This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 2, 2019

NEW ISSUE- BOOK-ENTRY ONLY

RATING

S&P: "AA-"

(See "CONCLUDING INFORMATION - Rating on the Bonds" herein)

In the opinion of Aleshire & Wynder, LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

$18,800,000*
CARSON PUBLIC FINANCING AUTHORITY
REVENUE BONDS, SERIES 2019
(Measure M & R Local Streets Project)

Dated: Date of Delivery **Due: June 1 as shown on the inside front cover page**

The Carson Public Financing Authority Revenue Bonds, Series 2019 (Measure M & R Local Streets Project) (the "Bonds"), are being issued to (i) finance the design, acquisition, and construction of certain local roadway and street improvement projects (each a "Project" and collectively, the "Projects") in the City of Carson (the "City"), (ii) purchase a debt service reserve policy to satisfy the reserve requirement for the Bonds and (iii) pay the costs incurred in connection with the issuance of the Bonds.

The Bonds are payable from the Revenues, as defined herein, pledged under the Indenture, as defined herein, consisting primarily of installment payments (the "Installment Payments") to be made by the City to the Carson Public Financing Authority (the "Authority") from Measure M Receipts and Measure R Receipts, as defined herein, pursuant to an Installment Sale Agreement, as defined herein, and from certain funds held under the Indenture. The City is required under the Installment Sale Agreement to make Installment Payments in each fiscal year in an amount sufficient to pay the annual principal and interest due with respect to the Bonds, as described herein. See "SOURCES OF PAYMENT FOR THE BONDS" and "RISK FACTORS" herein. The Measure M Receipts and Measure R Receipts are the only source of payment of the Installment Payments and the City has covenanted to use the net proceeds of the Bonds to fund only Projects that constitute a Measure M Project or a Measure R Project, as described herein. Neither the general fund of the City nor any other moneys of the City are available to pay or secure the Installment Payments or the Bonds. The obligation of the City to pay the Installment Payments is not subject to abatement.

Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2020, until maturity or earlier redemption. See "THE BONDS - General Provisions" and "THE BONDS - Redemption" herein.

THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT PAYMENTS UNDER THE INSTALLMENT SALE AGREEMENT IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM MEASURE M RECEIPTS AND MEASURE R RECEIPTS, DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE COUNTY OF LOS ANGELES (THE "COUNTY"), THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE AUTHORITY) IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE AUTHORITY) HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "RISK FACTORS" herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Aleshire & Wynder, LLP, Irvine, California, Bond Counsel. Certain legal matters will also be passed on for the City and the Authority by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel, and by Aleshire & Wynder, LLP, Irvine, California, as City Attorney and Authority General Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Bonds will be available for delivery through the book-entry facilities of The Depository Trust Company on or about October 31, 2019 (see "APPENDIX E - THE BOOK-ENTRY SYSTEM" herein).

The date of the Official Statement is _____, 2019.

PiperJaffray.

Cabrera Capital Markets, LLC

* Preliminary, subject to change.

$18,800,000*
CARSON PUBLIC FINANCING AUTHORITY
REVENUE BONDS, SERIES 2019
(Measure M & R Local Streets Project)

MATURITY SCHEDULE

(Base CUSIP®† _____)

Maturity Date June 1	Principal Amount	Interest Rate	Reoffering Yield	Reoffering Price	CUSIP®†
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					

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* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the City, the Municipal Advisor or the Underwriters and are included solely for the convenience of the holders of the Bonds. None of the Authority, the City, the Municipal Advisor or the Underwriters is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the City with respect to the Bonds that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described in this Official Statement.

No Offering May be Made Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Authority or the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the City or the Municipal Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Preparation of This Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of the Bonds, the Installment Sale Agreement, the Indenture or other documents, are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City Clerk for further information. See "INTRODUCTION - Summaries Not Definitive."

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Bonds are Exempt From Securities Laws Registration. The issuance, sale and delivery of the Bonds has not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the execution, sale and delivery of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(l2) of the Securities Exchange Act of 1934.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Authority or the City, any press release and any oral statement made with the approval of an authorized officer of the Authority or the City or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Stabilization of and Changes to Offering Prices. In connection with this offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside front cover page hereof and said public offering prices may be changed from time to time by the Underwriters.

City Website. The City maintains a website. The information on such website is not part of this Official Statement and is not intended to be relied on by investors with respect to the Bonds unless specifically set forth or incorporated herein.

CITY OF CARSON, CALIFORNIA

CITY COUNCIL MEMBERS

Albert Robles, *Mayor*
Cedric L. Hicks, Sr., *Mayor Pro Tem*
Lula Davis-Holmes, *Council Member*
Jim Dear, *Council Member*
Jawane Hilton, *Council Member*

CITY STAFF

Sharon L. Landers, *City Manager*
John Raymond, *Assistant City Manager – Economic Development*
David Roberts, *Assistant City Manager – Administrative Services*
Dr. Maria Slaughter, *Director of Public Works*
Tarik Rahmani, *Director of Finance*
Said Naaseh, *Director of Community Development*
Donesia L. Gause-Aldana, *City Clerk*

PROFESSIONAL SERVICES

Bond Counsel and City Attorney
Aleshire & Wynder, LLP
Irvine, California

Disclosure Counsel
Nixon Peabody LLP
Los Angeles, California

Municipal Advisor
Harrell & Company Advisors, LLC
Orange, California

Trustee
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

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APPENDIX D - PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX E - THE BOOK-ENTRY SYSTEM

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OFFICIAL STATEMENT

$18,800,000*
CARSON PUBLIC FINANCING AUTHORITY
REVENUE BONDS, SERIES 2019
(Measure M & R Local Streets Project)

This Official Statement, which includes the cover page and appendices (the "Official Statement"), is provided to furnish certain information concerning the sale of the Carson Public Financing Authority (the "Authority") Revenue Bonds, Series 2019 (Measure M & R Local Streets Project) (the "Bonds"), in the aggregate principal amount of $18,800,000*.

INTRODUCTION

This Introduction contains only a brief description of this issue and does not purport to be complete. This Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision (see "RISK FACTORS" herein). For definitions of certain capitalized terms used herein and not otherwise defined, and the terms relating to the Bonds, see the summary included in "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" herein.

The City and the Authority

The City of Carson (the "City") was incorporated as a general law city on February 20, 1968, and became a charter city on January 1, 2019. The City encompasses approximately 19.2 square miles in the southern Los Angeles County area known as South Bay. The City is located approximately 13 miles south of downtown Los Angeles. Neighboring communities include the cities of Long Beach, Compton and Lakewood. See "CITY OF CARSON" herein.

The Authority is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act, constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Joint Powers Act"). The City and the Carson Housing Authority formed the Authority by the execution of an amended and restated joint exercise of powers agreement on October 6, 2015.

Pursuant to the Joint Powers Act, the Authority is authorized to issue revenue bonds to provide funds to acquire or construct and to refinance public capital improvements, such revenue bonds to be repaid from the installment payments described herein.

The Authority is governed by a five-member Board which consists of all members of the City Council. The Mayor serves as the Chairman of the Authority. The City Manager of the City acts as the Chief Administrative Officer.

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* Preliminary, subject to change.

Purpose

The Bonds are being issued to finance the design, acquisition, and construction of certain local roadway and street improvement projects (collectively, the "Projects") in the City, purchase a debt service reserve policy to satisfy the reserve requirement for the Bonds and to pay the costs of issuing the Bonds. See "THE FINANCING PLAN" herein.

Security and Sources of Repayment

The Bonds are secured under an Indenture of Trust, dated as of October 1, 2019 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as trustee (the "Trustee"). See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" herein.

The Bonds are payable from the Revenues pledged under the Indenture. The Revenues consist primarily of installment payments (the "Installment Payments") to be made by the City to the Authority and of certain funds held under the Indenture and investment earnings thereon (collectively with the Installment Payments, the "Revenues"). The Authority will sell the Projects to the City pursuant to an Installment Sale Agreement, dated as of October 1, 2019 (the "Installment Sale Agreement"), by and between the Authority and the City.

Under the Installment Sale Agreement, the Installment Payments are payable from and secured by a first lien on:

- all Measure M Receipts (as such term is defined herein), which consist of certain amounts received by the City from a 0.5% retail transactions and use tax that is collected by Los Angeles County, California (the "County"), increasing to 1.0% on July 1, 2039, to the extent that the applicable Project constitutes a Measure M Project (as such term is defined herein), and

- all Measure R Receipts (as such term is defined herein), which consist of certain amounts received by the City from a 0.5% retail transactions and use tax that is collected by the County through June 30, 2039, to the extent that the applicable Project constitutes a Measure R Project (as such term is defined herein).

Installment Payments are payable in an amount that is sufficient to pay, when due, the annual principal of and interest on the Bonds. See "SOURCES OF PAYMENT FOR THE BONDS," "MEASURE M AND MEASURE R SALES TAX," and "RISK FACTORS." The Measure M Receipts and Measure R Receipts are the only source of payment of the Installment Payments. Neither the general fund of the City nor any other moneys of the City are available to pay or secure the Installment Payments. The obligation of the City to pay the Installment Payments is not subject to abatement.

All of the Authority's right, title and interest in and to the Installment Sale Agreement (apart from certain indemnification rights), including the right to receive Installment Payments under the Installment Sale Agreement, are assigned to the Trustee under the Indenture for the benefit of Bondholders.

For a summary of the Indenture and the Installment Sale Agreement, see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" herein. Certain capitalized terms used in this Official Statement and not otherwise defined have the meanings given them in "APPENDIX A."

Reserve Account Insurance Policy

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account has been established by the Indenture. The Reserve Account will be funded by the purchase of a Debt Service Reserve Municipal Bond Insurance Policy (the "Reserve Policy") issued by Assured Guaranty Municipal Corp. ("AGM") in an amount equal to the Reserve Requirement as defined in the Indenture. See "SOURCES OF PAYMENT FOR THE BONDS - Reserve Account."

