvements	30 to 40
Vehicles	5
Office equipment	5
Computer software	5
Computer hardware	3

H. Deferred Outflows and Inflows of Resources

The statements of fiduciary net position report a separate section for deferred outflows and inflows of resources. Deferred outflows and inflows of resources represents resources that apply to future periods and therefore not recognized as an outflow and/or inflows of resources until then. Deferred charges on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price are amortized over the shorter of the life of the refunded or refunding debt and reported as deferred outflows and/or inflows of resources. Certain pension liability activities including employer contributions and the net change in the pension liability are reported as deferred outflows and/or inflows of resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences

CRA/LA-DLA employees accumulate vacation pay in varying amounts as services are provided. All outstanding vacation time is payable upon termination of employment. CRA/LA-DLA employees also accumulate sick leave hours with full pay at the rate of 96 hours per fiscal year to a maximum of 800 hours. CRA/LA-DLA pays employees for sick leave as it is used and is not obligated to pay sick leave upon termination of employment.

However, CRA/LA-DLA pays 50 percent of the accumulated sick leave in excess of 800 hours as of the end of any fiscal year to active employees. Upon retirement, an employee can elect to be paid 50 percent of the available sick leave or convert their unused sick leave to CalPERS service credits.

J. Pollution Remediation

Brownfields (abandoned, under-utilized, and/or blighted properties likely impacted by environmental contamination) exist throughout redevelopment project areas in the City. The Former Agency acquired various brownfields sites which it planned to transform into usable properties that contribute to the economic and/or cultural foundation of the project areas.

Under the provisions of GASB Statement No. 49, CRA/LA-DLA will capitalize the cleanup costs of those brownfields sites it owns and has a legal obligation to cleanup based on a contract, court order, or regulatory order net of any cost recovery. Those cleanup costs will be capitalized when they are incurred rather than recorded as expenses and related liabilities potentially in earlier periods. Only those outlays that are expected to exceed the capitalization limit would be accrued as a liability. Pursuant to SB107, adopted on September 22, 2015, funding of environmental remediation is prohibited. (page 49)

K. Long-term Obligations

Long-term debt and other long-term obligations are reported as non-current liabilities in the financial statements. Bond premiums and/or discounts are deferred and amortized over the life of the bonds as interest expense. Bonds payable are reported net of the applicable unamortized bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

L. Unearned Revenue

Unearned revenue represents resources that have been received, but not yet earned.

M. Construction Disbursements Payable

CRA/LA-DLA uses a Construction Disbursements Payable (CDP) account to handle “escrow-like” functions previously performed by private escrow companies. The CDP account enhances control over construction disbursements and allows CRA/LA-DLA to benefit from interest earnings for monies held in the account.

Through the CDP account, CRA/LA-DLA provides a disbursement service for borrowers and grantees. Monies deposited to this account are considered loans receivable in the statements of fiduciary net position. Interest earnings from the CDP account are returned to the original funding source, unless otherwise specified.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Property Tax Revenues

Pursuant to the Dissolution Act, and following DOF approval, the County Auditor-Controller is required to biannually remit to CRA/LA-DLA property taxes deposited into the Successor Agency's Redevelopment Property Tax Trust Fund (RPTTF) to pay for enforceable obligations and/or its administrative allowance as scheduled on the ROPS. Deferred inflows of resources are reported when property taxes are received before the period when resources are required to be used or when use is first permitted.

O. Net Position

Net position is the residual of all other amounts presented in the statements of fiduciary net position.

P. Extraordinary Items

Extraordinary items are both unusual in nature and infrequent in occurrence. The dissolution of all redevelopment agencies in the State of California qualifies as an extraordinary item since this state-wide dissolution was both unusual and infrequent.

On January 25, 2012, the City, acting by and through its Housing Department (LAHD), elected to retain the housing assets and functions previously performed by the Former Agency. Pursuant to Health and Safety Code (HSC) Section 34176 (a) (2), the Housing Asset Transfer Schedule (HATS) prepared by CRA/LA-DLA staff was submitted by LAHD to DOF on August 1, 2012. Following multiple reviews and modifications, DOF issued its final determination letter on March 27, 2013, granting approval of certain housing assets listed on the HATS. The HATS was negotiated between CRA/LA-DLA and the City, which provided for the transfer of housing assets approved by DOF. Effective May 1, 2013, the CRA/LA-DLA's housing assets including loans receivable, land held for redevelopment, and land inventory, and functions were transferred and assumed by LAHD, the Housing Successor Agency resulting in a net extraordinary loss of $76,977,000 which was recognized in fiscal year 2013. Additional housing assets were transferred to the Housing Successor during fiscal year 2014 resulting in an extraordinary loss of $44,715,000. Also during fiscal year 2014, all outstanding Commercial and Industrial Earthquake Recovery Program loans (CIERLP) were transferred to the City resulting in an extraordinary loss of $3,313,000.

On November 13, 2014, CRA/LA-DLA and the City executed a Bond Expenditure Agreement transferring excess non-housing bond proceeds resulting in an extraordinary loss of $84,072,000. On March 12, 2015, CRA/LA-DLA and the Housing Successor executed a Bond Expenditure Agreement transferring excess housing bond proceeds of $12,827,000. The excess housing bond proceeds listed on the HATS in the amount of $17,207,000 was recognized as a loss in fiscal year 2013. The HATS amount included $4,381,000 from inactive bonds that was not eligible for transfer, and therefore, adjusted in fiscal year 2015. Additionally, DOF approved the transfer of certain parcels identified as Government Use assets to the City during fiscal year 2015 resulting in an extraordinary loss of $5,159,000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The components of the extraordinary loss recognized at June 30, 2015 are as follows (in thousands):

Transfers of assets to the City -	
Land	$ (5,159)
Unspent non-housing bond proceeds	(84,072)
Total transfers of assets to the City	(89,231)
Transfers of assets to the City/Housing Successor -	
Adjustment to unspent housing bond proceeds previously recorded	4,381
Total transfers of assets to the Housing Successor	4,381
Total extraordinary loss	$ (84,850)

Q. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Actual results could differ from the estimates.

R. Restatement of Net Position

During fiscal year 2015, CRA/LA-DLA implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68,* which requires CRA/LA-DLA to record its proportionate share of the defined benefit obligation for pensions provided under California Employees Retirement System (CalPERS). Restatement of the amounts of pension expense, deferred inflows of resources, and deferred outflows of resources for the prior period presented is not practical due to the unavailability of information from the pension plans; therefore, the provisions of GASB Statements No. 68 and 71 were not applied to the prior period. The cumulative effect of applying the provisions of GASB Statements No. 68 and 71 has been reported as a restatement of beginning net position for the year ended June 30, 2015, in accordance with the Statements. The cumulative effect of this adjustment to net position is $78,891,000 and comprises the addition of the net position liability of $79,635,000 and deferred outflows of resources in the amount of $744,000.

Additionally, long-term obligations in the amount of $27,419,000 related to various agreements with developers funded by project site-specific and area-wide tax increment revenues should be recorded as long-term liabilities (note 2-E, Other Long-term Obligations). This amount is offset by $22,000,000 that was paid to the Broad Collection as a deposit for an option to purchase the Garage and Public Plaza upon completion, and therefore, should be recorded as other assets (note 3-H, The Broad Collection). The cumulative effect of this adjustment to net position is $5,419,000.

S. Reclassifications

Certain reclassifications have been made in the 2014 financial statements in order to conform to the current year presentation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Recent GASB Pronouncements

Pronouncements adopted by CRA/LA-DLA in fiscal year 2015:

1. *GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27.* Issued in June 2012, this statement replaces previously issued statements related to governments that provide pensions through pensions plans administered as trusts or similar arrangements that meet certain criteria. It requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability. Governments will report a net pension liability that represents the difference between the total pension liability and the pension assets set aside in a trust. It also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used in calculating the pension liability. This statement is effective for financial statements for fiscal years beginning after June 15, 2014.

   CRA/LA-DLA adopted GASB Statement No. 68 in fiscal year 2015. CRA/LA-DLA did not consider it practical to restate the financial statements for all periods presented. The implementation of GASB Statement No. 68 resulted in cumulative adjustments to the beginning net position for the year ended June 30, 2015. (note 1-R)

2. *GASB Statement No. 69 – Government Combinations and Disposals of Governing Operations*. Issued in January 2013, this statement provides guidance on determining whether a government combination is a merger, acquisition or transfer of operations. Carrying values is required to use for measuring the assets and liability in a government merger. Conversely, measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values in a government acquisition. This statement also provides guidance on reporting on disposal of operations in a transfer of sale. This statement is effective for financial statements for fiscal years beginning after December 15, 2013. In Fiscal Year 2015, CRA/LA-DLA adopted GASB Statement No. 69. The adoption of this statement has no impact on CRA/LA-DLA's net position as of July 1, 2014.

3. *GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68,* which resolves transition issues in GASB 68. This statement eliminates a potential source if understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement No. 68. This statement requires that when a state or local government is transitioning to the new pension standards, that it recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation.

   CRA/LA-DLA adopted GASB Statement No. 71 in fiscal year 2015. CRA/LA-DLA did not consider it practical to restate the financial statements for all periods presented. The implementation of GASB Statement No. 71 resulted in cumulative adjustments to the beginning net position for the year ended June 30, 2015. (note 1-R)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Pronouncements effective in future periods:

1. *GASB Statement No.72 – Fair Value Measurement and Application*. Issued in February 2015, this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This statement will be effective beginning fiscal year 2016. CRA/LA- DLA has not completed the process of evaluating the impact of GASB Statement No. 72 on its financial statements.

2. *GASB Statement No.73 – Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Issued in June 2015, this Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This statement will be effective beginning fiscal year 2016. CRA/LA- DLA has not completed the process of evaluating the impact of GASB Statement No. 73 on its financial statements.

3. *GASB Statement No.74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* Issued in June 2015, this Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB), as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This statement will be effective beginning fiscal year 2017. CRA/LA-DLA has determined that this statement is not applicable to CRA/LA-DLA.

4. *GASB Statement No.75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* Issued in June 2015, this Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This statement will be effective beginning fiscal year 2018. CRA/LA- DLA has not completed the process of evaluating the impact of GASB Statement No. 75 on its financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. *GASB Statement No.76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* Issued in June 2015, this Statement improves financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. This statement will be effective beginning fiscal year 2016. CRA/LA- DLA has not completed the process of evaluating the impact of GASB Statement No. 76 on its financial statements.

6. *GASB Statement No.77 – Tax Abatement Disclosures.* Issued in August 2015, this Statement improves financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. This statement will be effective beginning fiscal year 2017. CRA/LA- DLA has not completed the process of evaluating the impact of GASB Statement No. 77 on its financial statements.

7. *GASB Statement No.78 – Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans.* Issued in December 2015, this Statement addresses a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multi-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of Statement No. 68. Statement No. 78 amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local government employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individual or collectively with other state or local governmental employers that provide pensions through the pension plan). This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. CRA/LA- DLA has not completed the process of evaluating the impact of GASB Statement No. 78 on its financial statements.

NOTE 2 - DETAILED NOTES

A. Cash, Cash Equivalents, and Investments

Cash

Cash consists of cash deposits maintained with various banks. At June 30, 2015 and 2014, the carrying amount of the CRA/LA-DLA's cash deposits totaled $106,878,000 and $253,772,000, respectively; while the bank balances totaled $108,389,000 and $262,470,000, respectively. The difference of $1,511,000 and $8,698,000, respectively, at June 30, 2015 and 2014 are primarily due to outstanding checks and other reconciling items. Of the total bank balances at June 30, 2015 and 2014, $834,000 and $3,323,000, respectively, were covered by the Federal Deposit Insurance Corporation and $107,555,000 and $259,147,000, respectively, were fully collateralized as required by State law and reported to the State Administrator of Local Agency Security to ensure the safety of public deposits.

