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, 2014 and 2013

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2014 and 2013, 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, 2014 and 2013, 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 Note 1.S.1 to the financial statements, in 2014, CRA/LA-DLA adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. 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 and schedule of funding progress - employees' pension plan and other postemployment benefits, 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 January 9, 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
January 9, 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, 2014 and 2013
(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, 2014 and 2013.

FINANCIAL HIGHLIGHTS

On June 29, 2011, Assembly Bill 1X26 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 AB 1X26 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 AB 1X26, 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, 2014 and 2013.

- The CRA/LA-DLA's total liabilities and deferred inflows of resources exceeded its assets and deferred outflows on debt refunding at the close of the year ended June 30, 2014 by $297,515,000. 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, 2014, net of unamortized premiums and discounts on bonds, totaled $653,750,000. (page 24)
- The CRA/LA-DLA's extraordinary items resulting from Redevelopment Agency Dissolution resulted in a loss of $48,028,000. (page 9)

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 46 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 page 47 of this report.

Other supplementary information. Included in the other supplementary information are the schedule of third-party indebtedness on page 48 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 49 and 50.

FINANCIAL STATEMENT ANALYSIS

Fiduciary Net position. As of the close of the year ended June 30, 2014, CRA/LA-DLA's liabilities and deferred inflows of resources exceeded its assets and deferred outflows on debt refunding by $297,515,000. The negative net position is primarily caused by the outstanding long-term liabilities of $658,098,000. 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 $297,515,000 at June 30, 2014, declined $36,039,000 when compared to the negative net position of $261,476,000 at June 30, 2013. The decline in net position is mainly due to the transfers of additional housing assets and Commercial and Industrial Earthquake Recovery loans (CIERLP) to the City totaling $48,028,000.

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

CRA/LA-DLA's Fiduciary Net Position

	2014	2013
Assets		
Current and other assets	$ 215,826	$ 333,426
Restricted assets	122,784	121,672
Land held for redevelopment	87,644	117,989
Capital assets, net of accumulated depreciation and amortization	55,559	81,686
Total assets	481,813	654,773
Deferred outflows on debt refunding	632	385
Liabilities		
Current and other liabilities	79,018	156,356
Long-term liabilities, net of unamortized premium and discount on bonds	658,098	689,947
Total liabilities	737,116	846,303
Deferred inflows of resources	42,844	70,331
Total net position	$(297,515)	$(261,476)

Changes in fiduciary net position. Total additions of $122,648,000 for the year ended June 30, 2014 increased $46,092,000 when compared to total additions of $76,556,000 for the year ended June 30, 2013. Increase in total additions is due primarily to increase in redevelopment property tax revenues of $43,878,000. The increase in redevelopment property tax revenues is a result of increase in outstanding obligations on the approved Recognized Obligation Payment Schedules for fiscal year 2014.

Total deductions of $104,031,000 for the year ended June 30, 2014 decreased $146,707,000 when compared to total deductions of $250,738,000. This decline is primarily due to the distribution to the taxing entities of $111,325,000 from the true-up process and due diligence reviews during fiscal year 2013 and a decrease in program activities of $46,311,000 during fiscal year 2014 when compared to fiscal year 2013, offset by increase in litigation, claims, and settlements of $18,662,000.

The extraordinary items in the amount of $48,028,000 for the year ended June 30, 2014 represent transfers of additional housing assets to the City in the amount of $44,715,000 and transfers of all outstanding CIERLP loans to the City in the amount of $3,313,000.

Also, during fiscal year 2014, CRA/LA-DLA adopted GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities, which resulted in cumulative adjustments to the June 30, 2013 net position by the amount of the unamortized bond issuance costs totaling $6,628,000 as these costs are now required to be recognized as expenses in the period incurred.

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

	2014	2013
Additions:		
Redevelopment property tax revenues	$ 103,452	$ 59,574
Parking receipts	5,035	5,078
Rental income	4,298	3,729
Other additions	9,863	8,175
Total additions	122,648	76,556
Deductions:		
Program delivery expense	34,638	80,949
Administrative expense	11,986	15,460
Litigation, claims, and settlements	19,030	368
Interest expense	35,740	39,805
Distribution to taxing entities	-	111,325
Depreciation and amortization	2,637	2,831
Total deductions	104,031	250,738
Extraordinary items resulting from Redevelopment Agency Dissolution	(48,028)	(76,977)
Change in net assets	(29,411)	(251,159)
Net position, beginning of year, as previously reported	(261,476)	(10,317)
Cummulative effect resulting from Adoption of GASB Statement No. 65	(6,628)	-
Net position, beginning of year, as restated	(268,104)	(10,317)
Ending net position (deficit)	$ (297,515)	$ (261,476)

CAPITAL ASSETS

The CRA/LA-DLA's capital assets net of accumulated depreciation and amortization at June 30, 2014 totaled $55,559,000. The CRA/LA-DLA's capital assets include land, building and improvements, equipment, leasehold improvements, and a multi-level public parking facility. The 1,725-car Cinerama Dome public parking facility, located in the Hollywood Redevelopment Project area, was financed by the issuance of $44,235,000 of parking revenue bonds and was opened for business in March 2002.

Additional information on the CRA/LA-DLA's capital assets can be found in note 2-C on pages 20 and 21 of this report.

DEBT ADMINISTRATION

At June 30, 2014, the CRA/LA-DLA's long-term debt of $653,750,000, net of unamortized bond premium and discount is summarized as follows (dollars in thousands):

CRA/LA-DLA's Long-Term Debt

Bonds payable	$ 625,034
Notes payable	22,331
Payable to the City	6,385
Total	$ 653,750

As of June 30, 2014, CRA/LA-DLA had 65 tax allocation bonds and one parking revenue bond outstanding, totaling $625,034,000, net of unamortized bond premiums and discounts of $4,994,000. Of the 66 bond issues, 43 are insured. This equates to 75.23 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 2014, CRA/LA-DLA participated in the County's inaugural 2013 refunding bond pool, which included six CRA/LA-DLA's tax allocation refunding bonds totaling $61,610,000. The total cash flow saving and economic gain resulted from the refunding amounted to $13,732,000 and $8,153,000, 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 23 through 30 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, 2014 and 2013
(In Thousands)