Limited Obligation

The obligation of the City to pay Installment Payments does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has pledged any form of taxation. The obligation of the City to pay Installment Payments does not constitute a debt of the State of California (the "State") or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Legal Matters

All legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of Aleshire & Wynder, LLP, Irvine, California, as Bond Counsel. Such opinion, and certain tax consequences incident to the ownership of the Bonds are described more fully under the heading "TAX MATTERS" herein. Certain legal matters will be passed on for the City and the Authority by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel, and by Aleshire & Wynder, LLP, Irvine, California, as City Attorney and General Counsel to the Authority. Certain legal matters will be passed on for the Underwriters by their Counsel, Norton Rose Fulbright US LLP, Los Angeles, California.

Offering of the Bonds

Authority for Issuance and Delivery. The Bonds are to be issued in accordance with applicable provisions of the California Government Code, the Indenture and by Resolution No. 19-01-CPFA of the Authority adopted on March 19, 2019.

Offering and Delivery of the Bonds. The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Aleshire & Wynder, LLP, Irvine, California, Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery on or about October 1, 2019 through the facilities of The Depository Trust Company ("DTC"). See "APPENDIX E - THE BOOK-ENTRY SYSTEM."

Summaries Not Definitive

The summaries and references contained herein with respect to the Indenture, the Installment Sale Agreement, the Bonds and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the documents described herein are available for inspection during the period of initial offering of the Bonds at the offices of the Municipal Advisor. Copies of these documents may be obtained after delivery of the Bonds at the trust office of the Trustee, The Bank of New York Mellon Trust Company, N.A., Los Angeles, California or from the City at 701 E. Carson Street, Carson, California 90745.

Scheduled Debt Service on the Bonds

The following is a schedule of semi-annual Installment Payments and therefore the total scheduled debt service on the Bonds, assuming no optional redemptions are made.

Payment Date	Principal	Interest	Debt Service	Annual Debt Service
12/1/2019				
6/1/2020				
12/1/2020				
6/1/2021				
12/1/2021				
6/1/2022				
12/1/2022				
6/1/2023				
12/1/2023				
6/1/2024				
12/1/2024				
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6/1/2035				
12/1/2035				
6/1/2036				
12/1/2036				
6/1/2037				
12/1/2037				
6/1/2038				
12/1/2038				
6/1/2039				
Total				

THE FINANCING PLAN

The Projects

The City has determined to finance all of the eligible Measure M Projects and Measure R Projects with a useful life of 20 years shown in the table below using Measure M Revenues, and will further finance $9 million of the $19 million eligible Measure M Projects and Measure R Projects with a useful life of 15 years shown in the table below using Measure R Revenues. Costs shown in the table below are estimates and may increase when the City bids the construction based on a number of factors, including the requirement that the contractor enter into a project labor agreement.

Project Name	Description	Location	Useful Life	Estimated Cost
Traffic Signal Installation	New Corporate Yard Site - West entrance	Broadway	20	$ 250,000
Traffic Signal Installation	New Corporate Yard Site - East entrance	Main St.	20	250,000
Traffic Signal Installation	Traffic Signal Installation	Main St. and Lenardo	20	250,000
Traffic Signal Installation	Traffic Signal Installation	Del Amo and Stamps Drive	20	250,000
Traffic Signal Installation	Traffic Signal Installation	Lenardo and Stamps Drive	20	250,000
Traffic Signal Installation	Traffic Signal Installation (3 driveways)	Lenardo and FOLA driveways	20	750,000
Lenardo Drive	Construction of Lenardo Drive within 157 acres	Lenardo Drive	20	10,000,000
Total Measure M Projects and Measure R Projects with a useful life of 20 years				$12,000,000

Project Name	Description	Location	Useful Life	Estimated Cost
Carson Street Improvement	The project includes grinding of existing asphalt pavement, crack sealing, and overlay with rubberized asphalt. It also includes removal and replacement of existing broken/raised concrete sidewalk, driveway, and curb & gutter.	405 Fwy. to Santa Fe	15	$ 1,178,267
213th Street Improvement (Phase 1)	The project includes grinding of existing asphalt pavement, crack sealing, and overlay with rubberized asphalt. It also includes removal and replacement of existing broken/raised concrete sidewalk, driveway, and curb & gutter.	Chico to Wilmington	15	1,000,000
223rd Street Widening & Roadway Reconstruction	The street improvement includes street widening, installation of raised landscape median; rehabilitation of the existing roadway including curb, gutter and sidewalk, and irrigation system, installation of parkway trees, regulatory traffic signing, and pavement striping.	223rd Street - Lucerne to Alameda	15	3,601,766
209th Street/Brant Ave./Lamberton Ave./Maciel Ave - Selective Roadway Reconstruction	This project includes construction of curb and gutter, installation of street lights, and pavement rehabilitation. It also includes removal of existing asphalt berm, and possible right-of-way acquisition.	Various	15	297,230
Dominguez Street Roadway Reconstruction	The project includes grinding of existing asphalt pavement, crack sealing, and overlay with rubberized asphalt. It also includes removal and replacement of existing broken/raised concrete sidewalk, driveway, and curb & gutter.	Dominguez Street - Wilmington to Alameda	15	250,000

Project Name	Description	Location	Useful Life	Estimated Cost
Lomita Blvd. Street Improvement	The project includes grinding of existing asphalt pavement, crack sealing, and overlay with rubberized asphalt. It also includes removal and replacement of existing broken/raised concrete sidewalk, driveway, and curb & gutter.	Figueroa to Avalon Blvd	15	1,362,500
Sepulveda Blvd. Street Improvement	The project includes grinding of existing asphalt pavement, crack sealing, and overlay with rubberized asphalt. It also includes removal and replacement of existing broken/raised concrete sidewalk, driveway, and curb & gutter.	Figueroa to Avalon Blvd.	15	1,412,500
Avalon Blvd. Street Improvement	The project includes grinding of existing asphalt pavement, crack sealing, and overlay with rubberized asphalt. It also includes removal and replacement of existing broken/raised concrete sidewalk, driveway, and curb & gutter.	223rd Street to S/O Sepulveda	15	1,650,028
Main Street Improvement	The project includes grinding of existing asphalt pavement, crack sealing, and overlay with rubberized asphalt. It also includes removal and replacement of existing broken/raised concrete sidewalk, driveway, and curb & gutter.	Carson to Victoria	15	2,946,593
Figueroa Street Improvement	The project includes grinding of existing asphalt pavement, crack sealing, and overlay with rubberized asphalt. It also includes removal and replacement of existing broken/raised concrete sidewalk, driveway, and curb & gutter.	Torrance to Lomita	15	3,758,610

Project Name	Description	Location	Useful Life	Estimated Cost
Wilmington Ave. Street Improvement	The project includes grinding of existing asphalt pavement, crack sealing, and overlay with rubberized asphalt. It also includes removal and replacement of existing broken/raised concrete sidewalk, driveway, and curb & gutter.	Carson to 220th Street	15	341,399
Victoria Street Improvement	The project includes grinding of existing asphalt pavement, crack sealing, and overlay with rubberized asphalt. It also includes removal and replacement of existing broken/raised concrete sidewalk, driveway, and curb & gutter.	Avalon to Figueroa	15	1,167,692
Total Measure M Projects and Measure R Projects with a useful life of 15 years				$18,966,586

Estimated Sources and Uses of Funds

Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and will apply them as follows:

Sources of Funds
Par Amount of Bonds
Net Original Issue Premium
Total Sources of Funds

Uses of Funds
Measure M Project Fund
Measure R Project Fund
Underwriter's Discount
Costs of Issuance Fund [1]
Total Uses of Funds

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[1] Expenses include fees and expenses of Bond Counsel, Municipal Advisor, Disclosure Counsel and Trustee, rating fees, the Policy and the Reserve Policy premiums, costs of printing the Official Statement, and other costs of issuance of the Bonds

THE BONDS

General Provisions

Payment of the Bonds. The Bonds will be issued in the form of fully registered Bonds in the principal amount of $5,000 each or any integral multiple thereof. Interest on the Bonds is payable at the rates per annum set forth on the inside front cover page hereof, on June 1, 2020 and each December 1 and June 1 thereafter (each, an "Interest Payment Date") until maturity. Interest on the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months. Principal on the Bonds is payable on June 1 in each of the years and in the amounts set forth on the inside front cover page hereof.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated after the fifteenth day of the month preceding such Interest Payment Date (each, a "Record Date") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) it is authenticated on or before November 15, 2019, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest with respect to any Bond shall be payable to the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; provided however, that payment of interest may be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of $1,000,000 or more who shall furnish written wire instructions to the Trustee at least five (5) days before the applicable Record Date. Principal of any Bond shall be paid by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Book-Entry System. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to DTC Participants (as defined herein), which will in turn remit such interest and principal to Beneficial Owners (as defined herein) of the Bonds (see "APPENDIX E - THE BOOK-ENTRY SYSTEM" herein). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Trustee will send any notices to Bond Owners only to DTC.

Redemption

Optional Redemption. The Bonds shall be subject to mandatory redemption as a whole or in part, upon 20 days' written notice to the Trustee by the City (or such shorter period as shall be acceptable by the Trustee in its sole discretion) of its intention to optionally prepay the Installment Payments, on any date on or after June 1, 2029*, from any available source of funds of the City, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. Any such redemption shall be in such order of maturity as the City shall designate (and, if no specific order of redemption is designated by the City, in inverse order of maturity).

* Preliminary, subject to change.

Notice of Redemption; Conditional Notice. If redemption is authorized or required, notice of redemption shall be mailed by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed, the maturity or maturities of the Bonds to be redeemed, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed.

If such redemption is an optional redemption, the notice will state that such redemption is conditioned upon receipt by the Trustee of sufficient funds to insure the payment of the redemption price, including principal and interest.

Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

So long as DTC is the registered Owner of the Bonds, all such notices will be provided to DTC as the Owner, without respect to the beneficial ownership of the Bonds. See "APPENDIX E - THE BOOK-ENTRY SYSTEM."

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a particular maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate $5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond.

Effect of Redemption. Notice of redemption having been duly given, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Partial Redemption. If only a portion of any Bond is called for redemption, then upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered.

SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are payable from and secured by a pledge of Revenues and certain funds and accounts established and held by the Trustee under the Indenture. Revenues, as defined in the Indenture, means (a) all amounts received by the Authority or the Trustee pursuant or with respect to the Installment Sale Agreement, including, without limiting the generality of the foregoing, all of the Installment Payments (including both timely and delinquent payments, any late charges, and whether paid from any source) and prepayments, and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture; but excluding any Additional Payments. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" herein.