Under the California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of those deposits. The collateral must be held at the pledging bank’s trust department or another bank, acting as the pledging bank’s agent, in the CRA/LA-DLA’s name.

Investments

At June 30, 2015 and 2014, restricted investments, shown as restricted assets consisted primarily of investments maintained with bond fiscal agents and trustees, which are considered as pledged collateral for payment of principal and interest on the CRA/LA-DLA’s tax allocation bond obligations. Also included in this category were investments held by the trustee for the Cinerama Dome public parking project.

At June 30, 2015 and 2014, cash and investments are reflected in the statements of fiduciary net position with carrying values as follows (dollars in thousands):

	June 30, 2015			June 30, 2014		
	Deposits	Investments	Total	Deposits	Investments	Total
Cash	$ 106,878	$ -	$ 106,878	$ 189,390	$ -	$ 189,390
Restricted assets	-	77,161	77,161	64,382	58,402	122,784
Total	$ 106,878	$ 77,161	$ 184,039	$ 253,772	$ 58,402	$ 312,174

NOTE 2 - DETAILED NOTES (continued)

CRA/LA-DLA's investments at June 30, 2015 and 2014 consisted of the following investment types (dollars in thousands):

At June 30, 2015:

Investment Type	Amortized Costs	Fair Value	Weighted Average Maturity (Years)
Investments held by fiscal agent or trustee:			
Treasury securities	$ 26,180	$ 26,180	0.120
Money market funds	47,771	47,771	0.003
Repurchase agreement	3,210	3,210	17.016
Total investments held by fiscal agent or trustee	$ 77,161	$ 77,161	

At June 30, 2014:

Investment Type	Amortized Costs	Fair Value	Weighted Average Maturity (Years)
Investments held by fiscal agent or trustee:			
Treasury securities	$ 22,094	$ 22,094	0.068
Money market funds	33,200	33,200	0.003
Repurchase agreement	3,108	3,108	18.016
Total investments held by fiscal agent or trustee	$ 58,402	$ 58,402	

The CRA/LA-DLA's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would exercise in the management of their own affairs, not for speculation, but for investment considering the general economic conditions and the anticipated needs of CRA/LA-DLA. The core objective is to minimize the interest rate risk and credit risk of each investment.

Interest rate risk. In accordance with the CRA/LA-DLA's investment policy, CRA/LA-DLA manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to not more than two years, excluding investments held by a trustee, fiscal agent, or escrow bank in connection with a CRA/LA-DLA bond or note.

Credit rate risk. Investments held by a fiscal agent or trustee are invested in accordance with the respective CRA/LA-DLA's bond indenture or similar agreement, and the credit rating of the authorized investments are limited. These bond indenture agreements authorize investments in money market funds having a rating in the highest investment category by Standard & Poor's and/or Moody's. At June 30, 2015 and 2014, the CRA/LA-DLA's investments in money market funds at amortized costs of $47,771,000 and $33,200,000, respectively, for both years, were rated in the highest categories of Standard & Poor's "A-1+" and Moody's "P-1".

NOTE 2 - DETAILED NOTES (continued)

B. Loans Receivable

A schedule of loans receivable at June 30, 2015 and 2014 including allowance for market value write-downs and uncollectibles is as follows (dollars in thousands):

At June 30, 2015:

	Principal Balance			
	Amortizing	Deferred	Residual Receipts	Total
Outstanding at July 1, 2014	$ 2,414	$ 44,992	$ 24,227	$ 71,633
Transfer to Housing Successor	-	-	(8,198)	(8,198)
Additions:				
New funding	-	246	-	246
Reductions:				
Principal repayments	(95)	-	(5,314)	(5,409)
Others *	(326)	(3,459)	-	(3,785)
Outstanding at June 30, 2015	1,993	41,779	10,715	54,487
Less allowance for market value write-downs and uncollectibles	(9)	(40,246)	(5,809)	(46,064)
Balance at June 30, 2015	$ 1,984	$ 1,533	$ 4,906	$ 8,423

* Included in these amounts are loan amendments and service repayments on forgivable loans.

At June 30, 2014:

	Principal Balance			
	Amortizing	Deferred	Residual Receipts	Total
Outstanding at July 1, 2013	$ 10,174	$ 54,951	$ 33,553	$ 98,678
Transfer to Housing Successor	(6,377)	(8,119)	(11,950)	(26,446)
Additions:				
New funding	-	865	6,869	7,734
Reductions:				
Principal repayments	(1,159)	-	(796)	(1,955)
Others *	(224)	(2,705)	(3,449)	(6,378)
Outstanding at June 30, 2014	2,414	44,992	24,227	71,633
Less allowance for market value write-downs and uncollectibles	(11)	(44,458)	(14,214)	(58,683)
Balance at June 30, 2014	$ 2,403	$ 534	$ 10,013	$ 12,950

* Included in these amounts are loan amendments and service repayments on forgivable loans.

NOTE 2 - DETAILED NOTES (continued)

C. Capital Assets

Changes in capital assets for the year ended June 30, 2015 and 2014 were as follows (dollars in thousands):

At June 30, 2015:

Description	Balance June 30, 2014	Others*	Dispositions/ Adjustments	Depreciation/ Amortization	Balance June 30, 2015
Capital assets, not being depreciated:					
Land	$ 33,726	$ (32,852)	$ (874)	$ -	$ -
Capital assets, being depreciated:					
Building and improvements	41,360	(25,534)	-	-	15,826
Less accumulated depreciation/ amortization	(20,245)	8,397	-	(1,112)	(12,960)
Net building and improvements	21,115	(17,137)	-	(1,112)	2,866
Equipment and leasehold improvements	13,134	-	123	-	13,257
Less accumulated depreciation/ amortization	(12,416)	-	(123)	(458)	(12,997)
Net equipment and leasehold improvements	718	-	-	(458)	260
Net capital assets, being depreciated	21,833	-	-	(1,570)	3,126
Net capital assets	$ 55,559	$ (49,989)	$ (874)	$ (1,570)	$ 3,126

* Amount represents transfer of properties to the City totaling $1,911,000 and reclassification of $48,078,000 from land and building and improvements to properties held for resale, future development, and government use.

At June 30, 2014:

Description	Balance June 30, 2013	Others**	Dispositions/ Adjustments	Depreciation/ Amortization	Balance June 30, 2014
Capital assets, not being depreciated:					
Land	$ 53,368	$ (19,581)	$ (61)	$ -	$ 33,726
Capital assets, being depreciated:					
Building and improvements	41,360	-	-	-	41,360
Less accumulated depreciation/ amortization	(19,131)	-	-	(1,114)	(20,245)
Net building and improvements	22,229	-	-	(1,114)	21,115
Equipment and leasehold improvements	26,096	-	(12,962)	-	13,134
Less accumulated depreciation/ amortization	(20,007)	-	9,114	(1,523)	(12,416)
Net equipment and leasehold improvements	6,089	-	(3,848)	(1,523)	718
Net capital assets, being depreciated	28,318	-	(3,848)	(2,637)	21,833
Net capital assets	$ 81,686	$ (19,581)	$ (3,909)	$ (2,637)	$ 55,559

** Amount represents transfer of properties to the City.

NOTE 2 - DETAILED NOTES (continued)

D. CRFA Bonds

The following table summarizes the CRFA bond transactions for the fiscal years ended June 30, 2015 and 2014 (dollars in thousands):

Balance, July 1, 2013	$ 342,420
Retirement, various pooled financing bond issues	(20,145)
Balance, July 1, 2014	322,275
Retirement, various pooled financing bond issues	(211,365)
Balance, June 30, 2015	$ 110,910

CRFA bonds outstanding at June 30, 2015 and 2014 were as follows (dollars in thousands):

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	2015 Balance Outstanding	2014 Balance Outstanding
Pooled bonds:						
Pooled Financing Bonds, Series B	8/1/1992	9/1/2014	5.00% - 6.625%	$ 5,820	$ -	$ 155
Pooled Financing Refunding Bonds, Series E	8/1/1998	9/1/2014	3.60% - 5.00%	21,805	-	1,740
Pooled Financing Refunding Bonds, Series F	8/1/1998	9/1/2014	4.05% - 5.00%	12,820	-	1,100
Pooled Financing Bonds, Series H (taxable)	6/15/2002	9/1/2032	8.25% - 9.75%	9,765	2,690	2,745
Pooled Financing Bonds, Series I (taxable)	6/1/2003	9/1/2019	2.625%-5.50%	14,890	5,985	7,000
Pooled Financing Bonds, Series J (taxable)	9/17/2003	9/1/2033	2.00% - 5.00%	17,970	14,665	15,045
Pooled Financing Bonds, Series J	9/17/2003	9/1/2033	2.00% - 5.00%	4,500	3,470	3,580
Pooled Financing Bonds, Series K (taxable)	9/17/2003	9/1/2033	6.98% - 9.38%	4,645	3,905	3,995
Pooled Financing Bonds, Series L (taxable)	6/28/2006	9/1/2026	5.74% - 6.15%	32,000	23,540	24,860
Pooled Financing Bonds, Series M (taxable)	6/29/2006	9/1/2036	6.10% - 6.70%	34,500	30,780	31,405
Pooled Financing Bonds, Series N	6/28/2006	9/1/2026	3.50% - 5.25%	8,000	5,705	6,040
Pooled Financing Bonds, Series O (taxable)	6/28/2007	9/1/2037	5.94% - 6.66%	8,000	7,005	7,185
Pooled Financing Bonds, Series P (taxable)	6/26/2008	9/1/2038	8.00%	14,250	13,165	13,400
Revenue bonds:						
Bunker Hill Project Revenue Bonds, Series 2004A	5/19/2004	12/1/2028	3.00% - 5.50%	181,510	-	174,105
Bunker Hill Project Revenue Bonds, Series 2004B	5/19/2004	12/1/2017	1.49% - 5.83%	87,550	-	29,920
Total CRFA bonds					$ 110,910	$ 322,275

The source of all payments of outstanding principal and interest on the CRFA pooled financing bonds consists of debt service payments on underlying tax allocation bonds and notes issued by the respective redevelopment project areas.

The CRFA revenue bonds are payable exclusively from the revenues, principally comprised of payments to be made on the Bunker Hill Tax Allocation Refunding Bonds, Series H and Bunker Hill Tax Allocation Refunding Bonds, Series K, and other funds as provided in the CRFA Indenture.

NOTE 2 - DETAILED NOTES (continued)

As a blended component unit, CRFA's activities for financial reporting purposes are blended into the CRA/LA-DLA's financial statements. Hence, in the accompanying statements of fiduciary net position as of June 30, 2015 and 2014, the $110,910,000 and $322,275,000, respectively, receivable/payable between CRFA and CRA/LA-DLA is eliminated.

E. Long-Term Debt

New Debt Issues

Bonds Payable, Bunker Hill Refunding

On July 8, 2014 and July 30, 2014, the Governing and Oversight Boards, respectively, approved CRA/LA-DLA's participation in the County's 2014 refunding bond pool. In late October 2014, the County successfully closed the refunding bonds which included the following CRA/LA-DLA's tax allocation refunding bonds:

1) Bunker Hill Series M (tax-exempt) tax allocation refunding bonds in the aggregate principal amount of $148,640,000 at interest rates ranging from 2.00 percent to 5.25 percent.

2) Bunker Hill Series N (taxable) tax allocation refunding bonds in the aggregate principal amount of $22,440,000 at interest rates ranging from 0.48 percent to 1.50 percent.

Proceeds from these two transactions were used to refund a portion of the Bunker Hill Series H, Bunker Hill Revenue Bonds Series 2004A&B, and Bunker Hill Subordinate Lien Series 2004L, to fund a deposit to the reserve fund for the bonds, and to pay the costs of issuing the bonds.