	2014	2013
ASSETS		
Cash and cash equivalents	$ 189,390	$ 266,655
Unrestricted investments	-	26,969
Receivables:		
Grants	326	940
Accrued interest	-	7
Other, net of uncollectibles of $196 for 2014 and 2013	2,209	2,123
Loans receivable, net of allowance for market value write-downs and uncollectibles of $58,683 and $84,355 for 2014 and 2013 respectively	12,950	14,323
Restricted assets	122,784	121,672
Prepaid bond insurance	6,944	8,370
Deferred charges	-	6,628
Deposits for land acquisition	-	2,200
Land held for redevelopment	87,644	117,989
Capital assets, net of accumulated depreciation and amortization of $32,661 and $39,138 for 2014 and 2013 respectively		
Land	33,726	53,368
Building and improvements	21,115	22,229
Equipment and leasehold improvements	718	6,089
Other assets	4,007	5,211
Total assets	481,813	654,773
DEFERRED OUTFLOWS ON DEBT REFUNDING	632	385
LIABILITIES		
Accounts payable and accrued liabilities	7,840	79,006
Interest payable	15,184	16,487
Unearned revenue	329	807
Deposits and other liabilities	55,665	60,056
Noncurrent liabilities:		
Due within one year	31,346	28,947
Due in more than one year	626,752	661,000
Total liabilities	737,116	846,303
DEFERRED INFLOWS OF RESOURCES	42,844	70,331
NET POSITION		
Net position held in trust	$ (297,515)	$ (261,476)

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, 2014 and 2013
(In Thousands)

	2014	2013
ADDITIONS		
Redevelopment property tax revenue	$ 103,452	$ 59,574
Parking receipts	5,035	5,078
Rental income	4,298	3,729
Court settlement	3,956	-
Interest	1,176	3,252
Gain on sale of land	-	1,155
Other	4,731	3,768
Total additions	122,648	76,556
DEDUCTIONS		
Program delivery expense	34,638	80,949
Administrative expense	11,986	15,460
Litigation, claims, and settlements	19,030	368
Interest expense	35,740	39,805
Distribution to taxing entities	-	111,325
Depreciation and amortization	2,637	2,831
Total deductions	104,031	250,738
Extraordinary items resulting from Redevelopment Agency Dissolution	(48,028)	(76,977)
Change in net position	(29,411)	(251,159)
NET POSITION		
Beginning net position, beginning of year	(261,476)	(10,317)
Cummulative effect resulting from adoption of GASB Statement No. 65	(6,628)	-
Net position, beginning of year, as restated	(268,104)	(10,317)
Ending net position (deficit)	$ (297,515)	$ (261,476)

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 (AB 1X26) 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.

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 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.

AB 1X26 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.

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.

The CRFA is an entity legally separate from CRA/LA-DLA but is governed by a board comprised of the same 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 purpose was to provide bond financing services for the Former Agency.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 as pursuant to a formula set forth in a specific loan agreement.

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

E. Restricted Assets

Restricted assets consist primarily of investments maintained by the bond fiscal agents and trustees, under provisions of the 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Land Held for Redevelopment

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 the DOF's approval of the Long Range Property Management Plan (LRPMP).

In the financial statements, land acquired and subsequently conveyed for redevelopment activities is reported as an asset or reduction from assets.

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. 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.

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 and 50 percent of the available sick leave to employees upon retirement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. For those brownfield sites where legal title has been transferred yet legal obligation to cleanup remains with CRA/LA-DLA, the remediation liability will be estimated based on outside consultants and existing remediation contracts.

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.

N. Property Tax Revenues

Pursuant to AB 1X26, and following DOF approval, the County Auditor-Controller is required to remit to CRA/LA-DLA property taxes distributed from 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 for each six month period of each fiscal year. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

During fiscal year 2011, the Former Agency transferred certain revenue-generating commercial properties in repayment of the CDBG no-term obligations and an additional 74 properties to the City in connection with the implemented Council File No. 11-0354 and Council File No. 11-0086-S1. The enactment of AB 1X26, among other things, directed the State Controller to review the propriety of transfers of assets between redevelopment agencies and other public bodies after January 1, 2011. As a result, the State Controller issued a written notice on April 20, 2012 requiring the reversal of prior asset transfers that are not contractually committed. In December 2012, the City returned the properties that were transferred in March 2011.

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. 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, and functions were transferred and assumed by LAHD, the Housing Successor Agency resulting 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.

On January 22, 2014, CRA/LA-DLA and the City executed the Assignment and Assumption Agreement transferring all outstanding Commercial and Industrial Earthquake Recovery loans (CIERLP) to the City resulting in an extraordinary loss of $3,313,000.

The components of the extraordinary loss recognized at June 30, 2014 are as follows (in thousands):

Transfers of assets to Housing Successor -	
Loans receivable	$ (7,694)
Land	(37,021)
Total transfers of assets to Housing Successor	(44,715)
Transfers of assets to the City -	
Loans receivable – CIERLP loans	(3,313)
Total transfers of assets to the City	(3,313)
Total extraordinary loss	$ (48,028)

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Reclassifications

Certain reclassifications have been made in the 2013 financial statements in order to conform to the current year presentation.

S. Recent GASB Pronouncements

Pronouncements adopted by CRA/LA-DLA in fiscal year 2014:

1. *GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities.* Issued in March 2012, this statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows or resources, certain items that were previously reported as assets and liabilities. It will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This Statement is effective for financial statements for periods beginning after December 15, 2012.

   CRA/LA-DLA adopted GASB Statement No. 65 in fiscal year 2014. CRA/LA-DLA did not consider it practical to restate the financial statements for all periods presented. The implementation of GASB Statement No. 65 resulted in cumulative adjustments to the June 30, 2013 net position by the amount of the unamortized bond issuance costs totaling $6,628,000 as these costs are now required to be recognized as expenses in the period incurred. This change is in accordance with generally accepted accounting principles.

   Also as required by GASB Statement No. 65, CRA/LA-DLA presented deferred outflows and/or inflows on debt refunding for any unamortized loss or gain due to debt refunding and deferred inflows of resources for property taxes received before the period when resources are required to be used or when use is first permitted.

2. *GASB Statement No. 66 – Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No.62.* Issued in March 2012, this statement improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is effective for financial statements for periods beginning after December 15, 2012. In fiscal year 2014, CRA/LA-DLA adopted GASB Statement No. 66. The adoption of the statement has no impact on CRA/LA-DLA's net position as of July 1, 2013.

3. *GASB Statement No. 70 – Accounting and Financial Reporting for Non-exchange Financial Guaranties.* Issued in April 2013, this statement provides guidance that offer non-exchange financial guarantees to others and for governments that receive guarantees on their operations. This Statement requires a liability to be recognized on the financial statements of the guarantor when it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also specifies the information required to be disclosed. This statement is effective for financial statements for fiscal years beginning after June 15, 2013. CRA/LA-DLA has determined that this statement is not applicable to CRA/LA-DLA.

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Notes to Financial Statements

June 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Pronouncements effective in future periods:

1. *GASB Statement No. 67 – Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.* Issued in June 2012, this statement replaces previously issued statements related to pension plans administered through trusts or similar arrangement that meet certain criteria. It builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position and a statement of changes in fiduciary net position. It also enhances note disclosures and required supplementary information, including the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules. This statement is effective for financial statements for fiscal years beginning after June 15, 2013. CRA/LA-DLA has determined that this statement is not applicable to CRA/LA-DLA.

2. *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 has not completed the process of evaluating the impact of GASB Statement No. 68 on its financial statements.

3. *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. CRA/LA-DLA has not completed the process of evaluating the impact of GASB Statement No. 69 on its financial statements.