The Authority will assign to the Trustee for the payment of the Bonds the Authority's rights, title and interest in the Installment Sale Agreement (with certain exceptions), including the right to receive Installment Payments to be made by the City under the Installment Sale Agreement.

The Bonds are limited obligations of the Authority payable solely from and secured by a pledge of Revenues and certain funds and accounts held under the Indenture. The Authority has no taxing power.

Installment Payments

The City is required to pay the Installment Payments from a lien on Measure M Receipts and Measure R Receipts (see "Pledge of Measure M Receipts and Measure R Receipts" below), in an amount equal to the principal and interest due with respect to the Bonds. The Installment Sale Agreement requires the City to make Installment Payments to the Authority at least 5 Business Days preceding each Interest Payment Date. Installment Payments to be paid by the City are assigned and are to be transmitted directly to the Trustee. The Indenture provides that the Installment Payments will be deposited in the Bond Fund maintained by the Trustee under the Indenture and applied to pay the principal and interest on the Bonds.

The obligation of the City to pay Installment Payments does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Installment Payments does not constitute a debt of the City, the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Measure M Sales Tax

The term "Measure M Ordinance" is defined in the Installment Sale Agreement to mean Ordinance No. 16-01, the Los Angeles County Traffic Improvement Plan, adopted by the Los Angeles County Metropolitan Transit Authority ("MTA") on June 23, 2016, and approved by at least two-thirds of electors voting on such proposition in the November 8, 2016 election, as supplemented and amended.

The term "Measure M Revenues" is defined in the Installment Sale Agreement to mean revenues of the MTA pursuant to the Measure M Ordinance derived from a retail transactions and use tax imposed in the County pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, Division 12 (Section 130350 et seq.) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Measure M Ordinance, as such Measure M Revenues are limited to those revenues allocated to the City pursuant to the Measure M Ordinance from the Local Return Subfund established under the Measure M Ordinance. Collection of the Measure M Revenues commenced on July 1, 2017 and authorization to collect Measure M Revenues does not terminate.

The term "Measure M Receipts" is defined in the Installment Sale Agreement to mean Measure M Revenues allocated by the MTA to the City pursuant to the Measure M Ordinance from the Local Return Subfund established under the Measure M Ordinance, to the extent that a Project constitutes a Measure M Project, in an amount not greater than the Installment Payments related to such Measure M Project. The Installment Payments allocable to the deposit to the Measure M Project Fund are approximately 53% of the total Installment Payments for the first 15 years and 100% of the Installment Payments for the final 5 years.

The term "Measure M Projects" is defined in the Installment Sale Agreement to mean capital projects for which Measure M Receipts may be expended. This includes the capital projects which are being paid for from Bond proceeds deposited in the Measure M Project Fund. See the caption "THE FINANCING PLAN - The Projects."

Measure R Sales Tax

The term "Measure R Ordinance" is defined in the Installment Sale Agreement to mean Ordinance No. 08-01, the Traffic Relief and Rail Expansion Ordinance, adopted by the MTA on July 24, 2008, and approved by at least two-thirds of electors voting on such proposition in the November 4, 2008 election, as supplemented and amended.

The term "Measure R Revenues" is defined in the Installment Sale Agreement to mean revenues of the MTA pursuant to the Measure R Ordinance derived from a retail transactions and use tax imposed in the County pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, Division 12 (Section 130350 et seq.) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Measure R Ordinance, as such Measure R Revenues are limited to those revenues allocated to the City pursuant to the Measure R Ordinance from the Local Return Subfund established under the Measure R Ordinance. Collection of the Measure R Revenues commenced on July 1, 2009 and terminates on June 30, 2039.

The term "Measure R Receipts" is defined in the Installment Sale Agreement to mean Measure R Revenues allocated by the MTA to the City pursuant to the Measure R Ordinance from the Local Return Subfund established under the Measure R Ordinance, to the extent that a Project constitutes a Measure R Project, in an amount not greater than the Installment Payments related to such Measure R Project. The Installment Payments allocable to the deposit to the Measure R Project Fund are approximately 47% of the total Installment Payments for the first 15 years.

The term "Measure R Projects" is defined in the Installment Sale Agreement to mean capital projects for which Measure R Receipts may be expended. This includes the capital projects which are being paid for from Bond proceeds deposited in the Measure R Project Fund. See the caption "THE FINANCING PLAN - The Projects."

Pledge of Measure M Receipts and Measure R Receipts

All Measure M Receipts and Measure R Receipts have been irrevocably pledged to the payment of Installment Payments. The City has covenanted and agreed to apply Measure M Receipts and Measure R Receipts to the payment of the annual Installment Payments prior to any other expenditure of such funds, however, out of the Measure M Receipts and Measure R Receipts there may be applied such sums for such purposes as are permitted by the Installment Sale Agreement.

The City has received approval from the MTA to fund the Measure M Projects from Measure M Revenues and the Measure R Projects from Measure R Revenues and will therefore, annually allocate the Installment Payments to be paid from Measure M Revenues and Measure R Revenues based on such deposits (see "THE FINANCING PLAN -The Projects" herein). In no event will the total of Measure M Receipts and Measure R Receipts be less than the Installment Payments due in such Bond Year. Further, after 2034, only Measure R Receipts will secure the Installment Payments.

Flow of Funds Under the Indenture

Bond Fund. All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust. Within the Bond Fund there shall be established an Interest Account, a Principal Account and a Reserve Account. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

Not later than the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account equal to the amount of interest coming due and payable on such Interest Payment Date on all Bonds then Outstanding. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

(b) The Trustee shall deposit in the Principal Account an amount, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates.

(c) The Trustee shall deposit in the Reserve Account an amount, if any, required to cause the amount on deposit in the Reserve Account to be equal to the Reserve Requirement.

(d) If the then applicable Interest Payment Date is December 1, all remaining moneys shall be held by the Trustee in the Bond Fund and applied for the next succeeding June 1 Interest Payment Date deposit. If the then applicable Interest Payment Date is June 1, all remaining moneys shall be transferred to the City to be used for any lawful purpose.

Redemption Fund. The Trustee shall establish and maintain the Redemption Fund, amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds to be redeemed pursuant to the optional redemption provisions of the Indenture.

Reserve Account

The Reserve Account is established under the Indenture to be funded in an amount equal to the Reserve Requirement. As defined in the Indenture, the term "Reserve Requirement" means $_____ with respect to the Bonds, and means, with respect to Parity Bonds, an amount equal to the least of (a) maximum annual debt service on the Bonds, (b) 125% of average annual debt service on the Bonds, and (c) 10% of the par amount of the Bonds.

Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Reserve Account shall be applied solely to the payment of principal and interest due with respect to the Bonds. If, on any Interest Payment Date, the moneys available in the Bond Fund do not equal the amount of the principal, interest and redemption premium (if any) with respect to the Bonds then coming due and payable, the Trustee shall apply the moneys available in the Reserve Account to make delinquent Installment Payments by transferring the amount necessary for this purpose to the Bond Fund or shall draw on the Reserve Policy (as defined below) and apply amounts received from such draw to make delinquent Installment Payments.

The Indenture provides that in lieu of a cash deposit, the Authority may satisfy all or a portion of a Reserve Requirement by means of a Reserve Policy (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" herein). The Authority will satisfy the Reserve Requirement for the Bonds by depositing the Reserve Policy in the face amount of $_____, to be issued by AGM concurrently with the issuance of the Bonds. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS - The Indenture - Allocation of Revenues - Application of Reserve Account." The Reserve Policy is not available to pay debt service on Parity Obligations, if any.

The Authority is not required under the Indenture to replace the Reserve Policy with cash or a replacement instrument in the event the ratings of AGM decline or are withdrawn.

Parity Obligations

The City has the right to issue Parity Obligations payable on a parity with the Installment Payments. "Parity Obligations" is defined in the Indenture to mean any leases, loan agreements, installment sale agreements, bonds, notes or other obligations of the City payable from and secured by a pledge of and lien upon any of the Measure M Receipts and Measure R Receipts on a parity with the Installment Payments.

Parity Obligations may be issued on a parity with the Installment Sale Agreement and any existing Parity Obligations subject to the following specific conditions:

(i) The City shall be in compliance with all covenants set forth in the Installment Sale Agreement and with all covenants set forth in the agreements relating to then existing Parity Obligations.

(ii) The Measure M Revenues as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City, as shown by the books of the City, shall at least equal one hundred fifty percent (150%) of annual Installment Payments due in the current or any future Bond Year allocable to Measure M Projects immediately subsequent to the issuance of such Parity Obligations.

(iii) The Measure R Revenues as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City, as shown by the books of the City, shall at least equal one hundred fifty percent (150%) of annual Installment Payments due in the current or any future Bond Year allocable to Measure R Projects immediately subsequent to the issuance of such Parity Obligations.

(iv) The instrument providing for the issuance of such Parity Obligations shall provide that:

(A) The proceeds of such Parity Obligations shall be applied to the acquisition, construction, improvement, financing or refinancing of additional Projects that are eligible as either a Measure M Project and as a Measure R Project, as the case may be and used in the calculation of the allocable share of Installment Payments in (ii) and (iii) above, in accordance with the MTA Guidelines (see "RISK FACTORS - Non-Compliance with MTA Guidelines - Measure M Guidelines" and " - Measure R Guidelines"), or for the purpose of refunding any Parity Obligations in whole or in part, including all costs (including costs of issuing such Parity

Obligations and including capitalized interest on such Parity Obligations during any period which the City deems necessary or advisable) relating thereto;

(B) Interest on such Parity Obligations shall be payable on June 1 and December 1 in each year of the term of such Parity Obligations except the first year, during which year interest may be payable on any June 1 or December 1; and

(C) The principal of such Parity Obligations shall be payable on June 1 in any year in which principal is payable.

(v) A reserve fund may, but shall not be required to, be established for such Parity Obligations.

MEASURE M AND MEASURE R SALES TAX

State Sales Tax

In general, the State sales tax ("State Sales Tax") applies to the gross receipts of retailers from the sale of tangible personal property. The State use tax is imposed on the storage, use, or other consumption in the State of property purchased from a retailer for such storage, use, or other consumption. Because the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State. The current Statewide tax rate is 7.25%.