Notes Payable, Vermont Mixed Use Project

The Vermont Mixed-Use Project consists of new construction of 464 multi-family market rate units in two high rise towers, which bridge over 41,000 square feet of retail space. The project has parking for retail and residential uses and provides an 11,860 square foot public plaza/park area fronting on Wilshire Boulevard.

As required by the terms of the Owner Participation Agreement, the Former Agency issued a promissory note to the Developer on June 15, 2012, supported by a pledge of site specific net tax increment from the Wilshire Koreatown project area. The pledge is subordinate to senior-lien tax allocation bonds and limited to the amounts annually available. The note of $12,500,000 at 6% per annum, compounded annually, commenced on July 11, 2014 (following completion of construction) and matures on December 13, 2040, unless paid in full prior to the end date. To the extent CRA/LA-DLA has not fully repaid any outstanding principal and interest owing under the note by the expiration date of the term, any remaining outstanding balance is forgiven.

NOTE 2 - DETAILED NOTES (continued)

Other Long-term Obligations

Other long-term obligations include obligations arising from certain Owner Participation Agreements (OPA) and Disposition and Development Agreements (DDA) between the Former Agency and the Developers. Project site-specific and area-wide tax increment revenues have been pledged using various debt instruments to finance certain redevelopment projects. These pledges are subordinate to senior-lien tax allocation bonds and limited to the amounts annually available.

In accordance with the Dissolution Act, revenue pledges are to be honored. Accordingly, these obligations are reported in the financial statements and are as follows:

1. *NOHO Commons Project* - Developed by SL NoHo, LLC (Developer), this three phase mixed-use catalytic project is located on the block bounded by Lankershim Boulevard, Chandler Boulevard and Weddington Street. Pursuant to the OPA, CRA/LA-DLA is required to make certain annual payments from available site-generated tax increment to pay the Developer/Owner for the following:

    a) HUD 108 Loan obligation of $6,050,000 plus annual interest at 6%. The obligation ends at the earlier of when the principal and accrued interest is paid in full or October 1, 2028. The outstanding balance at June 30, 2015 is $2,337,000.
    b) Housing subsidy payments to maintain required affordability totaling $27,262,000 plus 6% interest for the term of 21 years. The obligation will be paid in full on October 1, 2028. The outstanding balance at June 30, 2015 is $21,806,000.

2. *Slauson Central Shopping Center* - On December 1, 2003, the Former Agency entered into a DDA with Slauson Central, LLC (Developer) to construct a retail shopping center consisting of approximately 80,000 sq. ft. of retail improvements, on the property bounded by Slauson and Central Avenues. Pursuant to the DDA, the Former Agency agreed to assist the Developer in assembling the property and to pay certain acquisition, relocation and hazardous materials remediation costs related to the Property. On April 8, 2004, the Former Agency entered into a Cooperation Agreement with the City of Los Angeles in which the City agreed to advance Section 108 funds totaling $1,472,000 to the Former Agency. In turn, the Former Agency pledged a number of sources to repay Section 108 funds from Site Specific Tax Increment (SSTI) which is triggered once the retail center is built and operations stabilized. The project's certificate of occupancy was issued in March 2014. Pursuant to the Cooperation Agreement, the Former Agency is required to make an annual payment from SSTI to the City to allow it to service the Section 108 Loan. The payment obligation ends at the earlier of when the principal and accrued interest is paid in full or August 1, 2023. The outstanding balance at June 30, 2015 is $1,472,000.

NOTE 2 - DETAILED NOTES (continued)

Changes in Long-term Liabilities

CRA/LA-DLA's long-term liabilities for the fiscal year ended June 30, 2015 and 2014 are summarized as follows (dollars in thousands):

At June 30, 2015:

Description	Restated Balance June 30, 2014	Additions	Retirement	Balance June 30, 2015	Due Within One Year
Bonds payable	$ 620,040	$ 171,080	$ (236,045)	$ 555,075	$ 28,280
Notes payable	22,331	12,500	(586)	34,245	661
Payable to the City	6,385	-	(52)	6,333	99
Sub-total before premiums/ discounts on bonds	648,756	183,580	(236,683)	595,653	29,040
Unamortized premiums and discounts on bonds	4,994	27,780	(4,113)	28,661	-
Total bonds and notes	653,750	211,360	(240,796)	624,314	29,040
Pension Liability	78,891	-	(10,858)	68,033	-
Compensated absences	736	287	(311)	712	288
Other postemployment benefit obligations	3,612	-	(2,060)	1,552	-
Other long-term obligations	27,419	-	(1,804)	25,615	176
Net long-term liabilities, governmental activities	$ 764,408	$ 211,647	$ (255,829)	$ 720,226	$ 29,504

At June 30, 2014:

Description	Balance June 30, 2013	Additions	Retirement	Balance June 30, 2014	Due Within One Year
Bonds payable	$ 654,060	$ 61,610	$ (95,630)	$ 620,040	$ 30,930
Notes payable	22,862	-	(531)	22,331	27
Payable to the City	6,535	-	(150)	6,385	101
Sub-total before premiums/ discounts on bonds	683,457	61,610	(96,311)	648,756	31,058
Unamortized premiums and discounts on bonds	401	4,697	(104)	4,994	-
Total bonds and notes	683,858	66,307	(96,415)	653,750	31,058
Compensated absences	607	335	(206)	736	288
Other postemployment benefit obligations	5,482	-	(1,870)	3,612	-
Net long-term liabilities, governmental activities	$ 689,947	$ 66,642	$ (98,491)	$ 658,098	$ 31,346

NOTE 2 - DETAILED NOTES (continued)

Outstanding Long-term Debt

Long-term debt outstanding at June 30, 2015 and 2014 is comprised of the following (dollars in thousands):

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	2015 Outstanding Balance	2014 Outstanding Balance
Tax allocation bonds:						
Adelante Eastside, Series B (taxable)	7/1/2005	9/1/2035	5.625% - 5.900%	$ 7,000	$ 6,340	$ 6,435
Adelante Eastside, Series C (taxable)	6/20/2007	9/1/2037	6.490%	10,040	9,155	9,325
Adelante Eastside, Series D	12/3/2009	9/1/2039	1.750% - 6.500%	10,000	9,050	9,220
Adelante Eastside, TARB Series E (taxable)	12/20/2013	9/1/2032	1.460% - 6.000%	4,605	4,370	4,605
Beacon Street, Refunding Series B*	8/1/1998	9/1/2014	4.050% - 5.000%	4,350	-	375
Beacon Street, Series C (taxable)	7/1/2005	9/1/2019	5.625%	2,680	2,465	2,505
Broadway/Manchester, Series A (taxable) *	6/28/2007	9/1/2037	5.940% - 6.660%	1,500	1,365	1,390
Bunker Hill, Grand Central Square Multifamily Housing, Refunding Series 2007A	6/21/2007	12/1/2026	4.000% - 5.000%	11,345	8,675	9,210
Bunker Hill, Refunding Series H *	12/1/1993	12/1/2028	5.600% - 6.500%	202,175	-	202,175
Bunker Hill, Refunding Subordinate Lien 2004L	5/19/2004	3/1/2019	3.500% - 5.100%	30,955	-	13,215
Bunker Hill, TARB Series M	10/30/2014	12/1/2028	2.000% - 5.250%	148,640	147,925	-
Bunker Hill, TARB Series N (taxable)	10/30/2014	12/1/2017	0.480% - 1.500%	22,440	22,440	-
CD 9 Corridors, Series A (taxable)	6/26/2001	9/1/2023	8.500% - 8.875%	2,000	1,255	1,345
CD 9 Corridors, Series B	6/26/2001	9/1/2031	5.875% - 6.000%	2,000	2,000	2,000
CD 9 Corridors, Series C (taxable) *	9/17/2003	9/1/2033	4.180% - 6.380%	5,500	4,605	4,710
CD 9 Corridors, Series D (taxable)	3/30/2005	9/1/2034	3.200% - 5.650%	6,500	5,320	5,460
CD 9 Corridors, Series E (taxable)	6/6/2007	9/1/2037	5.875% - 6.050%	12,500	11,190	11,410
Crenshaw, Refunding Series C *	8/1/1998	9/1/2014	4.050% - 5.000%	3,895	-	330
Crenshaw/Slauson, Series A (taxable) *	6/15/2002	9/1/2032	8.250% - 9.750%	1,135	975	995
Crenshaw/Slauson, Series B (taxable) *	6/28/2007	9/1/2037	5.940% - 6.660%	3,000	2,800	2,840
East Hollywood/Beverly-Normandie, Series A (taxable) *	9/17/2003	9/1/2033	6.980% - 9.380%	1,885	1,630	1,660
East Hollywood/Beverly-Normandie, Series B (taxable) *	6/28/2006	9/1/2026	5.740% - 6.150%	8,000	5,885	6,215
Hollywood, Refunding Series C	3/1/1998	7/1/2022	4.100% - 5.500%	35,840	7,580	7,580
Hollywood, Series E (taxable)	5/9/2006	7/1/2036	6.250%	16,500	16,500	16,500
Hollywood, Series F	6/19/2008	7/1/2028	3.200% - 4.750%	15,565	12,090	12,735
Hollywood, TARB Series G	12/20/2013	7/1/2022	3.000% - 5.000%	14,975	13,060	14,975
Hollywood, TARB Series H (taxable)	12/20/2013	7/1/2022	0.526% - 4.494%	11,875	10,810	11,875
Hoover, Refunding Series C	11/1/1995	9/1/2014	4.750% - 5.500%	5,040	-	280
Exposition/University Park, Refunding Series E (taxable)	6/7/2007	9/1/2032	5.450% - 6.000%	5,905	3,810	4,095
Laurel Canyon Commercial Corridor, Refunding Series B (taxable) *	9/17/2003	9/1/2030	6.980% - 9.380%	2,760	2,275	2,335
Laurel Canyon Commercial Corridor, Series C (taxable) *	6/28/2007	9/1/2037	5.940% - 6.660%	2,000	1,920	1,935
Little Tokyo, TARB Series F	12/24/2013	9/1/2020	3.000% - 5.000%	7,965	7,050	7,965

NOTE 2 - DETAILED NOTES (continued)