4. *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 Statement No. 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 has not completed the process of evaluating the impact of GASB Statement No. 71 on its financial statements.

NOTE 2 - DETAILED NOTES

A. Cash, Cash Equivalents, and Investments

Cash

Cash consists of cash deposits maintained with various banks within redevelopment project areas or banks that benefit redevelopment activities. At June 30, 2014 and 2013, the carrying amount of the CRA/LA-DLA's cash deposits totaled $253,772,000 and $332,753,000, respectively; while the bank balances totaled $262,470,000 and $327,072,000, respectively. The difference of $8,698,000 and $5,681,000, respectively, at June 30, 2014 and 2013 are primarily due to outstanding checks and other reconciling items. Of the total bank balances at June 30, 2014 and 2013, $3,323,000 and $3,939,000, respectively, were covered by the Federal Deposit Insurance Corporation and $259,147,000 and $323,133,000, 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, 2014 and 2013, 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, 2014 and 2013, cash and investments are reflected in the statements of fiduciary net position with carrying values as follows (dollars in thousands):

	June 30, 2014			June 30, 2013		
	Deposits	Investments	Total	Deposits	Investments	Total
Cash	$ 189,390	$ -	$ 189,390	$ 266,655	$ -	$ 266,655
Unrestricted investments	-	-	-	-	26,969	26,969
Restricted assets	64,382	58,402	122,784	66,098	55,574	121,672
Total	$ 253,772	$ 58,402	$ 312,174	$ 332,753	$ 82,543	$ 415,296

NOTE 2 - DETAILED NOTES (continued)

CRA/LA-DLA's investments at June 30, 2014 and 2013 consisted of the following investment types (dollars in thousands):

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	
Total investments	$ 58,402	$ 58,402	

At June 30, 2013:

Investment Type	Amortized Costs	Fair Value	Weighted Average Maturity (Years)
Investments held by CRA/LA-DLA			
Treasury securities	$ 24,969	$ 25,009	0.24
Federal securities	2,000	2,001	0.38
Total investments held by CRA/LA-DLA	26,969	27,010	
Investments held by fiscal agent or trustee:			
Treasury securities	15,283	15,283	0.147
Money market funds	37,183	37,183	0.003
Repurchase agreement	3,108	3,108	19.016
Total investments held by fiscal agent or trustee	55,574	55,574	
Total investments	$ 82,543	$ 82,584	

Portfolio weighted average maturity for investments held by CRA/LA-DLA (excluding investment held by fiscal agent or trustee)	0.25

NOTE 2 - DETAILED NOTES (continued)

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. In addition, in order to minimize the total volatility of the portfolio, CRA/LA-DLA maintains a diversified portfolio of investments.

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 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, 2014 and 2013, the CRA/LA-DLA's investments in money market funds at amortized costs of $33,200,000 and $37,183,000, respectively, were rated in the highest categories of Standard & Poor's "A-1+" and Moody's "P-1".

B. Loans Receivable

A schedule of loans receivable at June 30, 2014 and 2013 including allowance for market value write-downs and uncollectibles is as follows (dollars in thousands):

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)

At June 30, 2013:

	Principal Balance			
	Amortizing	Deferred	Residual Receipts	Total
Outstanding at July 1, 2012	$ 26,357	$ 128,029	$ 572,885	$ 727,271
Transfer to Housing Successor	(14,907)	(70,565)	(545,111)	(630,583)
Additions:				
New funding	-	6,565	4,835	11,400
Reductions:				
Principal repayments	(1,269)	(140)	(50)	(1,459)
Others *	(7)	(8,938)	994	(7,951)
Outstanding at June 30, 2013	10,174	54,951	33,553	98,678
Less allowance for market value write-downs and uncollectibles	(3,424)	(53,122)	(27,809)	(84,355)
Balance at June 30, 2013	$ 6,750	$ 1,829	$ 5,744	$ 14,323

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

C. Capital Assets

Changes in capital assets for the year ended June 30, 2014 and 2013 were as follows (dollars in thousands):

At June 30, 2014:

Description	Balance June 30, 2013	Others*	Acquisitions/ 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 during fiscal year 2014.

NOTE 2 - DETAILED NOTES (continued)

At June 30, 2013:

Description	Balance June 30, 2012	Others*	Acquisitions/ Dispositions/ Adjustments	Depreciation/ Amortization	Balance June 30, 2013
Capital assets, not being depreciated:					
Land	$ 41,665	$ 11,703	$ -	$ -	$ 53,368
Capital assets, being depreciated:					
Building and improvements	30,034	11,326	-	-	41,360
Less accumulated depreciation/ amortization	(9,931)	(8,090)	-	(1,110)	(19,131)
Net building and improvements	20,103	3,236	-	(1,110)	22,229
Equipment and leasehold improvements	25,874	-	222	-	26,096
Less accumulated depreciation/ amortization	(18,064)	-	(222)	(1,721)	(20,007)
Net equipment and leasehold improvements	7,810	-	-	(1,721)	6,089
Net capital assets, being depreciated	27,913	3,236	-	(2,831)	28,318
Net capital assets	$ 69,578	$ 14,939	$ -	$ (2,831)	$ 81,686

*Amount represents return of properties that were transferred to the City during fiscal year 2011. (Note 3-G, Other Transactions with the City)

D. CRFA Bonds

The following table summarizes the CRFA bond transactions for the fiscal years ended June 30, 2014 and 2013 (dollars in thousands):

Balance, July 1, 2012	$ 356,585
Retirement, various pooled financing bond issues	(14,165)
Balance, July 1, 2013	342,420
Retirement, various pooled financing bond issues	(20,145)
Balance, June 30, 2014	$ 322,275

NOTE 2 - DETAILED NOTES (continued)

CRFA bonds outstanding at June 30, 2014 and 2013 were as follows (dollars in thousands):