Many categories of transactions are exempt from the State Sales Tax. The most important of these exemptions are sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas, electricity, and water when delivered to consumers through mains, lines and pipes. In addition, Occasional Sales (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller's permit) are generally exempt from the State Sales Tax; however, the Occasional Sales exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County that are shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee, at such point, are exempt from the State Sales Tax.

Measure M Sales Tax

In an election on November 8, 2016, more than two-thirds of the voters in the County approved the Measure M Ordinance, thereby imposing a 0.5% retail transactions and use tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and a use tax at the same rate upon the storage, use, or other consumption in the County of such property purchased from any retailer for storage, use, or other consumption in the County, subject to certain limited exceptions described below (the "Measure M Sales Tax"). The Measure M Sales Tax commenced on July 1, 2017, is administered by MTA and is not limited in duration, and will increase to 1.0% subsequent to July 1, 2039 upon the expiration of the Measure R Sales Tax described below.

The Measure M Ordinance provides for the collection and allocation of revenues as follows: (i) 1% for regional rail; (ii) 2% for Metro State of Good Repair; (iii) 2% for Americans with Disabilities Act ("ADA") Paratransit for Disabled and MTA discounts for seniors and students; (iv) 2% for Metro Active Transportation Program; (v) 5% for MTA rail operations; (vi) 17% for highway construction; (vii) 17% for local return (the "Measure M Local Return"); (viii) 20% for transit operations; and (ix) 35% for transit construction. The Measure M Receipts constitute the local return portion of such Measure M Revenues allocable to the City (as described in clause (vii) in the previous sentence).

Measure M Sales Tax. The Measure M Sales Tax imposed in the County for transportation purposes and administered by MTA is in addition to the State Sales Tax. The Measure M Sales Tax is generally imposed upon the same transactions and items that are subject to the State Sales Tax, with generally the same exceptions.

The Measure M Sales Tax is also in addition to: (i) Measure R Sales Tax, (ii) a 0.5% sales tax imposed by the Los Angeles County Transportation Commission (the "Commission"), predecessor to the MTA, beginning in 1990 and currently imposed by MTA pursuant to Ordinance No. 49 of the Commission, known as the "Proposition C Sales Tax;" (iii) a 0.5% sales tax imposed by the Commission beginning in 1980 and currently imposed by MTA pursuant to Ordinance No. 16 of the Commission, known as the "Proposition A Sales Tax;" and (iv) sales taxes that apply only within certain cities within the County. The Measure R Sales Tax will terminate on July 1, 2039 and the Measure M Sales Tax will increase to a 1.0% sales tax.

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax and the Measure M Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on Measure M Revenues. Neither the Authority nor the City is currently aware of any proposed legislative change that would have a material adverse effect on Measure M Revenues.

For information related to MTA, see the caption "LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY."

Measure R Sales Tax

In an election on November 4, 2008, more than two-thirds of the voters in the County approved the Measure R Ordinance, thereby imposing a 0.5% retail transactions and use tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and a use tax at the same rate upon the storage, use, or other consumption in the County of such property purchased from any retailer for storage, use, or other consumption in the County, subject to certain limited exceptions described below (the "Measure R Sales Tax"). The Measure R Sales Tax commenced on July 1, 2009, is administered by MTA and will terminate after 30 years on June 30, 2039.

The Measure R Ordinance provides for the collection and allocation of revenues as follows: (i) 2% for MTA rail capital improvements; (ii) 3% for Metrolink capital improvements; (iii) 5% for rail operations for new transit projects; (iv) 15% for local return (the "Measure R Local Return"); (v) 20% for bus operations allocated using MTA's formula allocation procedure; (vi) 20% for highway capital projects; and (vii) 35% for specific transit capital projects. The Measure R Receipts constitute the local return portion of such Measure R Revenues allocable to the City (as described in clause (iv) in the previous sentence).

Measure R Sales Tax. The Measure R Sales Tax imposed in the County for transportation purposes and administered by MTA is in addition to the State Sales Tax. The Measure R Sales Tax is generally imposed upon the same transactions and items that are subject to the State Sales Tax, with generally the same exceptions. The Measure R Sales Tax is also in addition to (i) the Measure M Sales Tax; (ii) the Proposition C Sales Tax; (iii) the Proposition A Sales Tax; and (iv) sales taxes that apply only within certain cities within the County.

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax and the Measure R Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on Measure R Revenues. Neither the Authority nor the City is currently aware of any proposed legislative change that would have a material adverse effect on Measure R Revenues.

Collection and Allocation of Measure M Revenues

Collection of the Measure M Sales Tax began on July 1, 2017, and is administered by the California Department of Tax and Fee Administration, which imposes a charge for administration. Such charge is based on the actual costs incurred by the California Department of Tax and Fee Administration in connection with the administration of the collection of the Measure M Sales Tax. In accordance with the Measure M Ordinance, MTA is required to allocate the proceeds of the Measure M Sales Tax as follows:

Uses	Percentage of Allocation [2]
Metro Rail Operations (including Metro Rail State of Good Repair)	5%
Transit Operations (Metro and Municipal Providers)	20%
ADA Paratransit for Disabled; Metro discounts for seniors and students	2%
Transit Construction (includes system connectivity projects – airports, Union Station, and Countywide BRT)	35%
Metro State of Good Repair	2%
Highway Construction (includes system connectivity projects – ports, highway congestion, good movement)	17%
Metro Active Transportation Program (bicycle, pedestrian, complete streets)	2%
Regional Rail	1%
Measure M Local Return [1]	17%
Total	100%

[1] 1% Administration supplements the Measure M Local Return, increasing the Measure M Local Return from 16% to 17% of net revenues, which amount will increase to 20% on July 1, 2039. 17% of the Measure M Sales Tax is allocated to incorporated cities within the County (including the City) and to the County for the unincorporated areas thereof on a per capita basis for streets and roads improvements; a comprehensive, integrated transportation network with infrastructure and design that allows safe and convenient travel along and across streets for all users, including pedestrians, users and operators of public transit, bicyclist, persons with disabilities, seniors, children, motorists, users of green modes, and movers of commercial goods, and commonly referred to as "Complete Streets;" urban transportation rights-of-way integrated with stormwater treatment techniques that use natural processes and landscaping and quantitatively demonstrate that they capture and treat stormwater runoff from their tributary watershed through infiltration or other means and are included within respective Enhanced Watershed Management Plans, and commonly referred to as "Green Streets;" storm drains; traffic control measures; active transportation; public transit services and capital, transit oriented community investments; transit marketing; congestion management program (planning, engineering and/or study); transportation administration; or as matching funds for other federal, state or local sources used to fund transportation projects.

[2] Does not sum due to inclusion of 1% Administration to supplement Measure M Local Return. See Footnote [1] above.

The Measure M Ordinance specifies that 17% of the Measure M Sales Tax, which includes a 1% Administration supplement (the "Measure M Local Return") be allocated to incorporated cities within the County (including the City) and to the County for the unincorporated areas each on a per capita basis, which amount will increase to 20% on July 1, 2039. The California Department of Tax and Fee Administration, after deducting the costs of administering the Measure M Sales Tax, has agreed to remit all Measure M Sales Tax revenues to any trustee for MTA's outstanding bond issues that are secured by Measure M Sales Tax revenues (collectively, the "MTA Measure M Bonds"). Such trustee would thereafter immediately disburse the Measure M Local Return to the MTA. The Measure M Local Return does not serve as security for any of the MTA Measure M Bonds. At this time, MTA has not issued any MTA Measure M Bonds, but may do so in the future.

Currently, apportionments of the Measure M Local Return are being made to 88 cities and the County for the unincorporated areas (each, a "Jurisdiction" and, collectively, the "Jurisdictions"). The Measure M Local Return allocations to the Jurisdictions are based on the population shares from the projected populations as derived from annual estimates made by the California State Department of Finance. The projected populations are revised annually in the formula allocation procedure established by the MTA Board. Before any Jurisdiction can receive any allocations of the Measure M Local Return, such Jurisdiction must sign an assurances and understanding agreement with MTA. Measure M Local Return funds are then automatically allocated monthly on a per capita basis to such Jurisdiction. In addition, to continue receiving Measure M Local Return funds, the governing body of each Jurisdiction must annually adopt a resolution approving such Jurisdiction's five year plan regarding the expenditure of its Measure M Revenues and demonstrate its compliance with the required uses of its Measure M Revenues pursuant to an annual audit. See "RISK FACTORS - Non-Compliance with MTA Guidelines." The City believes it is in compliance with the MTA Guidelines for receipt of the Measure M Local Return.

Collection and Allocation of Measure R Revenues

Collection of the Measure R Sales Tax began on July 1, 2009, and is administered by the California Department of Tax and Fee Administration, which imposes a charge for administration. Such charge is based on the actual costs incurred by the California Department of Tax and Fee Administration in connection with the administration of the collection of the Measure R Sales Tax. In accordance with the Measure R Ordinance, MTA is required to allocate the proceeds of the Measure R Sales Tax as follows:

Uses	**Percentage of Allocation**
New Rail and/or Bus Rapid Transit	35%
Metrolink Capital Improvement Projects within the County	3%
Metro Rail Capital – System Improvements, Rail Yards and Rail Cars	2%
Carpool Lanes, Highways, Goods Movement, Grade Separations and Soundwalls	20%
Rail Operations	5%
Bus Operations	20%
Measure R Local Return [(1)]	15%
Total	100%

[(1)] 15% of the Measure R Sales Tax is allocated to incorporated cities within the County (including the City) and to the County for the unincorporated areas thereof on a per capita basis for major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeways; pedestrian improvements; streetscapes; signal synchronization; and transit.

The Measure R Ordinance specifies that 15% of the Measure R Sales Tax (the "Measure R Local Return") be allocated to incorporated cities within the County (including the City) and to the County for the unincorporated areas each on a per capita basis. The California Department of Tax and Fee Administration, after deducting the costs of administering the Measure R Sales Tax, has agreed to remit all Measure R Sales Tax revenues to any trustee for MTA's outstanding bond issues that are secured by Measure R Sales Tax revenues (collectively, the "MTA Measure R Bonds"). Such trustee would thereafter immediately disburse the Measure R Local Return to the MTA. The Measure R Local Return does not serve as security for any of the MTA Measure R Bonds.