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	2015 Outstanding Balance	2014 Outstanding Balance
Los Angeles Harbor, Refunding Series C *	8/1/1998	9/1/2014	3.600% - 5.000%	5,345	-	460
Mid-City Recovery, Series C (taxable)*	6/26/2008	9/1/2032	8.000%	6,500	6,170	6,250
Mid-City Recovery, TARB Series D (taxable)	12/20/2013	9/1/2032	1.146% - 6.000%	5,515	5,175	5,515
Monterey Hills, Refunding Series C *	8/1/1998	9/1/2014	3.600% - 5.000%	12,930	-	1,055
Monterey Hills, Series D (taxable)	5/9/2002	9/1/2020	6.600%	4,500	4,500	4,500
Normandie 5, Refunding Series C *	8/1/1992	9/1/2014	5.000% - 6.625%	6,320	-	155
Normandie 5, Refunding Series D *	8/1/1998	9/1/2014	3.600% - 5.000%	3,530	-	225
Normandie 5, Series E (taxable) *	6/1/2003	9/1/2019	2.625% - 5.500%	4,330	1,740	2,035
North Hollywood, Refunding Series G	5/18/2006	7/1/2029	3.500% - 4.625%	11,340	5,135	6,605
North Hollywood, Series H	6/26/2008	7/1/2029	5.125% - 5.250%	5,815	5,815	5,815
North Hollywood, TARB Series I	12/20/2013	7/1/2024	3.000% - 5.000%	16,675	16,575	16,675
Pacific Corridor, Series A (taxable) *	6/29/2006	9/1/2036	6.100% - 6.700%	5,000	4,460	4,550
Pacoima/Panorama City, Series A (taxable) *	9/17/2003	9/1/2033	4.180% - 6.380%	4,265	3,440	3,535
Pacoima/Panorama City, Series B (taxable) *	6/28/2006	9/1/2026	5.740% - 6.150%	8,000	5,885	6,215
Pacoima/Panorama City, Series C *	6/28/2006	9/1/2026	3.500% - 5.250%	8,000	5,705	6,040
Pacoima/Panorama City, Series D	11/4/2009	9/1/2039	5.000% - 5.625%	20,000	18,205	18,560
Pico Union 1, Refunding Series B*	8/1/1998	9/1/2014	4.050% - 5.000%	4,575	-	395
Pico Union 1, Series C (taxable) *	6/1/2003	9/1/2019	2.625% - 5.500%	3,250	1,310	1,530
Pico Union 2, Series A (taxable) *	6/1/2003	9/1/2019	2.625% - 5.500%	7,310	2,935	3,435
Pico Union 2, Series B (taxable) *	6/26/2008	9/1/2026	8.000%	5,500	4,805	4,945
Reseda/Canoga Park, Series A *	9/17/2003	9/1/2033	2.000% - 5.000%	4,500	3,470	3,580
Reseda/Canoga Park, Series B (taxable) *	9/17/2003	9/1/2033	4.180% - 6.380%	8,205	6,620	6,800
Reseda/Canoga Park, Series C (taxable) *	6/28/2006	9/1/2026	5.740% - 6.150%	16,000	11,770	12,430
Reseda/Canoga Park, Series D (taxable)	11/9/2010	9/1/2040	7.300% - 7.500%	8,980	8,980	8,980
Reseda/Canoga Park, Series E	11/9/2010	9/1/2040	5.000% - 5.375%	11,020	11,020	11,020
Vermont/Manchester, Series A (taxable) *	6/15/2002	9/1/2032	8.250% - 9.750%	1,130	970	990
Vermont/Manchester, Series B (taxable) *	6/26/2008	9/1/2038	8.000%	2,250	2,190	2,205
Watts, Series A (taxable) *	6/28/2007	9/1/2021	5.940% - 6.390%	1,500	920	1,020
Watts Corridors Recovery, Series A (taxable) *	6/15/2002	9/1/2032	8.250% - 9.750%	1,000	745	760
Western/Slauson, Series A (taxable) *	6/29/2006	9/1/2036	6.100% - 6.700%	2,500	2,225	2,270
Westlake, Series A (taxable) *	6/29/2006	9/1/2036	6.100% - 6.700%	11,000	9,815	10,015
Westlake, Series B (taxable)	6/26/2008	9/1/2038	5.490% - 7.750%	12,500	11,720	11,895
Wilshire/Koreatown, Series A (taxable) *	6/29/2006	9/1/2036	6.100% - 6.700%	16,000	14,280	14,570
Wilshire/Koreatown, Series B (taxable)	6/26/2008	9/1/2018	6.000% - 6.500%	22,580	10,675	12,950
Wilshire/Koreatown, Series C	6/26/2008	9/1/2040	5.100% - 5.500%	11,050	11,050	11,050
Total tax allocation bonds payable before unamortized premium (discount)					520,845	584,725

*Purchased by and payable to CRFA.

***Unless otherwise noted, tax allocation bonds are tax-exempt.*

NOTE 2 - DETAILED NOTES (continued)

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	2015 Outstanding Balance	2014 Outstanding Balance
Revenue bonds:						
Parking System Revenue Bonds, Series A before unamortized premium (discount)	8/18/2000	7/1/2032	4.60%-5.80%	44,235	34,230	35,315
Total tax allocation and revenue bonds before unamortized premium (discount)					555,075	620,040
Project notes payable:						
Hollywood, Developer Letter of Credit	12/30/2002	7/1/2032	10.00%	4,037	4,037	4,037
Mid-City Recovery, Midtown Crossing						
Senior Note	3/22/2013	1/31/2042	6.00%	5,000	4,573	4,727
Junior Note	3/22/2013	1/31/2042	6.00%	5,422	5,422	5,422
North Hollywood, NOHO Commons	8/27/2004	2/2029	6.00%	9,043	7,713	8,145
Wilshire/Koreatown, The Vermont Mixed-Use	7/11/2014	12/13/2040	6.00%	12,500	12,500	-
Total project notes payable					34,245	22,331
Payable to the City (note 2-G)					6,333	6,385
Total long-term debt, June 30, 2015					$ 595,653	$ 648,756

The bond indentures/fiscal agent agreements contain various limitations and restrictions in accordance with State redevelopment law and the redevelopment plan for the respective project, including requirements to not invest, reinvest, or expend the proceeds from any tax exempt bond issue in such a manner as to result in the loss of exemption from Federal income taxation of bond interest. CRA/LA-DLA is in compliance with such restrictions and limitations on tax-exempt bond issues.

Pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (Continuing Disclosure Rule), CRA/LA-DLA, or its authorized Dissemination Agent, is required to file an annual financial report for all fixed interest rate bonds issued on or after July 1, 1995. The Dissemination Agent files copies of the annual report(s) with each Nationally Recognized Municipal Securities Information Repository approved by the Securities and Exchange Commission, and the appropriate state information depository, if any.

The annual reports on the tax allocation bonds, consist of, but are not limited to, a copy of the CRA/LA-DLA's most recent audited financial statements and operating information updating particular tables in each bond issue's Official Statement. Other types of information are required for third-party supported bond issues (note 3-I, Third-Party Indebtedness), such as housing revenue bonds. Furthermore, upon occurrence of any of the eleven enumerated events, CRA/LA-DLA is required to promptly notify and instruct the Dissemination Agent to report the occurrence.

NOTE 2 - DETAILED NOTES (continued)

Annual Debt Service Requirements

Annual requirements to amortize all long-term debt outstanding at June 30, 2015 are reflected in the following table (dollars in thousands).

Year Ending June 30	Bonds Payable Principal	Bonds Payable Interest	Notes Payable Principal	Notes Payable Interest	Payable to the City (note 2-G) Principal	Payable to the City (note 2-G) Interest	Total Principal	Total Interest
2016	$ 28,280	$ 29,674	$ 661	$ 2,042	$ 99	$ 2,080	$ 29,040	$ 33,796
2017	29,865	28,572	722	2,011	99	315	30,686	30,898
2018	32,894	27,314	786	1,994	99	314	33,779	29,622
2019	32,106	25,731	853	1,974	99	314	33,058	28,019
2020	30,750	24,074	924	1,952	98	313	31,772	26,339
2021-2025	151,765	96,115	7,330	9,654	5,839	639	164,934	106,408
2026-2030	134,755	54,199	4,055	7,374	-	-	138,810	61,573
2031-2035	69,850	25,364	7,779	4,965	-	-	77,629	30,329
2036-2040	43,985	6,530	5,690	2,842	-	-	49,675	9,372
2041	825	100	5,445	614	-	-	6,270	714
Total	$ 555,075	$ 317,673	$ 34,245	$ 35,422	$ 6,333	$ 3,975	$ 595,653	$ 357,070

F. Defeasance of Debt

The total cash flow saving and economic gain for the fiscal year 2015 refunding transactions were $55,107,000 and $32,886,000, respectively. The difference between the net carrying amount of the old debt and the amount required to retire the old debt in the amount of $1,955,000 is recorded as deferred outflows/inflows of resources and will be amortized over the original remaining life of the old debt or the life of the new debt, whichever is shorter.

In prior years, the Former Agency defeased various bond issues by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities, which were placed in the trust funds held by the respective escrow agents. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called for redemption or matures.

The trust account assets and corresponding liabilities for the defeased bonds are not reflected on the accompanying basic financial statements. At June 30, 2015, there were no outstanding defeased bonds.

G. Payable to the City

CDBG Regular Program Year Allocations

The Former Agency’s Community Development Block Grant (CDBG) allocations from the City have been structured as either grants, or deferred loans. Under various contracts with the City, the Former Agency has recorded 20-year loans of $17,194,000. These loans are to be repaid from certain sources such as tax increment revenues of the respective redevelopment projects as they become available. In addition to the tax increment revenues, the program income earned on the 20-year loan funds is applied as repayments to the 20-year loans.

NOTE 2 - DETAILED NOTES (continued)

Pursuant to a City Council authorization, new promissory notes were issued in February 2003 amending the 20-year loans from amortizing notes to deferred notes to cure a technical default by the Former Agency on these notes. These notes as amended continue to accrue interest at the existing rate and any principal and interest due under the existing notes are deferred until maturity.

At June 30, 2015 and 2014, the outstanding balance of the 20-year loan amounted to $1,590,000 for both years. Interest accrued at June 30, 2015 and 2014 on the 20-year loan in the amount of $73,000, for both years, are reported as interest payable in the financial statements.

Hollywood UDAG Loan

On December 1, 2002, the Former Agency signed a promissory note at 5.50 percent simple interest involving receipt of $4,250,000 Urban Development Action Grant (UDAG) funds from the City, to pay for a portion of the Former Agency's acquisition costs associated with the Live Broadcast Theater (now the Dolby Theater) at the Hollywood Highland project in the Hollywood Redevelopment Project area. These loaned funds were provided to the Former Agency by means of a cooperation agreement with the City in which the loan was to be paid out of "community improvement fees" received by the Former Agency from the Hollywood Highland developer in accordance with a DDA. The cooperation agreement required that the City return the Former Agency's loan repayments back to the Former Agency to finance qualifying block grant expenditures in the project area. On July 25, 2003, the City Council authorized the amendment of the repayment terms to allow the Former Agency to repay this loan by making City approved qualifying block grant expenditures in the Hollywood Redevelopment Project area. To date, a cumulative total of $1,249,000 in interest payments has been applied to service this loan.

The Oversight Board on February 13, 2014 and DOF on March 28, 2014 authorized the CRA/LA-DLA to assign the Developer Community Improvement Fees to the City, in exchange for the termination of the promissory note. An Assignment and Assumption Agreement between CRA/LA-DLA and the City was executed on November 20, 2015. CRA/LA-DLA listed scheduled payments of Developer Community Improvement Fees of $750,000 and $4,001,000 on ROPS 15-16A and ROPS 15-16B, respectively. Upon timely receipt of the ROPS 15-16B scheduled payment, the City will cancel and terminate the UDAG loan.

Beacon Street LADOT Loan

On July 19, 2005, the City Department of Transportation (LADOT) loaned the Former Agency $960,000 from the LADOT's Special Parking Revenue funds for the design and construction of 40 public parking spaces within the Centre Street Lofts mixed-use project in the Beacon Street Redevelopment Project area. Repayment of the loan was to come from a combination of (a) Former Agency/City participation in surplus profits as described in the project's DDA and/or (b) from Beacon Street Project tax increment. In the event the Former Agency's share of surplus profits prove to be insufficient to repay the entire loan amount, the remaining balance will be amortized over a ten-year period from project completion at the City's "average pooled fund" interest rate. The Certificate of Completion for the project was executed on September 15, 2009. This date marks the loan start date and sets the loan maturity on September 15, 2019.

NOTE 2 - DETAILED NOTES (continued)

According to the loan agreement with LADOT, interest is determined based on the City's pooled interest rate for the year the repayment is made. For the purposes of projecting future annual debt service requirements for the loan, the interest is calculated at the Local Agency Investment Fund rate of .28 percent at June 30, 2015 to comply with HSC Section 34191.4 (b)(2) guidelines.

During the fiscal year ended June 30, 2015, a debt service payment in the amount of $103,000 was made; $1,000 was applied against accrued interest with the balance of $102,000 applied against principal. At June 30, 2015, the outstanding loan principal balance is $493,000.

The following is a schedule of amounts payable to the City at June 30, 2015 and 2014 (dollars in thousands).