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	2014 Balance Outstanding	2013 Balance Outstanding
Pooled bonds:						
Pooled Financing Bonds, Series B	8/1/1992	9/1/2014	5.00% - 6.625%	$ 5,820	$ 155	$ 300
Pooled Financing Refunding Bonds, Series E	8/1/1998	9/1/2014	3.60% - 5.00%	21,805	1,740	3,385
Pooled Financing Refunding Bonds, Series F	8/1/1998	9/1/2014	4.05% - 5.00%	12,820	1,100	2,175
Pooled Financing Bonds, Series H (taxable)	6/15/2002	9/1/2032	8.25% - 9.75%	9,765	2,745	8,185
Pooled Financing Bonds, Series I (taxable)	6/1/2003	9/1/2019	2.625%-5.50%	4,890	7,000	7,970
Pooled Financing Bonds, Series J (taxable)			2.00% - 5.00%	17,970	15,045	15,410
Pooled Financing Bonds, Series J	9/17/2003	9/1/2033	2.00% - 5.00%	4,500	3,580	3,680
Pooled Financing Bonds, Series K (taxable)	9/17/2003	9/1/2033	6.98% - 9.38%	4,645	3,995	4,080
Pooled Financing Bonds, Series L (taxable)	6/28/2006	9/1/2026	5.74% - 6.15%	32,000	24,860	26,110
Pooled Financing Bonds, Series M (taxable)	6/29/2006	9/1/2036	6.10% - 6.70%	34,500	31,405	31,990
Pooled Financing Bonds, Series N	6/28/2006	9/1/2026	3.50% - 5.25%	8,000	6,040	6,360
Pooled Financing Bonds, Series O (taxable)	6/28/2007	9/1/2037	5.94% - 6.66%	8,000	7,185	7,355
Pooled Financing Bonds, Series P (taxable)	6/26/2008	9/1/2038	8.00%	14,250	13,400	13,615
Revenue bonds:						
Bunker Hill Project Revenue Bonds, Series 2004A	5/19/2004	12/1/2028	3.00% - 5.50%	181,510	174,105	175,405
Bunker Hill Project Revenue Bonds, Series 2004B	5/19/2004	12/1/2017	1.49% - 5.83%	87,550	29,920	36,400
Total CRFA bonds					$ 322,275	$ 342,420

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.

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, 2014 and 2013, the $322,275,000 and $342,420,000, respectively, receivable/payable between CRFA and CRA/LA-DLA is eliminated.

NOTE 2 - DETAILED NOTES (continued)

E. Long-Term Debt

New Debt Issues

On August 1 and 8, 2013, the Governing and Oversight Boards, respectively, approved CRA/LA-DLA's participation in the County's inaugural 2013 refunding bond pool. In December 2013, the County successfully closed the first pool of refunding bonds which included the following CRA/LA-DLA's tax allocation refunding bonds.

1) Adelante Eastside Series E (taxable) tax allocation refunding bonds in the amount of $4,605,000 at interest rates ranging from 1.146 percent to 6.00 percent to refund Adelante Eastside Series A, to fund a deposit to the reserve fund for the bonds, and to pay the costs of issuing the bonds.

2) Hollywood Series G (tax-exempt) tax allocation refunding bonds in the amount of $14,975,000 at interest rates ranging from 3.00 percent to 5.00 percent to partially refund Hollywood Series C, to purchase a reserve fund surety bond for the bonds, and to pay the costs of issuing the bonds.

3) Hollywood Series H (taxable) tax allocation refunding bonds in the amount of $11,875,000 at interest rates ranging from .526 percent to 4.494 percent to refund Hollywood Series D, to purchase a reserve fund surety bond for the bonds, and to pay the costs of issuing the bonds.

4) Mid-City Recovery Series D (taxable) tax allocation refunding bonds in the amount of $5,515,000 at interest rates ranging from 1.146 percent to 6.00 percent to refund Mid-City Recovery Series B, to fund a deposit to the reserve fund for the bonds, and to pay the costs of issuing the bonds.

5) North Hollywood Series I (tax-exempt) tax allocation refunding bonds in the amount of $16,675,000 at interest rates ranging from 3.00 percent to 5.00 percent to refund North Hollywood Series E and F, to purchase a reserve fund surety bond for the bonds, and to pay the costs of issuing the bonds.

6) Little Tokyo Series F (tax-exempt) refunding tax allocation bonds in the amount of $7,965,000 at interest rates ranging from 3.00 percent to 5.00 percent to refund Little Tokyo Series D, to fund a deposit to the reserve fund for the bonds, and to pay the costs of issuing the bonds.

NOTE 2 - DETAILED NOTES (continued)

Changes in Long-term Liabilities

CRA/LA-DLA's long-term liabilities for the fiscal year ended June 30, 2014 and 2013 are summarized as follows (dollars in thousands):

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

At June 30, 2013:

Description	Balance June 30, 2012	Additions	Retirement	Balance June 30, 2013	Due Within One Year
Bonds payable	$ 681,090	$ -	$ (27,030)	$ 654,060	$ 28,421
Notes payable	25,654	10,422	(13,214)	22,862	245
Payable to the City	15,804	-	(9,269)	6,535	-
Sub-total before premiums/ discounts on bonds	722,548	10,422	(49,513)	683,457	28,666
Unamortized premiums and discounts on bonds	91	-	310	401	-
Total bonds and notes	722,639	10,422	(49,203)	683,858	28,666
Compensated absences	1,031	468	(892)	607	281
Other postemployment benefit obligations	13,868	-	(8,386)	5,482	-
Net long-term liabilities, governmental activities	$ 737,538	$ 10,890	$ (58,481)	$ 689,947	$ 28,947

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Notes to Financial Statements

June 30, 2014 and 2013

NOTE 2 - DETAILED NOTES (continued)

Outstanding Long-term Debt

Long-term debt outstanding at June 30, 2014 and 2013 is comprised of the following (dollars in thousands):