Currently, apportionments of the Measure R Local Return are being made to 88 cities and the County for the unincorporated areas (each, a "Jurisdiction" and, collectively, the "Jurisdictions"). The Measure R Local Return allocations to the Jurisdictions are based on the population shares from the projected populations as derived from annual estimates made by the California State Department of Finance. The projected populations are revised annually in the formula allocation procedure established by the MTA

Board. Before any Jurisdiction can receive any allocations of the Measure R Local Return, such Jurisdiction must sign an assurances and understanding agreement with MTA. Measure R Local Return funds are then automatically allocated monthly on a per capita basis to such Jurisdiction. In addition, to continue receiving Measure R Local Return funds, the governing body of each Jurisdiction must annually adopt a resolution approving such Jurisdiction's five year plan regarding the expenditure of its Measure R Revenues and demonstrate its compliance with the required uses of its Measure R Revenues pursuant to an annual audit. See "RISK FACTORS - Non-Compliance with MTA Guidelines." The City believes it is in compliance with the MTA Guidelines for receipt of the Measure R Local Return.

Measure M Allocation

The following table sets forth the portion of the Measure M Revenues that were distributed by MTA to the City since September 2017.

TABLE NO. 1
CITY OF CARSON
MEASURE M RECEIPTS

	2017-18	2018-19
July	$ -	$ 108,981
August	-	99,247
September	72,082	138,570
October	71,731	157,043
November	95,642	79,180
December	137,632	113,773
January	80,870	107,257
February	107,827	123,538
March	129,362	111,607
April	76,066	106,311
May	119,358	96,333
June	96,542	106,512
Total	$987,112	$1,318,352

Source: City of Carson.

The City is unable to predict whether annual Measure M Revenues will increase or decrease or what portion, if any, of such Measure M Revenues it will receive. For a summary of historical taxable retail sales within the City and the County, see "TABLE NO. 14 - CITY OF CARSON AND LOS ANGELES COUNTY TOTAL TAXABLE TRANSACTIONS" under the heading "CITY OF CARSON - Retail Sales" herein.

The following tables present the audited Balance Sheet and the audited Schedule of Revenues, Expenditures and Changes in Fund Balances relating to the City's Measure M Fund for the Fiscal Year 2017-18, together with unaudited information for the Fiscal Year 2018-19.

TABLE NO. 2
MEASURE M FUND
BALANCE SHEET
AS OF JUNE 30

	2018 [a]	Unaudited 2019 [b]
ASSETS		
Cash and investment	$943,435	$1,482,241
TOTAL ASSETS	$943,435	$1,482,241
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts Payable	$ 52,321	$ -
Accrued Payroll	3,184	12,360
TOTAL LIABILITIES	55,505	12,360
FUND BALANCE		
Restricted	887,930	1,469,881
TOTAL FUND BALANCE	887,930	1,469,881
TOTAL LIABILITIES AND FUND BALANCE	$943,435	$1,482,241

Source: [a] City of Carson Comprehensive Annual Financial Report; [b] City of Carson.

TABLE NO. 3
MEASURE M FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30

	2018 [a]	Unaudited 2019 [b]
REVENUES:		
Intergovernmental	$987,112	$1,318,352
Investment income	3,770	42,069
TOTAL REVENUES	990,882	1,360,421
EXPENDITURES:		
Public Works	50,285	25,218
Capital improvement programs	52,667	556,733
Total expenditures	102,952	581,951
NET CHANGE IN FUND BALANCE	887,930	633,495
BEGINNING FUND BALANCE	-	887,930
ENDING FUND BALANCE	$887,930	$1,469,881

Source: [a] City of Carson Comprehensive Annual Financial Report; [b] City of Carson.

Measure R Allocation

The following table sets forth the portion of the Measure R Revenues that were distributed by MTA to the City since the Measure R Sales Tax commenced in 2009.

TABLE NO. 4
CITY OF CARSON
MEASURE R REVENUE ALLOCATION

Fiscal Year	Measure R Revenue	Annual Increase
2009-10	$ 622,057 [(1)]	
2010-11	823,107	32.3%
2011-12	885,559	7.6%
2012-13	941,401	6.3%
2013-14	968,616	2.9%
2014-15	1,014,581	4.7%
2015-16	1,040,853	2.6%
2016-17	1,057,651	1.6%
2017-18	1,089,253	3.0%
2018-19	1,170,270	7.4%

(1) Measure R Sales Tax was distributed starting in September 2009 during in Fiscal Year 2009-10.

Source: City of Carson.

The City is unable to predict whether annual Measure R Revenues will increase or decrease or what portion, if any, of such Measure R Revenues it will receive. For a summary of historical taxable retail sales within the City and the County, see "TABLE NO 14 - CITY OF CARSON AND LOS ANGELES COUNTY TOTAL TAXABLE TRANSACTIONS" under the heading "CITY OF CARSON - Retail Sales" herein.

The following tables present the audited Balance Sheet and the audited Schedule of Revenues, Expenditures and Changes in Fund Balances relating to the City's Measure R Fund for the Fiscal Year 2014-15 through 2017-18, together with unaudited information for the Fiscal Year 2018-19.

TABLE NO. 5
MEASURE R FUND
BALANCE SHEET
AS OF JUNE 30

	2015 [a]	2016 [a]	2017 [a]	2018 [a]	Unaudited 2019 [b]
ASSETS					
Cash and investments	$ 858,927	$1,277,047	$2,171,883	$2,123,096	$3,160,448
Due from other funds	-	31	-	-	-
Due from Successor Agency	8,096	-	-	-	-
TOTAL ASSETS	$ 867,023	$1,277,078	$2,171,883	$2,123,096	$3,160,448
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable and accrued liabilities	$ 604,753	$ 2,134	$ -	$ 1,484	$ 63,232
Accrued payroll	-	-	-	218	2,147
Due to other funds	-	-	184,937	189,349	-
Due to Successor Agency	9,493	-	-	-	-
Retentions payable	-	-	330	330	496
TOTAL LIABILITIES	614,246	2,134	185,267	191,381	65,875
FUND BALANCE:					
Restricted	252,777	1,274,944	1,986,616	1,931,715	3,094,573
TOTAL FUND BALANCE	252,777	1,274,944	1,986,616	1,931,715	3,094,573
TOTAL LIABILITIES AND FUND BALANCE	$ 867,023	$1,277,078	$2,171,883	$2,123,096	$3,160,448

Source: [a] City of Carson Comprehensive Annual Financial Report; [b] City of Carson.

TABLE NO. 6
MEASURE R FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30

	2015 [a]	2016 [a]	2017 [a]	2018 [a]	Unaudited 2019 [b]
REVENUES:					
Intergovernmental	$1,014,581	$1,040,853	$1,057,651	$1,089,253	$1,170,270
Use of money and property	9,517	-	-	-	-
Investment income	-	10,319	36,638	12,875	90,068
TOTAL REVENUES	1,024,098	1,051,172	1,094,289	1,102,128	1,260,338
EXPENDITURES:					
Current:					
Public works	2,971,667	26,871	49,331	214,310	-
Capital improvement programs	132,608	2,134	337,880	1,142,719	97,605
TOTAL EXPENDITURES	3,104,275	29,005	387,211	1,157,029	97,605
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,080,177)	1,022,167	707,078	(54,901)	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	4,594	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	4,594	-	-
NET CHANGE IN FUND BALANCE	(2,080,177)	1,022,167	711,672	(54,901)	1,162,733
FUND BALANCE - BEGINNING OF YEAR	2,332,954	252,777	1,274,944	1,986,616	1,931,715
FUND BALANCE - END OF YEAR	$ 252,777	$1,274,944	$1,986,616	$1,931,715	$3,094,448

Source: [a] City of Carson Comprehensive Annual Financial Report; [b] City of Carson.

Maximum Annual Debt Service Coverage

The following table sets forth the maximum annual Installment Payment coverage with respect to the Bonds. The maximum annual Installment Payment coverage is based upon Measure M Revenues and Measure R Revenues paid to the City in the 12 months ending June 30, 2019.

TABLE NO. 7
MAXIMUM ANNUAL DEBT SERVICE COVERAGE

	Measure M Revenues [1]	Measure R Revenues [1]
Revenues - July 2018 to June 2019	$1,318,352	$1,170,270
Allocable Share of Installment Payments	850,000*	755,000*
Debt Service Coverage	1.55x*	1.55x*

[1] Source: City of Carson.

* Preliminary, subject to change.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

MTA was established in 1993 pursuant to the provisions of Section 130050.2 et seq. of the California Public Utilities Code. MTA is the consolidated successor entity to both the Southern California Rapid Transit District (the "District") and the Commission. As the consolidated successor entity, MTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness (bonded or otherwise), immunities, and exemptions of the Commission and the District, including the Commission's responsibility for planning, engineering, and constructing a county-wide rail transit system. The Commission was authorized, subject to approval by the electorate of the County, to adopt a retail transactions and use tax ordinance, with the revenues of such tax to be used for public transit purposes.

MTA is governed by a 14-member Board of Directors (the "MTA Board"). The MTA Board is composed of the five members of the County of Los Angeles Board of Supervisors, the Mayor of the City of Los Angeles, two public members, and one member of the City Council of the City of Los Angeles appointed by the Mayor of the City of Los Angeles, four members who are either a mayor or a member of a city council of a city in the County (other than the City of Los Angeles) and who have been appointed by the Los Angeles County City Selection Committee, and a nonvoting member appointed by the Governor.

The MTA Board exclusively exercises and discharges the following powers and responsibilities: (i) establishment of overall goals and objectives; (ii) adoption of the aggregate budget for all of its organizational units; (iii) designation of additional municipal bus operators under criteria enumerated in the California Public Utilities Code; (iv) approval of all final rail corridor selections; (v) final approval of labor contracts covering employees of MTA and its organizational units; (vi) establishment of MTA's organizational structure; (vii) conducting hearings and setting fares for the operating organizational units; (viii) approval of transportation zones; (ix) approval of any debt instrument with a maturity date exceeding the end of the fiscal year in which it is issued; (x) approval of benefit assessment districts and assessment rates; and (xi) approval of contracts for construction and transit equipment acquisition which exceed $5,000,000 and making findings in connection with certain procurement decisions.