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	2015 Outstanding Balance	2014 Outstanding Balance
CDBG 20-year loan, various projects	2/6/2003	6/30/2021	5.00%	$ 1,590	$ 1,590	$ 1,590
UDAG loan, Hollywood	12/1/2002	12/1/2022	5.50%	4,250	4,250	4,200
LADOT loan, Beacon Street	7/19/2005	9/15/2019 *	Variable	960	493	595
Total payable to the City					$ 6,333	$ 6,385

* The Certificate of Completion for the project was issued on September 15, 2009. This date marks the loan start date and sets the loan maturity on September 15, 2019, 10 years from the project completion date.

Annual debt service requirements for the payable to the City are contained in note 2-E, Annual Debt Service Requirements.

H. Negative Net Position

At June 30, 2015 and 2014, CRA/LA-DLA's negative net position amounted to $440,472,000 and $297,515,000, respectively. Pursuant to the Dissolution Act, CRA/LA-DLA's enforceable obligations as listed on the approved ROPS will be paid by property tax distributed from the RPTTF administered by the County. As CRA/LA-DLA's enforceable obligations are paid, its negative net position will be reduced and in time eliminated.

NOTE 3 - OTHER INFORMATION

A. Employees' Retirement System

Plan Description

CRA/LA-DLA contributes to the California Public Employees' Retirement System (CalPERS), a multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and authorized by CRA/LA-DLA. Copies of CalPERS' annual financial report may be obtained from their Executive Office at 400 P Street, Sacramento, California, 95814.

The pension plan covers all full-time employees and eligible retirees of CRA/LA-DLA. Under the provision of CalPERS, pension benefits fully vest after five years of service. A vested employee may retire at age 50 and receive annual pension benefits equal to a predetermined percentage of the employee's salary earned during the highest 12 consecutive months of employment multiplied by the number of years of service. Effective July 1, 1997, the Former Agency amended its contract with CalPERS changing the retirement formulation from two percent at age 60 to two percent at age 55 as part of collective bargaining negotiations. Under the amended plan, the service requirement benefits now vary from 1.426 percent at age 50 to 2.418 percent at age 63 and over multiplied by the number of years of service. The CRA/LA-DLA modified its contract with CalPERS on February 17, 2013 to reflect the entity change to a designated local authority

Given several subsequent reductions in force, CRA/LA-DLA's headcount was reduced to fewer than 50 fulltime employees in fiscal year 2013. Subsequently, CalPERS placed CRA/LA-DLA's pension plan from an agent multiple-employer defined pension plan to a cost-sharing multiple-employer defined pension plan. While the cost-sharing multiple-employer defined pension plan does not change plan terms or affect payments to retirees, it has resulted in an increase in the employer's normal cost contributions when compared to the period before the dissolution due to several adjustments. Also, the plan's unfunded liability, on both the actuarial and market value bases, has increased.

The actuarial valuation reports and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduces benefits. All members are eligible for non-industrial disability benefits after five years of service. The Pre-retirement or Post-retirement death benefit for members with five years or more of total service is the Optional Settlement 2W or the Standard Lump Sum payment of $500, respectively. The cost of living adjustments are applied annually on a compound basis by 3%.

NOTE 3 - OTHER INFORMATION (continued)

Contributions

Section 20814(c) of the Public Employment Retirement Law requires that the employer contribution rates 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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. 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 the unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2015, the active employee contribution rate is 6.891% of annual pay; and the employer's contribution rate is 43.949% of annual payroll.

Employer contributions for the year ended June 30, 2015 is $1,444,000; employee member contributions paid by the employer for the year ended June 30, 2014 is $226,000. Also for the year ended June 30, 2015, CRA/LA-DLA issued additional payments totaling $3,565,000 to reduce the unfunded liability.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

A summary of principal assumptions and methods used to determine the net pension liability is as follows:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry Age Normal
Asset valuation method:	
Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50% (net of pension plan investment and administrative expenses); includes inflation
Mortality rate table (1)	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

(1) 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, refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of the actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

NOTE 3 - OTHER INFORMATION (continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period.
(2) An expected inflation of 3.0% used for this period.

Pension Plan Fiduciary Net Position

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

Allocation of Net Position Liability and Pension Expense

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. GASB 68, paragraph 49, indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available.

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

The following presents CRA/LA-DLA's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what CRA/LA-DLA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate (dollars in thousands):

Description	Discount Rate -1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate +1% (8.50%)
CRA/LA-DLA's proportionate share of net pension liability	$100,749	$68,033	$40,882

NOTE 3 - OTHER INFORMATION (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2015, CRA/LA-DLA reported a liability of $68,033,000 for its proportionate share of the net pension liability. The net pension liability measured as of June 30, 2014, and the total pension liability used to calculate the net pension was determined by an actuarial calculation as of June 30, 2013 rolled forward to June 30, 2014 using standard updated procedures.

For the year ended, CRA/LA-DLA recognized pension expense of $2,739,000. At June 30, 2015, CRA/LA-DLA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

Description	Deferred Outflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 12,266
Difference between proportionate share and actual contributions	-	3,010
Adjustment due to differences in proportions	1,680	-
Pension contributions subsequent to measurement date	5,009	-
Total	$ 6,689	$ 15,276

The amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense. $5,009,000 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 ended June 30, 2016.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows (dollars in thousands):

Year Ended June 30,	Deferred Outflows/Inflows of Resources
2016	$ (3,541)
2017	(3,541)
2018	(3,447)
2019	(3,067)

NOTE 3 - OTHER INFORMATION (continued)

B. Other Postemployment Benefits (OPEB)

Plan Description

CRA/LA-DLA provides medical (including vision care) and dental benefits to all employees who retired on or after January 1, 1993 and had at least 10 years of service. In accordance with collective bargaining agreements with various represented employee units, CRA/LA-DLA subsidizes health care benefits starting at 40 percent of maximum monthly subsidy to retirees for the first 10 years of service and increases at the rate of four percent per year for each additional year of service. Eligible retirees pay premiums in excess of the CRA/LA-DLA monthly subsidy. At 25 years of service and at least 50 years of age, the retiree health care benefit is 100 percent subsidized by CRA/LA-DLA. The OPEB Plan is administered by CRA/LA-DLA.

On March 19, 2013, CRA/LA-DLA management was authorized by its Governing Board to execute agreements to enroll in an OPEB Prefunding Plan administered by CalPERS, also referred to as the California Employers' Retirement Benefit Trust (CERBT). Accordingly, an agreement was fully executed by the CRA/LA-DLA and CalPERS (on behalf of CERBT), effective March 28, 2013.

The OPEB Prefunding Plan is a trust fund that is intended to perform as a multi-employer plan with pooled administrative and investment functions.

Funding Policy

The agreement with CalPERS allows CRA/LA-DLA to contribute funds to be identified annually by an independent actuary and prudently invested by CalPERS for the purposes of funding retiree healthcare obligations. The Governing Board authorized the transfer to CERBT of up to $10,000,000 from the funds previously set-aside and funds scheduled on the ROPS for this purpose. A total of $8,699,000 was transferred to CERBT on April 30, 2013, $1,605,000 on December 4, 2013, and $1,742,000 on December 10, 2014. The following table shows the activities of CRA/LA-DLA's CERBT account at June 30, 2015 and 2014 (dollars in thousands).

Balance, July 1, 2013	$	8,294
Contributions		1,605
Investment earnings (losses)		1,446
Administrative fees		(14)
Balance, July 1, 2014		11,331
Contributions		1,742
Investment earnings (losses)		(18)
Administrative fees		(12)
Balance, June 30, 2015	$	13,043

NOTE 3 - OTHER INFORMATION (continued)

Annual OPEB Cost and Net OPEB Obligation

Due to the enactment of the Dissolution Act, CRA/LA-DLA was required to reduce its workforce to 57 Full Time Employees (FTE's) in fiscal year 2013 and again from 57 FTE's to 35 FTE's in fiscal year 2014. The anticipated reduction in workforce in fiscal year 2013 was taken into consideration in the actuarial valuation of July 1, 2013 in determining the ARC for fiscal year 2014 and 2015.

The following table shows the components of the CRA/LA-DLA's OPEB cost for fiscal year ended June 30, 2015, the amount actually contributed to the plan, and changes in the CRA/LA-DLA's net OPEB obligation (dollars in thousands):

Required contribution (ARC) for fiscal year ended June 30, 2015	$ 1,467
Interest on net OPEB obligation	251
Adjustment to ARC	(236)
OPEB cost (expense) for fiscal year ended June 30, 2015	1,482
Contributions made	(3,542)
Decrease in net OPEB obligation	(2,060)
Net OPEB obligation June 30, 2014	3,612
Net OPEB obligation, June 30, 2015	$ 1,552

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by CRA/LA-DLA and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between CRA/LA-DLA and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions used to determine the annual required contributions for fiscal year 2015 were as follows:

Actuarial valuation date	July 1, 2013
Actuarial cost method	Entry age normal cost method
Amortization method	Closed 30-year period as a level percentage of payroll
Remaining amortization period	25 years as of the valuation date
Asset valuation method	Fair market value
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.25%
Healthcare inflation rate	5.00%
Payroll growth	3.25%
Individual salary growth	3.25%

NOTE 3 - OTHER INFORMATION (continued)

Three-year Trend Information (dollars in thousands):

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	$ 2,228	476.39%	$ 5,482
6/30/2014	1,554	220.33%	3,612
6/30/2015	1,482	239.00%	1,552

Funded Status and Funding Progress

The funded status of the OPEB Plan as of June 30, 2014 based on the actuarial valuation date of July 1, 2013 was as follows (dollars in thousands):

Actuarial accrued liability	$ 32,114
Actuarial value of plan assets	$ 10,540
Unfunded actuarial accrued liability	$ 21,574
Funded ratio	32.8%
Covered payroll	$ 3,683
Unfunded actuarial accrued liability as a percentage of covered payroll	585.77%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subjected to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Health Care Reform

The Patient Protection and Affordable Care Act was signed into law in March 2010. One of the key provisions is the assessment of a 40% excise tax on the cost of health plans that exceed certain annual thresholds beginning in 2018. The thresholds in 2018 for non-Medicare retirees aged 55 through 64 are $11,850 for single coverage and $30,950 for family coverage. For all other retirees, the thresholds in 2018 are $10,200 for single coverage and $27,500 for family coverage. The impact of this potential excise tax imposed by the Act was included in the July 1, 2013 OPEB actuarial valuation.

C. Deferred Compensation

CRA/LA-DLA offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all full-time employees, allows them to defer a portion of their compensation for income tax shelter purposes. The current maximum annual deferral, which is indexed to inflation, is $18,000 ($36,000 if age 50 or older) for the 2015 tax year and $17,500 ($22,500 if age 50 or older) for the 2014 tax year.

NOTE 3 - OTHER INFORMATION (continued)

The Plan is administered by independent financial institutions (Plan Administrators) that have fiduciary responsibilities over the plan assets. They invest the deferred amounts as directed by participants, maintain detailed accounting records of individual participant's deferrals and earnings, and disburse funds to the plan participants under the terms of the deferred compensation agreements.

The Plan assets are not considered the property and rights of CRA/LA-DLA; therefore, the assets are not reflected in the accompanying basic financial statements.

D. Early Retirement Incentive Package in 2010

Due to the continuing effects of the prolonged economic downturn and other factors, the Former Agency Board and City Council approved an early retirement incentive program (ERIP) in September 2010 aimed at reducing 20 percent of staff costs over the next two years. The ERIP estimated savings was capped at $6.4 million in salary costs. Employees with at least 15 years of qualifying CalPERS service were eligible to apply for the full ERIP package consisting of (1) reimbursement for up to three years of service credit; (2) cash payment of $1,000 for every year of service with a minimum of $25,000 and a maximum of $40,000; and, (3) 100 percent subsidy for health care (employees qualify for four percent health care subsidy for every year of service, i.e. it takes 25 years of service to qualify for 100 percent health subsidy). Employees with at least five years of qualifying CalPERS service were eligible to retire with an additional two years of service credit (Partial ERIP). Employees taking advantage of the Partial ERIP were given priority. To the extent that the Partial ERIP staff costs savings did not exceed the $6.4 million cap, the Full ERIP was then made available to eligible employees based on seniority.