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	2014 Outstanding Balance	2013 Outstanding Balance
Tax allocation bonds:						
Adelante Eastside, Series A (taxable)	6/27/2002	9/1/2032	8.00% - 9.25%	$ 4,750	$ -	$ 4,250
Adelante Eastside, Series B (taxable)	7/1/2005	9/1/2035	5.625% - 5.90%	7,000	6,435	6,525
Adelante Eastside, Series C (taxable)	6/20/2007	9/1/2037	6.490%	10,040	9,325	9,485
Adelante Eastside, Series D	12/3/2009	9/1/2039	1.75% - 6.50%	10,000	9,220	9,385
Adelante Eastside, TARB Series E (taxable)	12/20/2013	9/1/2032	1.46% - 6.00%	4,605	4,605	-
Beacon Street, Refunding Series B*	8/1/1998	9/1/2014	4.05% - 5.00%	4,350	375	740
Beacon Street, Series C (taxable)	7/1/2005	9/1/2019	5.625%	2,680	2,505	2,535
Broadway/Manchester, Series A (taxable) *	6/28/2007	9/1/2037	5.940% - 6.66%	1,500	1,390	1,415
Bunker Hill, Grand Central Square Multifamily Housing, Refunding Series 2007A	6/21/2007	12/1/2026	4.00% - 5.00%	11,345	9,210	9,720
Bunker Hill, Refunding Series H *	12/1/1993	12/1/2028	5.60% - 6.50%	202,175	202,175	202,175
Bunker Hill, Refunding Series K *	5/19/2004	12/1/2013	1.49% - 4.99%	56,885	-	6,790
Bunker Hill, Refunding Subordinate Lien 2004L	5/19/2004	3/1/2019	3.50% - 5.10%	30,955	13,215	15,510
CD 9 Corridors, Series A (taxable)	6/26/2001	9/1/2023	8.50% - 8.875%	2,000	1,345	1,425
CD 9 Corridors, Series B	6/26/2001	9/1/2031	5.875% - 6.00%	2,000	2,000	2,000
CD 9 Corridors, Series C (taxable) *	9/17/2003	9/1/2033	4.18% - 6.38%	5,500	4,710	4,810
CD 9 Corridors, Series D (taxable)	3/30/2005	9/1/2034	3.20% - 5.65%	6,500	5,460	5,595
CD 9 Corridors, Series E (taxable)	6/6/2007	9/1/2037	5.875% - 6.05%	12,500	11,410	11,620
Crenshaw, Refunding Series C *	8/1/1998	9/1/2014	4.05% - 5.00%	3,895	330	660
Crenshaw/Slauson, Series A (taxable) *	6/15/2002	9/1/2032	8.25% - 9.75%	1,135	995	1,015
Crenshaw/Slauson, Series B (taxable) *	6/28/2007	9/1/2037	5.94% - 6.66%	3,000	2,840	2,875
East Hollywood/Beverly-Normandie, Series A (taxable) *	9/17/2003	9/1/2033	6.98% - 9.38%	1,885	1,660	1,690
East Hollywood/Beverly-Normandie, Series B (taxable) *	6/28/2006	9/1/2026	5.74% - 6.15%	8,000	6,215	6,528
Hollywood, Refunding Series C	3/1/1998	7/1/2022	4.10% - 5.50%	35,840	7,580	26,170
Hollywood, Series D (taxable)	11/25/2003	7/1/2022	1.50% - 6.00%	23,000	-	12,555
Hollywood, Series E (taxable)	5/9/2006	7/1/2036	6.25%	16,500	16,500	16,500
Hollywood, Series F	6/19/2008	7/1/2028	3.20% - 4.75%	15,565	12,735	13,355
Hollywood, TARB Series G	12/20/2013	7/1/2022	3.00% - 5.00%	14,975	14,975	-
Hollywood, TARB Series H (taxable)	12/20/2013	7/1/2022	0.526% - 4.494%	11,875	11,875	-
Hoover, Refunding Series C	11/1/1995	9/1/2014	4.75% - 5.50%	5,040	280	550
Exposition/University Park, Refunding Series E (taxable)	6/7/2007	9/1/2032	5.45% - 6.00%	5,905	4,095	4,365
Laurel Canyon Commercial Corridor, Refunding Series B (taxable) *	9/17/2003	9/1/2030	6.98% - 9.38%	2,760	2,335	2,390
Laurel Canyon Commercial Corridor, Series C (taxable) *	6/28/2007	9/1/2037	5.94% - 6.66%	2,000	1,935	1,950
Little Tokyo, Refunding Series D	12/18/2003	7/1/2020	4.30% - 4.75%	11,430	-	10,785
Little Tokyo, TARB Series F	12/24/2013	9/1/2020	3.00% - 5.00%	7,965	7,965	-

NOTE 2 - DETAILED NOTES (continued)

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	2014 Outstanding Balance	2013 Outstanding Balance
Los Angeles Harbor, Refunding Series C *	8/1/1998	9/1/2014	3.60% - 5.00%	5,345	460	920
Mid-City Recovery, Refunding Series B (taxable) *	6/15/2002	9/1/2032	8.25% - 9.75%	6,500	-	5,385
Mid-City Recovery, Series C (taxable)*	6/26/2008	9/1/2032	8.00%	6,500	6,250	6,325
Mid-City Recovery, TARB Series D (taxable)	12/20/2013	9/1/2032	1.146% - 6.00%	5,515	5,515	-
Monterey Hills, Refunding Series C *	8/1/1998	9/1/2014	3.60% - 5.00%	12,930	1,055	2,015
Monterey Hills, Series D (taxable)	5/9/2002	9/1/2020	6.60%	4,500	4,500	4,500
Normandie 5, Refunding Series C *	8/1/1992	9/1/2014	5.00% - 6.625%	6,320	155	300
Normandie 5, Refunding Series D *	8/1/1998	9/1/2014	3.60% - 5.00%	3,530	225	450
Normandie 5, Series E (taxable) *	6/1/2003	9/1/2019	2.625% - 5.50%	4,330	2,035	2,315
North Hollywood, Series E	10/1/2000	7/1/2024	4.20% - 7.50%	5,800	-	4,620
North Hollywood, Series F	5/1/2002	7/1/2024	2.75% - 5.125%	17,120	-	15,720
North Hollywood, Refunding Series G	5/18/2006	7/1/2029	3.50% - 4.625%	11,340	6,605	8,045
North Hollywood, Series H	6/26/2008	7/1/2029	5.125% - 5.25%	5,815	5,815	5,815
North Hollywood, TARB Series I	12/20/2013	7/1/2024	3.00% - 5.00%	16,675	16,675	-
Pacific Corridor, Series A (taxable) *	6/29/2006	9/1/2036	6.10% - 6.70%	5,000	4,550	4,635
Pacoima/Panorama City, Series A (taxable) *	9/17/2003	9/1/2033	4.18% - 6.38%	4,265	3,535	3,625
Pacoima/Panorama City, Series B (taxable) *	6/28/2006	9/1/2026	5.74% - 6.15%	8,000	6,215	6,528
Pacoima/Panorama City, Series C *	6/28/2006	9/1/2026	3.50% - 5.25%	8,000	6,040	6,360
Pacoima/Panorama City, Series D	11/4/2009	9/1/2039	5.00% - 5.625%	20,000	18,560	18,900
Pico Union 1, Refunding Series B*	8/1/1998	9/1/2014	4.05% - 5.00%	4,575	395	775
Pico Union 1, Series C (taxable) *	6/1/2003	9/1/2019	2.625% - 5.50%	3,250	1,530	1,745
Pico Union 2, Series A (taxable) *	6/1/2003	9/1/2019	2.625% - 5.50%	7,310	3,435	3,910
Pico Union 2, Series B (taxable) *	6/26/2008	9/1/2026	8.00%	5,500	4,945	5,075
Reseda/Canoga Park, Series A *	9/17/2003	9/1/2033	2.00% - 5.00%	4,500	3,580	3,680
Reseda/Canoga Park, Series B (taxable) *	9/17/2003	9/1/2033	4.18% - 6.38%	8,205	6,800	6,975
Reseda/Canoga Park, Series C (taxable) *	6/28/2006	9/1/2026	5.74% - 6.15%	16,000	12,430	13,054
Reseda/Canoga Park, Series D (taxable)	11/9/2010	9/1/2040	7.30% - 7.50%	8,980	8,980	8,980
Reseda/Canoga Park, Series E	11/9/2010	9/1/2040	5.00% - 5.375%	11,020	11,020	11,020
Vermont/Manchester, Series A (taxable) *	6/15/2002	9/1/2032	8.25% - 9.75%	1,130	990	1,010
Vermont/Manchester, Series B (taxable) *	6/26/2008	9/1/2038	8.00%	2,250	2,205	2,215
Watts, Series A (taxable) *	6/28/2007	9/1/2021	5.94% - 6.39%	1,500	1,020	1,115
Watts Corridors Recovery, Series A (taxable) *	6/15/2002	9/1/2032	8.25% - 9.75%	1,000	760	775
Western/Slauson, Series A (taxable) *	6/29/2006	9/1/2036	6.10% - 6.70%	2,500	2,270	2,315
Westlake, Series A (taxable) *	6/29/2006	9/1/2036	6.10% - 6.70%	11,000	10,015	10,200
Westlake, Series B (taxable)	6/26/2008	9/1/2038	5.49% - 7.75%	12,500	11,895	12,060
Wilshire/Koreatown, Series A (taxable) *	6/29/2006	9/1/2036	6.10% - 6.70%	16,000	14,570	14,840
Wilshire/Koreatown, Series B (taxable)	6/26/2008	9/1/2018	6.00% - 6.50%	22,580	12,950	15,095
Wilshire/Koreatown, Series C	6/26/2008	9/1/2040	5.10% - 5.50%	11,050	11,050	11,050
Total tax allocation bonds payable before unamortized premium (discount)					584,725	617,715