CITY OF CARSON

The City of Carson encompasses 19.2 square miles and is located in southern Los Angeles County, 13 miles south of downtown Los Angeles, in the area known as the "South Bay."

While Carson is well known as an industrial center with enviable access to transportation, it is also has more than 120 acres of park land divided into 12 parks, 2 mini-parks and sports/recreational facilities that include 3 swimming pools, a boxing center and the Carson Community Center, as well as the Dignity Health Sports Park, home to the LA Galaxy, and the temporary home to the Los Angeles Chargers since 2017.

General Organization

The City was incorporated as a general law city in 1968, and became a charter city on January 1, 2019. The City operates under the City Council/Manager form of government. The City is governed by a five-member council currently consisting of four members each elected at large for four-year alternating terms and a Mayor elected for a 4-year term. Positions of City Manager and City Attorney are filled by appointments of the City Council.

The current members of the City Council, the expiration dates of their terms and key administrative personnel are set forth below.

CITY COUNCIL

Council Member	**Term Expires**
Albert Robles, *Mayor*	November 2020
Cedric L. Hicks, Sr., *Mayor Pro Tem*	November 2020
Lula Davis-Holmes, *Council Member*	November 2022
Jim Dear, *Council Member*	November 2022
Jawane Hilton, *Council Member*	November 2020

ADMINISTRATIVE PERSONNEL

Sharon L. Landers, *City Manager*
John Raymond, *Assistant City Manager – Economic Development*
David Roberts, *Assistant City Manager – Administrative Services*
Dr. Maria Slaughter, *Director of Public Works*
Tarik Rahmani, *Director of Finance*
Said Naaseh, *Director of Community Development*
Donesia L. Gause-Aldana, *City Clerk*

Governmental Services

The City's Fiscal Year 2018-19 budget provides for 316 full-time equivalent positions and more than 600 part-time positions under the direction of the City Manager.

Public safety is provided under a contract with the Los Angeles County Sheriff. Fire protection and flood control is provided by the Los Angeles County Fire Protection District and the Los Angeles County Flood Control District.

Other City services include building permit and inspection, landscape and public infrastructure maintenance, weed abatement, municipal code compliance and parks and recreation programs and facilities.

Students living in the City are served by the Los Angeles Unified School District. There are several junior and state colleges and universities within commuting distance from the City.

Transportation

The City enjoys easy access to the Los Angeles Freeway System. A major north-south freeway, Interstate 405 (San Diego Freeway) bisects the City. The City is also served by Interstate 110 (Harbor Freeway) to the west and Interstate 710 (Long Beach Freeway) to the east, both providing access to downtown Los Angeles and the Port of Los Angeles.

Los Angeles International Airport is located 14 miles north of the City and is served by every major airline.

Population

The following table provides population growth for the City of Carson and Los Angeles County between 2015 and 2019.

TABLE NO. 8
POPULATION
CARSON AND LOS ANGELES COUNTY
2015 – 2019

	CARSON		LOS ANGELES COUNTY	
As of January 1		Percentage		Percentage
Year	Population	Change	Population	Change
2015	93,486		10,155,753	
2016	93,458	(0.0%)	10,185,851	0.3%
2017	93,508	0.1%	10,226,920	0.4%
2018	93,609	0.1%	10,254,658	0.3%
2019	93,604	0.0%	10,253,716	0.0%
% Change Between 2015 - 2019		0.1%		1.0%

Source: State of California, Department of Finance, *"E-4 Population Estimates for Cities, Counties and the State, 2011-2019, with 2010 Census Benchmark"* Sacramento, California, May 2019.

Employment and Industry

As of June 2019, the civilian labor force for the City was approximately 46,100 of whom 43,700 were employed. The unadjusted unemployment rate as of June 2019 was 5.1% for the City as compared to 4.6% for the County and 4.1% for the State. Civilian labor force, employment and unemployment statistics for the City, County, the State and the nation, for the years 2014 through 2018 are shown in the following table:

TABLE NO. 9
CITY OF CARSON, LOS ANGELES COUNTY, STATE OF CALIFORNIA AND UNITED STATES
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2014				
City of Carson	46,800	41,800	4,900	10.6%
Los Angeles County	4,992,600	4,580,300	412,300	8.3%
California	18,714,700	17,310,900	1,403,800	7.5%
United States	155,922,000	146,305,000	9,617,000	6.2%
2015				
City of Carson	46,300	42,300	3,900	8.5%
Los Angeles County	4,989,800	4,659,700	330,100	6.6%
California	18,851,100	17,681,800	1,169,200	6.2%
United States	157,130,000	148,834,000	8,296,000	5.3%
2016				
City of Carson	45,900	43,300	2,600	5.6%
Los Angeles County	5,041,400	4,776,700	264,800	5.3%
California	19,044,500	18,002,800	1,041,700	5.5%
United States	159,187,000	151,436,000	7,751,000	4.9%
2017				
City of Carson	46,100	43,800	2,300	5.0%
Los Angeles County	5,096,500	4,853,800	242,700	4.8%
California	19,205,300	18,285,500	919,800	4.8%
United States	160,320,000	153,337,000	6,982,000	4.4%
2018				
City of Carson	46,500	44,200	2,300	4.9%
Los Angeles County	5,136,300	4,896,500	239,800	4.7%
California	19,398,200	18,582,800	815,400	4.2%
United States	162,075,000	155,761,000	6,314,000	3.9%

Note: The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

Source: State of California Employment Development Department and United States Bureau of Labor Statistics.

The City is located in the Los Angeles-Long Beach-Glendale Metropolitan Division (the "Metropolitan Division"). Wage and salary workers by industry statistics for the Metropolitan Division as of June for the years 2015 through 2019 are shown in the following table.

TABLE NO. 10
LOS ANGELES-LONG BEACH-GLENDALE METROPOLITAN DIVISION
WAGE AND SALARY WORKERS BY INDUSTRY [(1)]
(in thousands)

Industry	2015	2016	2017	2018	2019
Government	576.7	578.3	597.3	599.8	606.0
Other Services	151.0	152.6	156.5	160.1	164.7
Leisure and Hospitality	489.4	512.9	531.2	540.5	555.6
Educational and Health Services	732.0	764.7	790.6	817.0	839.9
Professional and Business Services	587.1	595.7	603.4	619.7	627.5
Financial Activities	215.2	219.4	221.8	224.0	219.7
Information	206.2	230.8	207.2	211.6	210.1
Transportation, Warehousing and Utilities	175.6	187.2	196.8	200.3	206.7
Service Producing					
Retail Trade	415.5	418.2	419.9	419.4	413.2
Wholesale Trade	222.2	221.5	221.9	222.8	224.4
Manufacturing					
Nondurable Goods	160.8	158.2	148.3	141.7	138.9
Durable Goods	208.7	203.5	202.3	203.4	205.3
Goods Producing					
Construction	125.8	133.1	139.4	145.8	157.2
Mining and Logging	2.9	2.4	2.1	2.0	1.9
Total Nonfarm	4,269.1	4,378.5	4,438.7	4,508.1	4,571.1
Farm	5.2	5.6	6.4	4.9	5.4
Total (all industries)	4,274.3	4,384.1	4,445.1	4,513.0	4,576.5

(1) Annually, as of June.

Source: State of California Employment Development Department, Labor Market Information Division, "*Industry Employment & Labor Force - by month March 2018 Benchmark.*"

TABLE NO. 11
COUNTY OF LOS ANGELES
LARGEST INDUSTRIES [(1)]

The following table show the largest industries located in the County as of June 30, 2018.

Industry	Employment
Trade, Transportation and Utilities	828,400
Educational & Health Services	804,800
Professional & Business Services	629,100
Government	594,400
Leisure & Hospitality	552,200
Manufacturing	350,400
Financial Activities	222,200
Information	211,900
Other Services	155,300
Construction	144,300

(1) Employment by industry presented because County has been unable to obtain employment numbers for individual employers.

Source: County of Los Angeles Comprehensive Annual Financial Report for the year ending June 30, 2018.

Personal Income

Personal income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in the County increased by approximately 94% between 2002 and 2017. The following tables summarize personal income for the County for the years 2002 through 2017, and per capita personal income for the County, the State of California and the United States for the years 2002 through 2017. Per capita income is calculated as the personal income of the residents of the area divided by the resident population of the area.

TABLE NO. 12
LOS ANGELES COUNTY
PERSONAL INCOME
(in thousands)

Year	Personal Income	Annual Percent Change
2002	$306,397,603	
2003	322,159,168	5.1%
2004	342,751,135	6.4%
2005	365,284,999	6.6%
2006	395,200,509	8.2%
2007	412,140,913	4.3%
2008	422,807,196	2.6%
2009	409,793,204	(3.1)%
2010	428,045,182	4.5%
2011	459,098,093	7.3%
2012	492,424,430	7.3%
2013	491,016,518	(0.3)%
2014	525,088,691	6.9%
2015	560,484,548	6.7%
2016	577,071,787	3.0%
2017	593,741,110	2.9%

Source: U.S. Department of Commerce, Bureau of Economic Analysis; revised as of November 2018.

TABLE NO. 13
LOS ANGELES COUNTY, STATE OF CALIFORNIA AND THE UNITED STATES
PER CAPITA PERSONAL INCOME

Year	Los Angeles County	California	United States
2002	$31,568	$34,233	$31,832
2003	32,984	35,452	32,681
2004	34,999	37,364	34,251
2005	37,326	39,326	35,849
2006	40,584	42,139	38,114
2007	42,487	43,669	39,844
2008	43,431	43,895	40,904
2009	41,869	42,050	39,284
2010	43,569	43,609	40,545
2011	46,439	46,145	42,727
2012	49,459	48,751	44,582
2013	49,010	49,173	44,826
2014	52,130	52,237	47,025
2015	55,366	55,679	48,940
2016	56,851	57,497	49,831
2017	58,419	59,796	51,640

Source: U.S. Department of Commerce, Bureau of Economic Analysis; revised as of November 2018.

Retail Sales

The following table summarizes the volume of retail sales and taxable transactions for the City of Carson and Los Angeles County for 2009 through 2018 (the most recent year for which statistics are available from the California Department of Tax and Fee Administration for the full year).