The enrollment period ended on December 16, 2010 and a total of 43 eligible employees participated. The estimated costs of the ERIP of $7,400,000 will be paid by employee contributions calculated at 2.25% of gross wages. All employees were required to make the 2.25% contribution as of July 1, 2010 and such contributions will continue until the end of their employment or June 30, 2030.

Due to the enactment of the Dissolution Act, CRA/LA-DLA was required to reduce its workforce from 216 Full Time Employees (FTE's) to 57 FTE's in fiscal year 2013 and again from 57 FTE's to 35 FTE's in fiscal year 2014. CRA/LA-DLA agreed to include in the ROPS the amount representing the difference in ERIP withholdings between what the 216 employees would have contributed and what the current employees will contribute based on the agreed upon 2.25% of gross wages. As a result, CRA/LA-DLA has estimated its share of the ERIP costs to be $2,844,000 and $3,124,000 at June 30, 2015 and 2014, respectively, which was included in deposits and other liabilities of the statements of fiduciary net position. The ERIP costs represent the difference in ERIP withholdings between what employees would have contributed and what the post reduction in force employees will contribute.

E. Risk Management

CRA/LA-DLA is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which CRA/LA-DLA carries commercial insurance policies. During the last three fiscal years, insurance claims have not exceeded commercial insurance coverages. Potential and actual claims, if any against CRA/LA-DLA not covered by commercial insurance are disclosed in note 3-I.

NOTE 3 - OTHER INFORMATION (continued)

F. Pledges of Future Revenues

Prior to its dissolution, the Former Agency pledged a portion of its future tax increment revenues to repay $520,845,000 in principal from outstanding tax allocation bonds which had been issued to finance various redevelopment activities. These bonds are payable solely from the respective redevelopment project area's tax increment. Total principal and interest remaining on these bonds is $816,840,000 payable through fiscal year 2041. For the year ended June 30, 2015, CRA/LA-DLA's principal and interest paid on these bonds were $19,570,000 and $25,841,000 respectively.

Project site-specific and area-wide tax increment revenues have also been pledged using various debt instruments to finance certain redevelopment projects. These pledges are subordinate to senior-lien tax allocation bonds and limited to the amounts available. In accordance with the Dissolution Act, revenue pledges are to be honored. The principal balance at June 30, 2015 is $25,615,000 and reflected on the financial statements as long-term obligations. The County will have to continue to separately account for the property tax revenues generated by each project area in order to allow the CRA/LA-DLA to honor enforceable obligations created by the pledges.

Under the terms of the Cinerama Dome Parking System Revenue Bonds Series 2000A issued by the Former Agency on August 18, 2000, the primary source of payment for the bonds is the parking facility revenues net of operating and maintenance costs. However, in the event net revenue is insufficient to cover debt service, the shortfall is to be funded from draws against a $9,325,000 letter of credit provided by the developer and/or the Development Tax Increment account funded by a pledge of Hollywood tax increment revenues up to $1,000,000 annually. The pledge of Hollywood tax increment revenues is subordinate to the obligation to pay debt service on Hollywood tax allocation bonds and pass-through payments. This pledge will be released upon the parking facility operations reaching "stabilization", which is defined as two consecutive twelve-month periods during which net revenues equal 1.35 times maximum annual debt service on the bonds.

While this pledge provides for a contingent payment, the Oversight Board and DOF approved the CRA/LA-DLA's request to fund the pledge with Reserved Funds during the ROPS 2 period. To further secure the pledge and in lieu of listing the pledge on the ROPS on an ongoing basis, the $1,000,000 was recorded as a liability and offset by other assets until called upon or released.

In prior years, due to insufficient net revenues of the parking facility, the Former Agency has drawn against the developer's letter of credit to meet the required debt service payments. The outstanding balance against the developer letter of credit is $4,037,000 plus accrued interest of $4,563,000 at June 30, 2015.

G. Other Transactions with the City

Housing Assets Transfer

On January 25, 2012, the City, acting by and through its Housing Department (LAHD), elected to retain the housing assets, functions, and obligations previously performed by the Former Agency. Pursuant to HSC Section 34176 (a) (2), the Housing Asset Transfer Schedule (HATS) prepared by CRA/LA-DLA staff was submitted by LAHD to DOF on August 1, 2012. DOF issued its final determination letter on March 27, 2013, granting approval of most of housing assets listed on the HATS. Effective May 1, 2013, the CRA/LA-DLA's housing assets including loans receivable, land held for redevelopment, and land inventory (historical value totaling $726,684,000), unspent housing bond proceeds and functions were assumed by LAHD (subsequently renamed Housing and Community Development Department, HCID). In fiscal year 2014, additional housing assets including loans receivable, land held for redevelopment, and land inventory (historical value totaling $44,715,000) were transferred to HCID.

NOTE 3 - OTHER INFORMATION (continued)

In accordance with HSC section 34176(g)(1)(A), HCID, as the housing successor, is allowed to use or commit unspent housing bond proceeds for the purpose of affordable housing. The DOF has advised the Housing Successor that, if it agrees to assume the obligations of the CRA/LA-DLA with respect to ensuring compliance with bond covenants and redevelopment objectives, it may drawdown the unspent bond proceeds in a lump sum. DOF has approved the Housing Expenditure Agreement between CRA/LA-DLA and HCID. The available unspent bond proceeds were listed on CRA/LA-DLA's ROPS 14-15B and $12,827,000 was remitted to HCID on June 30, 2015.

Transfer of the CIERLP Loan Portfolio to the City

The CIERLP was established on November 3, 1994. The Former Agency assumed the role of administrator of the program pursuant the agreement executed on June 16, 1995 with the City. Since all obligations arising under this agreement terminated on February 1, 2012, CRA/LA-DLA must transfer the CIERLP loan portfolio to the City.

During fiscal year 2014, the Governing Board, Oversight Board and DOF approved the return, transfer and a conveyance of CRA/LA-DLA's outstanding loans/grants existing under CIERLP (book value of $3,313,000) to the City. To effectuate the transfer, an Assignment and Assumption Agreement was fully executed between CRA/LA-DLA and the City on January 22, 2014.

Transfer of Excess Non-Housing Bond Proceeds

In accordance with HSC section 34191.4, remaining bond proceeds that cannot be spent in a manner consistent with the bond covenants will be used to defease the bonds or purchase those same bonds on the open market. CRA/LA-DLA identified excess non-housing bond proceeds available in the amount of $84,072,000 net of enforceable obligations and administrative fees. The City requested to utilize CRA/LA-DLA's excess bond proceeds for redevelopment activities. DOF has advised CRA/LA-DLA that, if the City agrees to assume the obligations of the CRA/LA-DLA with respect to ensuring the compliance with bond covenants and redevelopment activities, it may drawdown the excess bond proceeds.

Subsequently, CRA/LA-DLA's Governing Board and the Oversight Board approved a Bond Expenditure Agreement for the excess non-housing bond proceeds with the City on November 6, 2014 and November 13, 2014, respectively. DOF approved the transfer of the excess non-housing bond proceeds to the City on December 17, 2014. CRA/LA-DLA remitted payment to the City on January 30, 2015 for the full amount.

Payable to the City

As noted in note 2-G, the payable to the City consists of loans from the City involving federal funds. These notes were to be repaid from available sources including tax increment. The Dissolution Act acknowledges that payments to the federal government are enforceable obligations and such contracts were not invalidated and therefore remain in effect. In its determination letter dated December 26, 2012 wherein DOF approved the affected ROPS line items and authorized RPTTF to repay these obligations, DOF noted that the Successor Agency had provided it with copies of loan agreements and promissory notes which indicated that the Former Agency was the party responsible for payment of the loans. Further, that the promissory notes were entered into at the time of the agreements and for the purpose of repaying the loans. Future ROPS will include interest payments for the remaining outstanding loan, with a final payment of principal and interest due upon maturity in 2022.

NOTE 3 - OTHER INFORMATION (continued)

H. Commitments

Operating Leases

Prior to its dissolution, the Former Agency had several operating leases for its central office facilities and regional offices. These leases are not included in capital assets. The total rent expense for operating leases for the years ended, June 30, 2015 and 2014 was $2,880,000 and $2,626,000, respectively.

CRA/LA-DLA has the following contractual agreements for future rental payments at June 30, 2015 (dollars in thousands):

Fiscal Year Ending June 30	Amount
2016	$ 2,789
2017	2,789
2018	2,740
2019	1,712
2020-2021	442
Total	$ 10,472

Pollution Remediation Obligations

CRA/LA-DLA has estimated cleanup costs at five brownfields redevelopment sites to be approximately $1,849,000 and $2,300,000 at June 30, 2015 and 2014, respectively. The estimate is based on a reasonable range of potential outlay and their probability of occurring. At June 30, 2015 and 2014, the amount expected to be recovered from external sources or retained escrow funds is $1,550,000 and $2,001,000, respectively, leaving a net estimated cost to CRA/LA-DLA of $299,000 and $299,000, respectively. No costs were capitalized nor accrued as a liability during the fiscal years 2015 and 2014 due to the immateriality of the cleanup costs incurred by CRA/LA-DLA (note 1-J).

The Broad Collection

On October 6, 2010, the Former Agency and The Broad Collection (Broad) entered into a Parking Facility and Museum Development Agreement (PFMDA). The PFMDA provides for the Broad to construct a Public Parking Garage, Public Plaza, and streetscape improvements. Once completed and a required cost certification is approved, the Broad may exercise a put option to sell the Garage and Plaza for $52,000,000 to CRA/LA-DLA. As of June 30, 2015, CRA/LA-DLA paid $22,000,000 to the Broad as a deposit for the option to purchase the Garage and Plaza. The deposit is included in other assets in the statement of fiduciary net position. The remaining obligation to the Broad is $30,000,000. CRA/LA-DLA listed a scheduled payment of $30,000,000 on ROPS 15-16B.

I. Contingencies

Hollywood and Highland Project

The Former Agency participated in supporting the financing of capital improvements for the Hollywood and Highland commercial development (Project) by the TrizecHahn Corporation (developer). Public financing consisted of taxable certificates of participation issued by the Municipal Improvement Corporation of Los Angeles (MICLA) for the live broadcast theater and tax-exempt parking revenue bonds issued by the City for a subterranean parking structure.

NOTE 3 - OTHER INFORMATION (continued)

The debt service requirements for the Theater certificates of participation are paid from the annual lease rental payments from the City's General Fund. To the extent that the Project's transient occupancy taxes are less than the annual debt service requirement, the developer (or its successor) has guaranteed up to 74 percent of the shortfall. Under certain conditions, the developer may be released from the guarantee after the eleventh year (year 2010). In a cooperation agreement executed in February 2004, the Former Agency agreed to guarantee the remaining 26 percent, net of certain exclusions, payable from tax increment revenues or other legally available funds from the Hollywood Redevelopment Project area. The Former Agency will be released from this guaranty when the developer is released from its guaranty as described above. Unless subordination is approved by the City Council, the pledge of tax increment is senior to all future pledges of tax increment from the Hollywood Redevelopment Project area (note 3-F).

The parking revenue bonds are payable from and secured by a pledge of the parking revenues deposited into the City's Special Parking Revenue Fund. The February 2004 cooperation agreement does not require CRA/LA-DLA to provide a back-up reimbursement mechanism should parking revenues be insufficient to pay for the debt service on the parking bonds.

The obligation to pay Hollywood Redevelopment Project tax increment revenues to the City, under certain conditions, is subject to prior and senior obligations to pay tax allocation bond debt service and pass-through payments arising from agreements with the County, the Los Angeles Unified School District, and the Los Angeles Community College District.