*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	2014 Outstanding Balance	2013 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	35,315	36.345
Total tax allocation and revenue bonds before unamortized premium (discount)					620,040	654,060
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	4,727	5,000
Junior Note	3/22/2013	1/31/2042	6.00%	5,422	5,422	5,422
North Hollywood, NOHO Commons	8/27/2004	Until Paid	6.00%	9,043	8,145	8,403
Total project notes payable					22,331	22,862
Payable to the City (note 2-G)					6,385	6,535
Total long-term debt, June 30, 2014					$ 648,756	$ 683,457

The bond indentures/fiscal agent agreements contain various limitations and restrictions which require performance of duties in accordance with State redevelopment law and the redevelopment plan for the respective project and 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 of these 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 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, if any of eleven enumerated events occur, 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, 2014 are reflected in the following table (dollars in thousands).

Year Ending June 30	Bonds Payable		Notes Payable		Payable to the City (note 2-G)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 30,930	$ 35,033	$ 27	$ 2,024	$ 101	$ 392	$ 31,058	$ 37,449
2016	30,735	33,367	183	1,568	102	311	31,020	35,246
2017	32,610	31,641	194	1,556	102	311	32,906	33,508
2018	33,814	29,816	206	1,544	102	311	34,122	31,671
2019	35,701	27,917	218	1,532	101	311	36,020	29,760
2020-2024	156,860	112,493	1,334	7,414	5,877	950	164,071	120,857
2025-2029	169,890	66,470	10,235	6,491	-	-	180,125	72,961
2030-2034	72,775	29,904	5,354	2,750	-	-	78,129	32,654
2035-2039	50,605	9,479	621	1,304	-	-	51,226	10,783
2040-2041	6,120	453	3,959	686	-	-	10,079	1,139
Total	$ 620,040	$ 376,573	$ 22,331	$ 26,869	$ 6,385	$ 2,586	$ 648,756	$ 406,028

F. Defeasance of Debt

The total cash flow saving and economic gain for the fiscal year 2014 refunding transactions were $13,732,000 and $8,153,000, 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 $441,000 is recorded as deferred outflows 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, 2014, 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 with no definite due dates, 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 as defined in the

NOTE 2 - DETAILED NOTES (continued)

contracts. 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.

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, with an option to extend loan maturity dates for another five years for each respective note.

At June 30, 2014 and 2013, the outstanding balance of the 20-year loan amounted to $1,590,000 for both years. Interest accrued at June 30, 2014 and 2013 on the 20-year loan in the amount of $73,000 and $33,000, respectively, 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 in which the loan was to be paid out of "community improvement fees" from the Hollywood Highland developer in accordance with a disposition and development agreement. The cooperation agreement required the return of the Former Agency's loan repayments back to the Former Agency to finance qualifying block grant expenditures. 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. During the fiscal year 2014, a $1,500,000 payment was made to partially retire this loan. This payment was applied to fully pay off accrued interest amounting to $1,450,000, with the balance of $50,000 applied against the principal. Outstanding loan principal balance is $4,200,000 at June 30, 2014.

The Oversight Board on February 13, 2014 and DOF on March 28, 2014 authorized the CRA/LA-DLA to assign the community impact fees for the Hollywood Highland project to the City, in exchange for the termination of the promissory note evidencing amounts owed by the Former Agency to the City. The assignment and assumption agreement is pending execution by the City.

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 to be located in 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 disposition and development agreement 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)

During the fiscal year ended June 30, 2014, a debt service payment in the amount of $104,000 was made. $4,000 was applied against accrued interest with the balance of $100,000 applied against principal. At June 30, 2014, the outstanding loan principal balance is $595,000.

During the fiscal year ended June 30, 2013, no repayment on this loan was made due to the limitation imposed by the DOF on loan agreements entered into between a redevelopment agency and the city, and/or other county that formed the redevelopment agency. HSC Section 34191.4 (2A) states, "No loan repayments shall be made prior to the 2013-2014 fiscal year". Thus, the principal outstanding remained unchanged at $695,000 at June 30, 2013.

The following is a schedule of amounts payable to the City at June 30, 2014 and 2013 (dollars in thousands).

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	2014 Outstanding Balance	2013 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	4,200	4,250
LADOT loan, Beacon Street	7/19/2005	9/15/2019 *	Variable**	960	595	695
Total payable to the City					$ 6,385	$ 6,535

* 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, 10 years from the project completion date.

**According to the loan agreement with the LADOT, interest rate is determined based on the City's pooled fund interest rate for the year that the repayment is made. However, for purposes of projecting future annual debt service requirements for this loan, the interest is calculated at the Local Agency Investment Fund (LAIF) rate of .22 percent at June 30, 2014 to comply with HSC Section 34191.4 (b)(2) guidelines.

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, 2014 and 2013, CRA/LA-DLA's negative net position amounted to $297,515,000 and $261,476,000, respectively. Pursuant to AB 1X26, 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.

NOTE 3 - OTHER INFORMATION

A. Employees' Retirement System

Plan Description

CRA/LA-DLA contributes to the California Public Employees' Retirement System (CalPERS), an agent 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 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 for a multi-year agreement. 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 as a result of the dissolution.

CalPERS prepared CRA/LA-DLA's pension plan actuarial valuation as of June 30, 2013, received on October 31, 2014. The valuation indicated that the pension plan is in a "2% at 55" risk pool given that CRA/LA-DLA's headcount had declined to fewer than 50 fulltime employees. While the risk pool does not 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. In turn, the plan's unfunded liability, on both an actuarial and market value bases, has also been increased.

Funding Policy

The contribution requirements of plan members and CRA/LA-DLA are established and may be amended by CalPERS. Plan members are required to contribute seven percent of their annual covered salary, which pursuant to a collective bargaining agreement are made by CRA/LA-DLA on behalf and for the account of the plan members. As employer, CRA/LA-DLA is required to contribute at an actuarially determined rate; the rate for 2014 and 2013 were 20.28 percent and 15.851 percent of covered payroll, respectively.