TABLE NO. 14
CITY OF CARSON AND LOS ANGELES COUNTY
TOTAL TAXABLE TRANSACTIONS
(in thousands)

	City of Carson		Los Angeles County	
Year	Permits	Taxable Transactions	Permits	Taxable Transactions
2009	2,221	$1,428,961	264,928	$112,744,727
2010	2,202	1,471,240	271,293	116,942,334
2011	2,128	1,677,560	266,868	126,440,737
2012	2,137	1,914,741	266,414	135,295,582
2013	2,179	1,999,477	263,792	140,079,708
2014	2,250	1,929,459	272,733	147,446,927
2015	2,549	2,042,860	310,063	151,033,781
2016	2,554	2,096,547	311,295	154,208,333
2017	2,656	2,143,862	313,226	159,259,356
2018	2,765	2,374,066	328,047	166,023,796

Source: California Department of Tax and Fee Administration, *"Taxable Sales in California."*

RISK FACTORS

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

Installment Payments Constitute Limited Obligations

The obligation of the City to make Installment Payments under the Installment Sale Agreement is a special obligation of the City, payable solely from the Measure M Receipts and Measure R Receipts, does not constitute a debt of the City, the Authority, the County, the State or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the City, the County, the State or any political subdivision of the State (other than the Authority) is obligated to levy or pledge any form of taxation or for which the City, the County, the State, or any political subdivision of the State (other than the Authority) has levied or pledged any form of taxation. The Authority has no taxing power.

Measure M Receipts

As described under the caption "MEASURE M AND MEASURE R SALES TAX - Measure M Sales Tax," the Measure M Sales Tax commenced on July 1, 2017 and there is only a short history of collection and allocation of the Measure M Local Return, which constitutes Measure M Receipts allocable to the City for the payment of Installment Payments under the Installment Sale Agreement. No assurances can be made as to the sufficiency of Measure M Receipts to pay Installment Payments under the Installment Sale Agreement.

Further, the Installment Payments allocable to the deposit to the Measure M Project Fund are approximately 53% of the total Installment Payments for the first 15 years and 100% of the Installment Payments for the final 5 years and therefore the Measure M Receipts will be the only security for the Bonds beginning in 2035 through maturity in 2039.

Passive Revenue Source

The payment of principal of and interest on the Bonds is secured solely by a pledge of Installment Payments, which in turn are secured by a pledge by the City of the Measure M Receipts and Measure R Receipts, and certain funds held under the Indenture. The City does not have any control over the amount of Measure M Revenues and Measure R Revenues to be received by the City, from which the Measure M Receipts and Measure R Receipts are derived, because: (i) Measure M Revenues and Measure R Revenues constitute revenues of MTA derived from a retail transactions and use tax imposed in the County pursuant to the Measure M Ordinance and Measure R Ordinance, respectively, and the City has no ability to control the number of transactions and revenues generated by the tax; and (ii) the City does not have any control over the collection or distribution procedures related to any State taxes or local retail transactions and use taxes.

There can be no assurance that future Measure M Revenues and Measure R Revenues will be available in the historical amounts shown in this Official Statement. A decrease in Measure M Revenues and Measure R Revenues may adversely affect the amount and/or availability of Measure M Receipts and Measure R Receipts. In addition, the City must continuously meet certain requirements set forth in the Measure M Ordinance and Measure R Ordinance, respectively, in order to be eligible to receive Measure M Revenues and Measure R Revenues from MTA and apply Measure M Receipts and Measure R Receipts to pay the Installment Payments. Such requirements include the annual adoption by the City of a resolution approving the City's Five-Year Capital Improvement Plan and compliance by the City with a maintenance of effort

requirement. See the captions "MEASURE M AND MEASURE R SALES TAX" and "Non-Compliance with MTA Guidelines" below.

Increased Internet Use May Reduce Sales Tax Revenues

The increasing use of the Internet to conduct electronic commerce may affect the levels of Measure M Revenues and Measure R Revenues. Internet sales of physical products by businesses that are located in the State, and Internet sales of physical products delivered to the State by businesses that are located outside of the State, are generally subject to sales taxes. However, the City believes that many of these transactions may avoid taxation either through error or deliberate nonreporting, which potentially reduces the amount of Measure M Revenues and Measure R Revenues. As a result, the more that the Internet is used to conduct electronic commerce, along with the failure to collect sales taxes on such Internet purchases, the more that the City may experience reductions in Measure M Revenues and Measure R Revenues. On September 23, 2011, Governor Brown signed into law a settlement with Amazon.com Inc., one of the largest internet retailers in the State. As a result, beginning in September 2012, Amazon.com began collecting taxes from its Internet sales in the State to remit to the Board of Equalization.

On June 21, 2018, in the case of *South Dakota v. Wayfair*, the Supreme Court of the United States ruled that states can require online sellers to collect sales taxes. As a result of this ruling, states will be able to require retailers to collect state sales tax on their transactions, whether or not the retailer has a physical presence within the state. The Authority cannot predict the degree that the ruling in *South Dakota v. Wayfair* or the State's implementation of it will affect the collection of the Measure M Sales Tax and Measure R Sales Tax, if at all, on a going forward basis.

Allocation of Measure M Revenues and Measure R Revenues to the City

The California Department of Tax and Fee Administration administers collection of the Measure M Sales Tax and Measure R Sales Tax. The California Department of Tax and Fee Administration, after deducting the costs of administering the Measure M Sales Tax, has agreed to remit all Measure M Sales Tax revenues to any trustee for MTA Bonds to be secured by Measure M Sales Tax. Such trustee would thereafter immediately disburse the Measure M Local Return to the MTA. The Measure M Local Return does not serve as security for any MTA Bonds that may be issued. Amounts constituting the Measure M Local Return are transferred to the MTA for allocation of the Measure M Revenues to the City as described herein. The trustee for the MTA Bonds would thereafter disburse moneys designated for local agencies to MTA, which allocates such Measure M Revenues to the City as described herein.

The California Department of Tax and Fee Administration, after deducting the costs of administering the Measure R Sales Tax, has agreed to remit all Measure R Sales Tax revenues to any trustee for MTA Bonds to be secured by Measure R Sales Tax. Such trustee would thereafter immediately disburse the Measure R Local Return to the MTA. The Measure R Local Return does not serve as security for any MTA Bonds that may be issued. Amounts constituting the Measure R Local Return are transferred to the MTA for allocation of the Measure M Revenues to the City as described herein. The trustee for the MTA Bonds would thereafter disburse moneys designated for local agencies to MTA, which allocates such Measure M Revenues to the City as described herein. See the caption "MEASURE M AND MEASURE R SALES TAX - Collection and Allocation of Measure M Revenues."

There can be no assurance that changes in the foregoing procedures or other actions undertaken or not undertaken by the California Department of Tax and Fee Administration, the trustee for any MTA Bonds to be secured by Measure M Sales Tax or any MTA Bonds secured or to be secured by Measure R Sales Tax or by MTA will not adversely affect the City's receipt of Measure M Revenues or Measure R Revenues.

Limitations on Use of Measure M Revenues and Measure R Revenues

Not all of the Measure M Revenues and Measure R Revenues allocated by MTA to the City may be applied to pay the Installment Payments. Only the Measure M Receipts and Measure R Receipts may be so applied. See the caption "SOURCES OF PAYMENT FOR THE BONDS - Measure M Sales Tax" and "- Measure R Sales Tax" for detailed definitions of such terms.

Project Eligibility

The projects to be constructed by the City must be designated by MTA as qualified projects for purposes of the local streets and roads program established under the Measure M Ordinance and the Measure R Ordinance. Only such Measure M Projects are eligible to be financed from Measure M Receipts and only Measure R Projects are eligible to be financed from Measure R Receipts. Although the City believes that all of the components of the Projects constitute a Measure M Project as well as a Measure R Project, there can be no assurance as to the continuing eligibility of such Project for MTA's local streets and roads program. See the captions "MEASURE M AND MEASURE R SALES TAX - Collection and Allocation of Measure M Revenues," "- Collection and Allocation of Measure R Revenues" and "Non-Compliance with MTA Guidelines" below.

Non-Compliance with MTA Guidelines

Measure M Guidelines. In connection with the Measure M Ordinance, on June 22, 2017 MTA approved guidelines relating to the administration and use of the Measure M Sales Tax (the "Measure M Guidelines"). The Measure M Guidelines include a number of provisions that must be complied with by the City to ensure continued eligibility to receive Measure M Sales Tax distributions. Failure to follow these provisions could result in the suspension of distributions of Measure M Sales Tax, the return of such tax to MTA or the requirement of the City to replenish its "Measure M Local Return" account with available funds other than Measure M Sales Tax. MTA performs annual audits to monitor compliance with the provisions of the Measure M Guidelines. The City believes it is in compliance with the MTA Guidelines for receipt of the Measure M Sales Tax.

Under the Measure M Guidelines, the City is required to expend Measure M Sales Tax moneys only on those transportation purposes identified in the Measure M Guidelines. If the City is found to have expended funds without MTA's approval, the City will be required to reimburse its Measure M Sales Tax account for the amount of the unapproved expenditures. If MTA determines that Measure M Sales Tax was expended on projects that do not meet the Guidelines' definition of transportation purposes, then the City will be required to reimburse its Measure M Sales Tax account in an amount equal to the non-qualifying expenditures plus interest, and could also face a suspension of disbursements of Measure M Sales Tax for a period of three years. If such a suspension were imposed, the City would not receive any Measure M Sales Tax during the term of the suspension, which may have an adverse impact on the Authority's ability to pay the principal of and interest on the Bonds on a timely basis.

In addition, the failure of the City to properly verify that all Measure M Sales Tax related revenue, including Measure M Sales Tax allocations to the City, project generated revenues and interest income, was properly credited to its Measure M Sales Tax account, could result in the suspension of Measure M Sales Tax disbursements until the City has demonstrated to MTA that all such Measure M Sales Tax allocable to the City has been credited to the City's Measure M Sales Tax account. If the City fails to properly credit its Measure M Sales Tax related revenue to its Measure M Sales Tax account, MTA could suspend the distribution of Measure M Sales Tax until the City has demonstrated compliance with the Measure M Guidelines. During the duration of any suspension of Measure M Sales Tax disbursements, the City would not be receiving Measure M Receipts, which in turn, may affect the ability of the Authority to pay the principal of and debt service on the Bonds on a timely basis.