Marlton Square Limited Recourse Obligations

In September 2008, the Former Agency and the City's Community Development Department (CDD) entered into a funding agreement under which City, through CDD, agreed to provide Community Development Block Grant (CDBG) funds to the Former Agency in an aggregate amount of $19,175,000 for acquisition, relocation, and related hazardous materials remediation costs for the Marlton Square Retail Acquisition Project (Retail Project) in the Crenshaw Redevelopment Project area. The CDBG funds were in the form of Section 108 Loan Guarantee (Section 108) funds for $15,175,000, Brownfields Economic Development Initiative (BEDI) funds for $2,000,000, and Economic Development Initiative (EDI) funds for $2,000,000.

Until and unless the Section 108 funding is assumed by a private developer, CDD is obligated to pay debt service for the Section 108 for 16 years using up to $1,220,000 per year or a total of $19.52 million in future program year CDBG funds and the City's share of Assembly Bill (AB) 1290 funds from a total of seven project areas in the South Los Angeles Region with the minimum amount of AB1290 funds pledged to be $229,000 per year (approximately $3.7 million) and the maximum to be $356,000 per year (up to $4.6 million), subject to the annual allocations by the Mayor and City Council, and the guarantees by the Former Agency. CDD retained $2,428,000 of the federal funds to service an Interest Reserve Account to pay the interest only on the Section 108 funds for a period of about four years and to pay for costs of issuance fees upon conversion of the Section 108 from currently variable interest rate to a fixed interest rate.

Pursuant to the agreement, the Former Agency had provided a first deed of trust in the acquired properties as collateral. The Former Agency had also agreed to replenish the Interest Reserve Account in the event the Interest Reserve Account balance is reduced below $243,000. At the request of CDD, the Former Agency shall deposit funds with CDD, within 30 days of CDD's written request thereof, in the amount of four quarters of estimated interest payments calculated at the then current three-month LIBOR rate plus the pass-through of the HUD required spread. The Former Agency's obligation to replenish the Interest Reserve Account shall terminate upon the earlier of CDD's conversion of the Section 108 funds to a fixed rate loan or the repayment of the outstanding Section 108 funds.

NOTE 3 - OTHER INFORMATION (continued)

Pursuant to the same agreement, the Former Agency guaranteed to make available Annual AB1290 Pledge in the event the South Los Angeles Project areas fail to generate sufficient AB1290 funds. The Former Agency shall pay CDD an amount equal to the difference between the Annual AB1290 Pledge amount and the AB1290 funds actually paid to CDD for such year. The obligation to make payments under the agreement shall terminate upon the earlier of the repayment by CDD or private developer of the outstanding Section 108 funds or City Council's approval of an alternative funding source to the AB1290 funds. Prior to dissolution, all unencumbered AB1290 funds were turned over to the City. Following dissolution, the County-Auditor Controller is responsible for administering all AB1290 pass-throughs to the City and other affected taxing entities.

The total Section 108 funds spent for acquisition of the Project sites amounted to $11,023,000. Since the obligations are limited to the above guarantees and collateral, the Section 108 funds were not reflected as long-term debt in the statements of fiduciary net position.

As a result of the dissolution, these properties are listed in the LRPMP under the "Future Development" category. CRA/LA-DLA and the City have entered into an Option Agreement, providing the city with an option to purchase the properties at fair market value. (note 3-J Long Range Property Management Plan)

North Hollywood HUD Section 108 Loan

The City provided the Former Agency in fiscal year 2004, a $14,000,000 Section 108 loan to partially fund acquisition and relocation costs for the NOHO Commons in the North Hollywood Redevelopment Project area. The agreement with the City allows the Former Agency to assign the Section 108 loan to the developer.

The Section 108 loan was subsequently assigned to the developer retroactively to August 27, 2004. As a condition of the developer's assumption of the loan, the Former Agency conveyed Subarea B of the NOHO Commons and executed a note payable to the developer, at an interest rate of six percent. The note, which is secured by a pledge of the NOHO Commons' site-specific tax increment, was executed to reimburse certain project costs paid for in advance by the developer. In addition, the Former Agency has pledged to the developer the site-specific tax increment on the NOHO Commons to the extent that the developer's annual return on investment rate is less than 10 percent. These pledges to the developer are subordinate to the North Hollywood Project's existing and future senior-lien bonds and the area-wide tax increment pledge to the City.

Although there has been an assignment of the City loan to the developer, the Former Agency has agreed to maintain its pledge to the City of area-wide tax increment revenues as security for the repayment of the $14,000,000 loan. However, this area-wide tax increment pledge is subordinate to the North Hollywood Project's existing and future senior-lien bonds. The loan is further secured by an unconditional guaranty of payment not to exceed $12,307,000; J.H. Snyder Company, a company related to the developer issued the guaranty.

Slauson Central Shopping Center

The DDA for the development of the Slauson Central Shopping Center (Center) between Slauson Central LLC (the developer) and the Former Agency provides for the developer to enter into a loan agreement with the City in the amount of $2,005,000 as a condition of conveyance of the property acquired by the Former Agency and to be conveyed to the developer. This loan will be secured by deed of trust on the property from the developer to the City, subordinate only to the permanent financing on the property. The Former Agency had executed a cooperation agreement with the City for use of Section 108 funds and had also pledged site-specific tax increment on the Center to the City for use in repayment of Section 108 Loan funds borrowed by the developer for the Center (note 3-F).

NOTE 3 - OTHER INFORMATION (continued)

This pledge is subordinate to the project area's existing and future senior-lien tax increment bonds. The developer will be responsible for the annual repayment of the loan if site generated taxes from the Center and the CRA/LA-DLA's pledged site-specific tax increment revenue are insufficient to service the loan.

CalPERS Service Credit Prior to Membership

In 2007, the Former Agency received a claim from 17 former temporary employees alleging they were not timely and properly enrolled in CalPERS; there are 33 claimants as of June 30, 2015. Management has engaged in extensive discussions with Union representatives to resolve this matter. As of June 30, 2015, CalPERS has processed 28 claims for current/former employees. The service credit prior to membership cost is $474,000. The remaining individuals are in the process of verifying service credit with CalPERS. CRA/LA-DLA's potential exposure is believed to be under $230,000 for the remaining current/former employees.

Los Angeles Unified School District and Los Angeles Community College School District

The Los Angeles Unified District (LAUSD) filed a Writ of Mandate in which it named the County of Los Angeles, more than 50 cities, former redevelopment agencies (now successor agencies), and special districts as defendants and real parties in interest. LAUSD alleged that the County incorrectly apportioned tax increment pass throughs paid by former redevelopment agencies pursuant to the HSC. The Superior Court heard the case on October 17, 2008 and issued its judgment in favor of the County. LAUSD filed its notice of appeal. In January 2010, the Court of Appeals reversed the Superior Court's decision.

The case was returned to the Superior Court for the determination of the proper method for apportioning tax increment funds and LAUSD's claim for damages. On July 3, 2012, the Superior Court issued a Writ of Mandate Granting Retrospective Relief and a judgment was entered. The Writ and Judgment require the County and successor agencies, including CRA/LA-DLA, to recalculate the amount of property tax funds to which LAUSD is entitled from fiscal year 2004 through January 31, 2012. To date the recalculation by successor agencies has not been done since the County's calculation and supporting information is required; LAUSD has objected to the methodology adopted by the Superior Court in the Judgment. By statute, the unpaid balances accrue interest at the rate of 7% per year. The recalculated payments are to be made through the ROPS. Los Angeles Community College School District has also filed a similar case addressing the same issues as LAUSD. This case is presently pending before the same Court and has been stayed pending resolution of the LAUSD case. CRA/LA-DLA has retained $9,000,000 through the Other Funds and Accounts (OF&A) Due Diligence Review (DDR) process to pay any contingent liability related to the LAUSD and Los Angeles Community College School District cases. There are continuing settlement discussions between the Plaintiffs and County on a global settlement of all claims. CRA/LA-DLA's liability in any settlement has not yet been determined.

Independent Living Center of Southern California

Independent Living Center of Southern California and its co-plaintiffs sued the City and the Former Agency based on the City's and Former Agency's purported failure to provide adequate accessible housing to the disabled in alleged violation of Section 504 of the Rehabilitation Act, Title II of the Americans with Disabilities Act ("ADA"), and California Government Code section 11135. The case involves a portfolio of 61 housing projects which received federal funding from the City and Former Agency. The 61 project owners have been joined in the suit as necessary parties. Beyond these 61 identified properties, plaintiffs contend approximately 161additional properties received funding from the City or Former Agency. Plaintiffs have requested injunctive relief from the court through

NOTE 3 - OTHER INFORMATION (continued)

which the CRA/LA-DLA and the City would be required to ensure that any of those properties that received funding, not currently meeting federally accessibility standards would be brought into compliance with the federal standards. If the court finds for plaintiffs, payment for the costs of any required retrofitting may be shared between the City and CRA/LA-DLA, as well as potentially including contributions from the housing project owners. At this point, any cost for retrofitting accessible units is speculative in that each housing development needs to be surveyed to assess its compliance and costs for remediation need to be determined. CRA/LA-DLA's portion of any costs for required retrofitting cannot be determined as of the date of this report.

Plaintiffs have also made an attorneys' fee claim and have asserted a damage claim due to a need to "divert resources" to assist their clients in finding accessible housing. The amount of any attorneys' fees CRA/LA-DLA may be required to pay cannot be determined until the case is resolved. In the event CRA/LA-DLA’s defenses are unsuccessful, any attorneys' fees claim from plaintiffs will be fully documented as well as potentially shared between the City and CRA/LA-DLA. Plaintiffs' damage claim is speculative and also cannot be assessed until plaintiffs have documented their alleged activities.

Legal Action by the City

On August 6, 2013, the City filed a claim for repayment of approximately $50,700,000 in no-term CDBG obligations. The claim was denied by CRA/LA-DLA on September 5, 2013. CRA/LA-DLA has been made aware of a suit filed on March 5, 2014 in the Sacramento Superior Court by the City naming CRA/LA-DLA as the defendant. CRA/LA-DLA has not been served in this matter and as such an analysis of any potential liability of CRA/LA-DLA is premature.

Other Litigation

A number of claims are pending against the CRA/LA-DLA for writs of mandamus, injunctive relief and related fees, and for alleged damages to persons and/or property for other alleged liabilities arising out of matters usually incident to the operation of a large redevelopment agency. Included among such claims are actions under Housing and Urban Development and Americans with Disabilities Act regulations and related federal investigations concerning compliance with such regulations. Outcome of these lawsuits and claims are subjected to uncertainties and the potential liability cannot be determined as of the date of this report.

Third-Party Indebtedness

Prior to its dissolution, it was the Former Agency’s policy to encourage redevelopment activities undertaken by the private sector. To this end, the Former Agency had authorized the issuance of tax-exempt long-term financing for activities which promote redevelopment within the City. Such debt instruments are collateralized by private sector assets and are payable solely from the respective revenues generated thereon. Since this indebtedness is not a liability of CRA/LA-DLA it does not appear in the accompanying financial statements. At June 30, 2015, the balance of long-term tax-exempt third-party indebtedness was $106,150,000 as shown on page 53.

J. California Redevelopment Agencies Dissolution

As discussed in Note 1, on December 29, 2011, the California Supreme Court upheld AB 1X26 that provides for the dissolution of all redevelopment agencies in the State of California. AB 1X26 provides that upon dissolution of a redevelopment agency, either the city or another unit of local government may agree to serve as the Successor Agency to hold the assets until they are monetized and/or distributed to other units of state and local government.