NOTE 3 - OTHER INFORMATION (continued)

Pension Cost and Actuarial Methods and Assumptions

For fiscal year ended June 30, 2014, the CRA/LA-DLA's pension cost of $998,000 was equal to CRA/LA-DLA's annual required and actual contribution. Below is a summary of principal assumptions and methods used to determine the annual required contribution for the year ended June 30, 2014.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Average remaining period	18 years as of the valuation date
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.50% (net of administrative expenses)
Projected salary increases	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

Three-year Trend Information (dollars in thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	$ 3,172	100%	$ -
6/30/2013	988	100%	-
6/30/2014	998	100%	-

Funded Status and Funding Progress

As of June 30, 2013 (the most recent actuarial valuation date available), the plan was 70.4 percent funded. The accrued liability for benefits was $222,079,000, and the value of assets was $156,234,000, resulting in an unfunded accrued liability (UAL) of $65,845,000. The covered payroll at June 30, 2013 was $6,231,000 and the ratio of the UAL to the covered payroll was 1056.73 percent.

The schedule of funding progress, presented as required supplementary information of this report presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 an agent 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 and $1,605,000 on December 4, 2013. The following table shows the activities of CRA/LA-DLA's CERBT account at June 30, 2014 and 2013 (dollars in thousands).

Balance, July 1, 2012	$ -
Contributions	8,699
Investment earnings (losses)	(403)
Administrative fees	(2)
Balance, July 1, 2013	8,294
Contributions	1,605
Investment earnings (losses)	1,446
Administrative fees	(14)
Balance, June 30, 2014	$ 11,331

NOTE 3 - OTHER INFORMATION (continued)

Annual OPEB Cost and Net OPEB Obligation

Due to the enactment of the Dissolution Act (AB 1X26 and AB1484), 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.

The following table shows the components of the CRA/LA-DLA's OPEB cost for fiscal year ended June 30, 2014, 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, 2014	$ 1,525
Interest on net OPEB obligation	355
Adjustment to ARC	(326)
OPEB cost (expense) for fiscal year ended June 30, 2014	1,554
Contributions made	(3,424)
Decrease in net OPEB obligation	(1,870)
Net OPEB obligation June 30, 2013	5,482
Net OPEB obligation, June 30, 2014	$ 3,612

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 2014 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
6/30/2012	$ 2,340	53.84%	$ 13,868
6/30/2013	2,228	476.39%	5,482
6/30/2014	1,554	220.33%	3,612

Funded Status and Funding Progress

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

Actuarial accrued liability	$ 31,493
Actuarial value of plan assets	8,294
Unfunded actuarial accrued liability	$ 23,199
Funded ratio	26.3%
Covered payroll	$ 6,231
Unfunded actuarial accrued liability as a percentage of covered payroll	372.32%

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 $17,500 ($22,500 if age 50 or older) for both the 2014 and 2013 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 staff 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 (AB 1X26 and AB1484), 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 $3,124,000 and $2,722,000 at June 30, 2014 and 2013, 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 $584,725,000 in 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 $937,600,000 payable through fiscal year 2041. For the year ended June 30, 2014, CRA/LA-DLA's principal and interest paid on these bonds were $27,390,000 and $35,242,000 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 AB 1X26, revenue pledges are to be honored. 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 actual net revenue is insufficient to cover debt service, the shortfall could 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, housing set-aside, 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 $4,159,000 at June 30, 2014.

G. Other Transactions with the City

Transfer of Properties

On March 8, 2011, the City Council approved the transfer of certain revenue-generating commercial properties (with historical cost of $3,664,000) from the Former Agency to the City in repayment of CDBG no-term obligations in the amount of $50,671,000 (Council File 11-0354). The transfer included the fee interests in the California Plaza Towers One and Two, Omni Hotel and the Martin Luther King, Jr. Shopping Center. The ground lease revenues generated from these properties are approximately $3.3 million annually.

NOTE 3 - OTHER INFORMATION (continued)

On March 22, 2011, the City Council authorized the transfer of an additional 74 properties from the Former Agency to the City, in connection with the implementation of a Cooperation Agreement (Council File 11-0086-S1). Since some properties have more than one assessor parcel number (APN), the City Attorney reviewed the Council Motion and identified 130 parcels based on their discrete APN. As of February 1, 2012, 52 grant deeds, including 106 parcels, with the historical cost of $93,410,000 were transferred from the Former Agency to the City.

The enactment of AB 1X26, among other things, directed the State Controller to review the propriety of transfers of assets between redevelopment agencies and other public bodies after January 1, 2011. As a result, the State Controller issued a written notice on April 20, 2012 requiring the reversal of prior asset transfers that are not contractually committed. In December 2012, the City returned the properties transferred in March 2011. Following the return of the properties, the City submitted a claim to CRA/LA-DLA for the repayment of the $50,900,000. CRA/LA-DLA reviewed the City's claim and based on the specific requirements of AB 1X26 and AB1484 determined the claim not an enforceable obligation.

In April 2014, the State Controller's Office (SCO) reviewed all asset transfers made by the Former Agency to the City or any other public agency after January 1, 2011 and concluded that no further action was necessary.

Return of CRA/LA-DLA Funds Deposited with the City

In September 2009, the City Council approved the sale of a surplus City-owned property to the Former Agency. Escrow was opened and the Former Agency deposited $2,200,000 with the City. The Former Agency was unable to secure additional funding and the escrow subsequently lapsed and the sale was not completed. This amount is reported as deposits for land acquisition in CRA/LA-DLA's statements of fiduciary net position at June 30, 2013. The City remitted payment to CRA/LA-DLA on October 1, 2013 for the full amount.

Housing Assets Transfer

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 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, the Housing Successor. 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 the Housing Successor.

In accordance with HSC section 34176(g)(1)(A), 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. Approximately $17,207,000 is available. DOF is reviewing the Housing Bond Expenditure Agreement between CRA/LA-DLA and the Housing Successor. Upon approval by the Oversight Board and DOF, the unspent housing bond proceeds in its entirety will be listed on the following ROPS for distribution.

NOTE 3 - OTHER INFORMATION (continued)

Transfer of the CIERLP Loan Portfolio to the City

The Commercial and Industrial Earthquake Recovery Loan Program (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.

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. AB 1X26 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.

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, 2014 and 2013 was $2,626,000 and $1,930,000, respectively.

CRA/LA-DLA has the following contractual agreements for future rental payments at June 30, 2014 (dollars in thousands):

Fiscal Year Ending June 30	Amount
2015	$ 1,815
2016	1,719
2017	1,719
2018	1,719
2019-2021	1,318
Total	$ 8,290

NOTE 3 - OTHER INFORMATION (continued)

Pollution Remediation Obligations

CRA/LA-DLA has estimated cleanup costs at five brownfields redevelopment sites to be approximately $2,300,000 and $5,060,000 at June 30, 2014 and 2013, respectively. The estimate is based on a reasonable range of potential outlay and their probability of occurring. At June 30, 2014 and 2013, the amount expected to be recovered from external sources or retained escrow funds is $2,001,000 and $4,415,000, respectively, leaving a net estimated cost to CRA/LA-DLA of $299,000 and $645,000, respectively. No costs were capitalized nor accrued as a liability during the fiscal years 2014 and 2013 due to the immateriality of the cleanup costs incurred by CRA/LA-DLA (note 1-J).