NOTE 3 - OTHER INFORMATION (continued)

On January 11, 2012, the City Council elected not to become the Successor Agency for the former redevelopment agency as part of City Council File No. 12-0049. On January 25, 2012, the City Council instead adopted Council File 12-0002-S3, to assume only the housing functions and activities of the Former Agency, excluding any amount on deposit in the Low and Moderate Income Housing Fund. Subsequently, and as authorized by State Law, the Governor appointed three County residents to serve as the Designated Local Authority (DLA) and CRA/LA-DLA was duly established on February 3, 2012 to serve as the Successor Agency. On February 1, 2012, net assets of the Former Agency in the amount of $97,391,000 were transferred to the newly formed CRA/LA-DLA.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California are prohibited from entering into new agreements, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, Successor Agencies will only be allocated property taxes in the amount that is necessary to pay approved scheduled payments until all enforceable obligations of the Former Agency have been paid in full and all assets have been liquidated.

The Dissolution Act further directs the State Controller to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the Successor Agency.

Furthermore, pursuant to the Dissolution Act, all agreements between the City and the Former Agency are invalidated and are not enforceable obligations [HSC Section 34171(d)(2)]. To the extent that any of the invalidated City agreements were loan agreements, the Dissolution Act provides a process for such loan agreements to be reinstated as enforceable obligations on a future ROPS. However, CRA/LA-DLA must first secure a Finding of Completion from DOF and subsequently, the Oversight Board must adopt a resolution (subject to DOF approval) that the loan agreements to be reinstated were for legitimate redevelopment purposes. Such reinstated loan agreements are required to be redocumented, with the accumulated interest recalculated from the origination at the Local Agency Investment Fund rate and payment terms subject to additional conditions [HSC Section 34191.4(b)].

Finding of Completion

On September 10, 2013, the DOF issued CRA/LA-DLA's Finding of Completion. Pursuant to HSC section 34179.7, the DOF has verified that CRA/LA-DLA does not owe any amounts to the taxing entities as determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5. With the Finding of Completion, CRA/LA-DLA may proceed to utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants and may submit the Board approved LRPMP to DOF for approval.

Long Range Property Management Plan

Pursuant to HSC Section 34191.5(b), the Successor Agency must prepare the LRPMP which addresses the disposition and use of the real properties of the Former Agency and submit the Board approved LRPMP to DOF for approval no later than six months following the issuance of a Finding of Completion by DOF. The DOF issued a Finding of Completion on September 10, 2013. On November 7, 2013 and November 12, 2013, the Governing Board and Oversight Board, respectively, approved the submission of the LRPMP to the DOF to review and approve the plan to dispose of real property interests. On February 27, 2014, DOF approved the transfer of Government Use Properties to the City and the Retention of Properties Held to Fulfill Enforceable Obligations (with historical value of $19,218,000). On October 7, 2014, CRA/LA-DLA received DOF's determination letter approving the LRPMP relating to the Properties Held for Future Development and For Sale (with historical value of $94,059,000). The

NOTE 3 - OTHER INFORMATION (continued)

LRPMP contemplates that CRA/LA-DLA will enter into Option Agreements with the City for future development of 20 CRA/LA-DLA owned real property assets. The 20 properties have been grouped for development purposes and are contained within 10 Option Agreements. Upon exercise of each option, the City will be required to purchase the properties at fair market value.

Sale of Fixed Assets

As part of CRA/LA-DLA's continued efforts to expeditiously wind-down the affairs of the former agency, an auction was held on November 16, 2013 to dispose of its surplus furniture, fixtures, and equipment (cost of $2,527,000, net of accumulated depreciation of $2,483,000, totaling $44,000). The net proceeds from the auction amounted to $190,000.

Repayment of Low and Moderate Income Housing Funds (LMIHF) used for SERAF Payments

In fiscal year 2010, the Former Agency borrowed approximately $4,840,000 in low and moderate income housing funds to make required payments to the Supplemental Educational Revenue Augmentation Fund (SERAF). Pursuant to the Dissolution Legislation, the amounts borrowed from the LMIHF are considered housing assets and are to be transferred to the Housing Successor, after achieving certain milestones. Therefore, at June 30, 2015, the amount of $4,840,000 is included in deposits and other liabilities in the statement of fiduciary net position. CRA/LA-DLA has met the requirements and has determined that obligations for four project areas totaling $3,048,000 can be fully settled in fiscal year 2016. CRA/LA-DLA remitted payment to the Housing Successor on October 14, 2015 for the scheduled amount. The balance due in the amount of $1,792,000, will be scheduled for payment in ROPS 16-17 (Fiscal Year 2017).

K. Subsequent Events

Subsequent events were evaluated through December 31, 2015, which is the date the financial statements were available to be issued.

Voluntary Compliance Agreement

On September 19, 2014, CRA/LA-DLA entered into a Voluntary Compliance Agreement with the U.S. Department of Housing and Urban Development to work with owners to retrofit 22 federally funded housing projects to ensure the housing projects comply with Uniform Federal Accessibility Standards. CRA/LA-DLA's projected obligation is $3,300,000. In December 2015, DOF issued a written determination denying funding for this item on ROPS 16-17 and further advised that the responsibility to remediate was transferred to HCID, in connection with the transfer of housing assets and obligations.

Changes to Redevelopment Dissolution Law

On September 22, 2015, SB107 was signed into law by Governor Jerry Brown. SB107 amends various sections of the California Health and Safety Code related to the dissolution of the redevelopment agencies. SB107 contains various provisions which may impact, among other things, repayment of prior city RDA loans, use of 2011 bond proceeds, re-entered city-RDA agreements under the Dissolution Act, public parking facilities, agreements between RDA and city to repay federal (HUD/CDBG) grants or loans, limitation on future legal expenses, and other special provisions. Additionally, enforceable obligations may not be created for planning, design, demolition, construction, site remediation and other similar with respect to the winding down, unless such work is required by an enforceable obligation.

REQUIRED SUPPLEMENTARY INFORMATION

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Required Supplementary Information

Schedule of CRA/LA-DLA's Proportionate Share of the Net Pension Liability and Related Ratios - Miscellaneous Plan
Last Ten Years *

As of June 30, 2015
(In Thousands)
(Unaudited)

Description		2015
Proportion of the net pension liability/(asset)		1.09334%
Proportionate share of the net pension liability/(asset)	$	68,033
Covered-employee payroll	$	4,426
Proportionate share of the net pension liability/(asset) as percentage of covered-employee payroll		1537.26%
Plan fiduciary net position as a percentage of the total pension liability		72.41%
Proportionate share of aggregate employer contributions	$	4,829

*Fiscal Year 2015 was the first year of implementation, therefore, only one year is shown.

Notes to Schedule:
Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshake).

Change in Assumptions: There were no changes in assumptions.

See accompanying independent auditor's report.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Required Supplementary Information

Schedule of CRA/LA-DLA's Contributions - Miscellaneous Plan
Last Ten Years *

As of June 30, 2015
(In Thousands)
(Unaudited)

Description		2015
Actuarially required contribution	$	1,444
Contributions in relation to the actuarially required contribution		(1,444)
Contribution deficiency/(excess)	$	-
Covered-employee payroll	$	3,280
Contributions as a percentage of covered-employee payroll		43.949%

*Fiscal Year 2015 was the first year of implementation, therefore, only one year is shown.

Notes to Schedule:

Valuation date:	June 30, 2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50%
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 2009 valuation. For the purposes of the post retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 2010.
Post retirement benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% threafter.

See accompanying independent auditor's report.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Required Supplementary Information

Schedule of Other Postemployment Benefits Funding Information

For the year Ended June 30, 2015
(In Thousands)
(Unaudited)

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL	Funded Ratio	Covered Payroll	(Overfunded) Unfunded AAL as a Percentage of Covered Payroll
7/1/2012	$ -	$ 41,822	$ 41,822	0.0%	$ 20,615	202.87%
7/1/2013	8,294	31,493	23,199	26.3%	6,231	372.32%
7/1/2014	10,540	32,114	21,574	32.8%	3,683	585.77%

See accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Schedule of Third-Party Indebtedness

June 30, 2015
(In Thousands)

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	Balance Outstanding	
Qualified Redevelopment Bonds, 2002 Refunding Series A - Grand Central Square	4/15/2002	12/1/2026	2.50% - 5.375%	$ 20,825	$ 13,525	1/
Lease Revenue Bonds, Series 2005 Vermont Manchester Social Services Project	7/28/2005	9/1/2037	5.00%	98,920	86,790	
Multifamily Housing Revenue Refunding Bonds 2007 Series B Grand Central Square	6/21/2007	12/1/2026	4.00-5.00%	8,615	5,835	1/
Total				$ 128,360	$ 106,150	

1/ Bonds are 100% secured by Proposition A sales tax revenues received by the MTA.

See accompanying independent auditor's report.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Redevelopment Agency of the City of Los Angeles)

The Community Redevelopment Financing Authority of the City of Los Angeles
(Component Unit of CRA/LA, A Designated Local Authority)

Schedule of Net Position

June 30, 2015 and 2014
(In Thousands)

ASSETS	2015	2014
Current assets:		
Bonds receivable, current portion	$ 4,600	$ 15,915
Total current assets	4,600	15,915
Noncurrent assets:		
Restricted assets	-	3,284
Prepaid bond insurance	1,270	4,287
Due from Agency projects	1,684	-
Bonds receivable, net of current portion	106,310	306,360
Total noncurrent assets	109,264	313,931
Total assets	113,864	329,846
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refundings	-	308
LIABILITIES		
Current liabilities:		
Interest payable	2,445	3,454
Due to Agency projects	-	4,438
Other liabilities	-	801
Total current liabilities	2,445	8,693
Noncurrent liabilities:		
Due within one year	4,600	15,550
Due in more than one year	106,805	305,911
Total noncurrent liabilities	111,405	321,461
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refundings	14	-
Total liabilities	113,864	330,154
NET POSITION		
Unrestricted	-	-
Total net position	$ -	$ -

See accompanying independent auditor's report.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Redevelopment Agency of the City of Los Angeles)

The Community Redevelopment Financing Authority of the City of Los Angeles
(Component Unit of CRA/LA, A Designated Local Authority)

Schedule of Changes in Net Position

Years Ended June 30, 2015 and 2014
(In Thousands)

	2015	2014
Nonoperating revenues:		
Interest income	$ 13,207	$ 19,704
Nonoperating expenses:		
Interest allocated to projects	(13,207)	(19,704)
Changes in net position	-	-
Total net position - beginning of year	-	-
Total net position - end of year	$ -	$ -

See accompanying independent auditor's report.

COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governing Board of
CRA/LA, A Designated Local Authority
The Successor Agency to The Community Redevelopment Agency of
The City of Los Angeles, California

We have audited, in accordance with the 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, the financial statements of the CRA/LA, A Designated Local Authority (CRA/LA-DLA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise CRA/LA-DLA's basic financial statements, and have issued our report thereon dated December 31, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA/LA-DLA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA/LA-DLA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA/LA-DLA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA/LA-DLA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Simpson & Simpson

December 31, 2015
Los Angeles, California

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH INDENTURE OF TRUST OF THE COUNTY TAX ALLOCATION REFUNDING BONDS

Governing Board of
CRA/LA, A Designated Local Authority
The Successor Agency to The Community Redevelopment Agency of
The City of Los Angeles, California

We have audited, in accordance with the 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, the financial statements of the CRA/LA, A Designated Local Authority (CRA/LA-DLA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise CRA/LA-DLA's basic financial statements, and have issued our report thereon dated December 31, 2015.

Compliance

As part of obtaining reasonable assurance about whether the CRA/LA-DLA's financial statements are free from material misstatement, we performed tests of its compliance with the Indenture of Trust of the Tax Allocation Refunding Bonds, Section 6.05, "Books and Accounts; Financial and Project Statements" as it relates to the funds and accounts established for the following Tax Allocation Refunding Bonds Issues: Bunker Hill Series M and N; Hollywood Series G and H; North Hollywood Series I; Adelante Eastside Series E; Mid-City Recovery, Series D; and Little Tokyo Series F; and noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the compliance and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Simpson & Simpson

December 31, 2015
Los Angeles, California