I. Contingencies

Hollywood and Highland Project

The Former Agency helped to facilitate public improvement financing for the Hollywood and Highland commercial development 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 (Theater) and tax-exempt parking revenue bonds issued by the City for a subterranean parking structure.

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 transient occupancy tax generated by the hotel project at the site is 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, housing set-asides as required by State law, 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.

NOTE 3 - OTHER INFORMATION (continued)

Until and unless the Section 108 funding is assumed by a private developer, CDD shall 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.

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.

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. The LRPMP contemplates that CRA/LA-DLA will enter into an Option Agreement with the City 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 on the NOHO Commons in the North Hollywood Redevelopment Project area. The loan agreement allows the Former Agency to assign the loan to the developer.

Subsequently, the loan assignment was effected 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 revenues, 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 revenues 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.

NOTE 3 - OTHER INFORMATION (continued)

Although there has been an assignment of the loan to the developer, the Former Agency will maintain its pledge to the City of area-wide tax increment revenues as security for the full $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 Shopping Center

The Disposition and Development Agreement for the development of the Slauson 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 to be acquired by the Former Agency and 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). This pledge is subordinate to the redevelopment project area's existing and future senior-lien tax increment bonds. The developer will be responsible for the annual repayment of this loan if City site-specific tax revenue allocated to 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 32 claimants as of June 30, 2014. Management has engaged in extensive discussions with Union representatives to resolve this matter. As of June 30, 2014, CalPERS has processed 16 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

NOTE 3 - OTHER INFORMATION (continued)

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.

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 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.

NOTE 3 - OTHER INFORMATION (continued)

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, 2014, the balance of long-term tax-exempt third-party indebtedness was $109,305,000 as shown on page 48.

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. 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.

AB 1X26 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 AB 1X26, 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, AB 1X26 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)].

NOTE 3 - OTHER INFORMATION (continued)

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. DOF's approval of the LRPMP relating to the Properties Held for Future Development and For Sale is pending.

The 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.

K. Subsequent Events

Subsequent events were evaluated through January 9, 2015, which is the date the financial statements were available to be issued.

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 bond or purchase those same bond on the open market. CRA/LA-DLA has identified excess non-housing bond proceeds available in the amount of $86,300,000, net of enforceable obligations and administrative fees. The City has requested to utilize CRA/LA-DLA's excess non-housing bond proceeds for redevelopment activities. CRA/LA-DLA's Governing Board and the Oversight Board approved a Bond Expenditure Agreement (BEA) with the City on November 6, 2014 and November 13, 2014,

NOTE 3 - OTHER INFORMATION (continued)

respectively. The BEA authorizes the listing of the agreement as an enforceable obligation on ROPS 14-15B and the transfer of the excess non-housing bond proceeds. On November 4, 2014, DOF partially approved the BEA, authorizing the transfer of $84,100,000 after identifying $2,200,000 from bonds no longer outstanding and the associated bond covenants no longer existing.

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

In fiscal year 2010, the Former Agency borrowed approximately $4,800,000 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. 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 pending approval from the Governing Board, Oversight Board, and DOF.

Long Range Property Management Plan Approval

On October 7, 2014, CRA/LA-DLA received DOF's determination approving the LRPMP relating to the Properties Held to Fulfill Enforceable Obligations and For Sale.

Tax Allocation Bond Refunding

During fiscal year 2014, the Governing Board and Oversight Board, respectively, approved CRA/LA-DLA's participation in the County's 2014 refunding bond pool. CRA/LA-DLA identified two tax allocation bonds in the Bunker Hill Redevelopment Project area with original par value of $233,130,000 for immediate refunding in the amount of $171,808,000. In October 2014, the County successfully closed the refunding bonds of CRA/LA-DLA's two tax allocation refunding bonds.

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 Plan. CRA/LA-DLA's projected obligation is $3,300,000.

Judgments and Settlements

Pursuant to HSC section 34167(d)(4), judgments or settlements entered by a competent court of law or binding arbitration decisions against the former redevelopment agency are enforceable obligations. Final payments for two claims filed against the Former Agency are scheduled on the ROPS 15-16A, pending approval by the Governing Board, Oversight Board, and DOF. The scheduled payments totaling $1,847,000 are reported as other liabilities at June 30, 2014.

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 Funding Progress

June 30, 2014
(In Thousands)
(Unaudited)

Employees' Pension Plan

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
6/30/11	$ 170,087	$ 205,091	$ 35,004	82.9%	$ 24,240	144.41%
6/30/12	145,517	216,815	71,298	67.1%	20,615	345.85%
6/30/13	156,234	222,079	65,845	70.4%	6,231	1056.73%

Other Postemployment Benefits

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
7/1/2011 *	$ -	$ 58,979	$ 58,979	0.0%	$ 24,240	243.31%
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%

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, 2014
(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	$ 14,325	1/
Lease Revenue Bonds, Series 2005 Vermont Manchester Social Services Project	7/28/2005	9/1/2037	5.00%	98,920	88,785	
Multifamily Housing Revenue Refunding Bonds 2007 Series B Grand Central Square	6/21/2007	12/1/2026	4.00-5.00%	8,615	6,195	1/
Total				$ 128,360	$ 109,305	

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, 2014 and 2013
(In Thousands)

ASSETS	2014	2013
Current assets:		
Bonds receivable, current portion	$ 15,915	$ 13,911
Total current assets	15,915	13,911
Noncurrent assets:		
Restricted assets	3,284	3,476
Deferred charges	-	2,415
Prepaid bond insurance	4,287	4,680
Bonds receivable, net of current portion	306,360	328,509
Total noncurrent assets	313,931	339,080
Total assets	329,846	352,991
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refundings	308	182
LIABILITIES		
Current liabilities:		
Interest payable	3,454	3,791
Due to Agency projects	4,438	7,133
Other liabilities	801	956
Total current liabilities	8,693	11,880
Noncurrent liabilities:		
Due within one year	15,550	14,901
Due in more than one year	305,911	326,392
Total noncurrent liabilities	321,461	341,293
Total liabilities	330,154	353,173
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, 2014 and 2013
(In Thousands)

	2014	2013
Nonoperating revenues:		
Interest income	$ 19,704	$ 16,583
Nonoperating expenses:		
Interest allocated to projects	(19,704)	(16,583)
Changes in net position	-	-
Total net position - beginning of year	-	-
Total net position - end of year	$ -	$ -

See accompanying independent auditor's report.

COMPLIANCE SECTION

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2014, 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 January 9, 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

January 9, 2015
Los Angeles, California