The Measure M Guidelines also require the local agencies, including the City, to maintain their individual local commitment of funds for transportation projects and services that was expended prior to the receipt of the Measure M Sales Tax (the "MOE"). If the local agency fails to maintain the MOE, then such local agency will be required to reimburse its account with available funds other than Measure M Sales Tax monies.

The City is required to expend Measure M Sales Tax within five years of the last day of the fiscal year in which such funds were originally allocated or received (subject to certain exceptions). If the City fails to expend the Measure M Sales Tax allocated to the City, the City is required to return the lapsed Measure M Sales Tax, interest income and other earned income on such lapsed amount, to MTA for reallocation to the other local agencies based on population. In certain circumstances, the City, with the approval of MTA, may be able to obtain additional time beyond the five year term limit to expend its allocation of Measure M Sales Tax.

The Measure M Guidelines additionally require that the City annually submit an expenditure plan and an expenditure report to MTA to remain legally eligible to receive Measure M Sales Tax. If the City fails to submit to submit these items to MTA, the City may be determined to be legally ineligible to receive Measure M Sales Tax. During any period when the City is not legally eligible to receive Measure M Sales Tax, the City would not be receiving Measure M Receipts, which in turn, may affect the ability of the Authority to pay the principal of and debt service on the Bonds on a timely basis.

The Measure M Guidelines also gives MTA the right to suspend or revoke allocation to local agencies that are found to be in gross violation of the Measure M Guidelines, or repeatedly committing violations, or refusing to take corrective measures. During the duration of any suspension of Measure M Sales Tax disbursements or revocation of Measure M Sales Tax allocation, the City would not be receiving M Receipts, which in turn, may affect the ability of the Authority to pay the principal of and debt service on the Bonds on a timely basis.

Measure R Guidelines. MTA has also adopted Measure R Guidelines (the "Measure R Guidelines"). The Measure R Guidelines include a number of provisions that must be complied with by the City to ensure continued eligibility to receive Measure R Sales Tax distributions. Failure to follow these provisions could result in the suspension of distributions of Measure R Sales Tax, the return of such tax to MTA or the requirement of the City to replenish its "Measure R Local Return" account with available funds other than Measure R Sales Tax. MTA performs annual audits to monitor compliance with the provisions of the Measure R Guidelines. The City believes it is in compliance with the MTA Guidelines for receipt of the Measure R Sales Tax.

Under the Measure R Guidelines, the City is required to expend Measure R Sales Tax moneys only on those transportation purposes identified in the Measure R Guidelines. If the City is found to have expended funds without MTA's approval, the City will be required to reimburse its Measure R Sales Tax account for the amount of the unapproved expenditures. If MTA determines that Measure R Sales Tax was expended on projects that do not meet the Measure R Guidelines' definition of transportation purposes, then the MTA has the right to suspend of disbursements of Measure R Sales Tax to the City for a period of three years. If such a suspension were imposed, the City would not receive any Measure R Sales Tax during the term of the suspension, which may have an adverse impact on the Authority's ability to pay the principal of and interest on the Bonds on a timely basis.

In addition, the failure of the City to properly verify that all Measure R Sales Tax related revenue, including Measure R Sales Tax allocations to the City, project generated revenues and interest income, was properly credited to its Measure R Sales Tax account, could result in the suspension of Measure R Sales Tax disbursements until the City has demonstrated to MTA that all such Measure R Sales Tax allocable to the City has been credited to the City's Measure R Sales Tax account. If the City fails to properly credit its Measure R Sales Tax related revenue to its Measure R Sales Tax account, MTA could suspend the distribution of Measure R Sales Tax until the City has demonstrated compliance with the Measure R

Guidelines. During the duration of any suspension of Measure R Sales Tax disbursements, the City would not be receiving Measure R Receipts, which in turn, may affect the ability of the Authority to pay the principal of and debt service on the Bonds on a timely basis.

Like the Measure M Guidelines, the Measure R Guidelines also require the local agencies, including the City, to maintain their MOE. If the local agency fails to maintain the MOE, then such local agency will be required to reimburse its account with available funds other than Measure R Sales Tax moneys.

The City is required to expend Measure R Sales Tax within five years of the last day of the fiscal year in which such funds were originally allocated or received (subject to certain exceptions). If the City fails to expend the Measure R Sales Tax allocated to the City, the City is required to return the lapsed Measure R Sales Tax, interest income and other earned income on such lapsed amount, to MTA for reallocation to the other local agencies based on population. In certain circumstances, the City, with the approval of MTA, may be able to obtain additional time beyond the five-year term limit to expend its allocation of Measure R Sales Tax.

The Measure R Guidelines additionally require that the City annually submit an expenditure plan and an expenditure report to MTA to remain legally eligible to receive Measure R Sales Tax. If the City fails to submit these items to MTA, the City may be determined to be legally ineligible to receive Measure R Sales Tax. During any period when the City is not legally eligible to receive Measure R Sales Tax, the City would not be receiving Measure R Receipts, which in turn, may affect the ability of the Authority to pay the principal of and debt service on the Bonds on a timely basis.

The Measure R Guidelines also give MTA the right to suspend or revoke allocation to local agencies that are found to be in gross violation of the Measure R Guidelines, or repeatedly committing violations, or refusing to take corrective measures. During the duration of any suspension of Measure R Sales Tax disbursements or revocation of Measure R Sales Tax allocation, the City would not be receiving Measure R Receipts, which in turn, may affect the ability of the Authority to pay the principal of and debt service on the Bonds on a timely basis.

Parity Obligations

Subject to certain restrictions, the City is permitted to incur Parity Obligations that constitute additional charges against the Measure M Receipts and Measure R Receipts without the consent of Owners of the Bonds. See the caption "SOURCES OF PAYMENT FOR THE BONDS - Parity Obligations." To the extent that other Parity Obligations are executed by the City, the funds available to pay the Installment Payments may be decreased. In addition, there is no limitation on the ability of the City to execute any Parity Obligations at any time to refund any outstanding Parity Obligations.

Limitations on Remedies; Bankruptcy

The rights of the Owners of the Bonds are subject to the limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Bonds, and enforcement of the City's obligations under the Installment Sale Agreement, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or later in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State.

Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code) which governs the bankruptcy proceedings for public agencies such as the City and MTA, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Bond Counsel has limited its opinion as to the validity and enforceability of the Installment Sale Agreement and the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. See "APPENDIX D - PROPOSED FORM OF BOND COUNSEL OPINION."

The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation, or modification of the rights of the Owners.

Early Redemption Risk

Early payment of the Installment Payments and early redemption of the Bonds may occur in whole or in part without premium, if the City exercises its right to prepay Installment Payments in whole or in part pursuant to the provisions of the Installment Sale Agreement and the Indenture. See "THE BONDS - Redemption - Optional Redemption."

Loss of Tax Exemption on the Bonds

As discussed under the caption "TAX MATTERS" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were executed and delivered as a result of future acts or omissions of the Authority or the City in violation of its covenants contained in the Indenture and the Installment Sale Agreement, as well as the Tax Certificate to be delivered on the closing date. Should such an event of taxability occur, the Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity.

In addition, Congress has recently adopted and may consider in the future, legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The Authority and the City can provide no assurance that federal tax law will not change while the Bonds are outstanding or that any such changes will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service ("IRS") has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the IRS is likely to treat the Authority or the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the Authority or the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Secondary Market Risk

There can be no assurance that there will be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition of the City.

CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Article XIIIB of the California Constitution – Limitations on Appropriations

On November 6, 1979, State voters approved Proposition 4, the so-called Gann Initiative, which added Article XIIIB to the State Constitution ("Article XIIIB"). In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Article XIIIB limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and cost of services rendered by the governmental entity. The "base year" for establishing such appropriation limit is State Fiscal Year 1978-79 and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (i) the financial responsibility for a service is transferred to another public entity or to a private entity; (ii) the financial source for the provision of services is transferred from taxes to other revenues; or (iii) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations of an entity of local government that are subject to Article XIIIB include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations that are subject to limitation pursuant to Article XIIIB do not include debt service on indebtedness existing or legally authorized as of January 1, 1979 or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from: (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation; (ii) the investment of tax revenues; and (iii) certain State subventions received by local governments. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIIIB allows voters to approve a temporary waiver of a government's Article XIIIB limit. Such a waiver is often referred to as a "Gann limit waiver." The length of any such waiver is limited to four years. The Gann limit waiver does not provide any additional revenues to a local government or allow a local government to finance additional services.

Installment Payments are subject to the Article XIIIB appropriations limitations. The City reports that it has never made appropriations that exceeded the limitation on appropriations under Article XIIIB. The impact of the appropriations limit on the financial needs of the City in the future is unknown. However, for Fiscal Year 2019-20, the City's appropriations limit is $230,333,201 and the appropriations subject to the limit are $59,176,146.

Articles XIIIC and XIIID of the California Constitution – The Right to Vote on Taxes

On November 5, 1996, State voters approved Proposition 218, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Article XIIIC ("Article XIIIC") and Article XIIID ("Article XIIID") to the State Constitution, which Articles contain a number of provisions affecting the ability of local governments to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations. The provisions of Proposition 218, as so interpreted and applied, may affect the ability of the City to meet certain obligations.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes, even if deposited in a general fund, require a two-thirds vote. Article XIIIC further provides that any general purpose tax that is imposed, extended or increased without voter approval after December 31, 1994, may continue to be imposed only if approved by a majority vote in an election, which must be held within two years of November 5, 1996. The City reports that it has not imposed, extended or increased any such taxes that are currently in effect without voter approval.

Article XIIIC also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date that such taxes, assessments, fees and charges were imposed. Article XIIIC expands the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIIIC to fees imposed after November 6, 1996, and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, fees, or charges. No assurance can be given that the voters within the jurisdiction of the City will not, in the future, approve initiatives that reduce, repeal or prohibit the future imposition or increase of, local taxes, assessments, fees or charges that currently comprise a substantial part of the City's general fund. The terms "local tax," "assessments," "fees" and "charges" are not defined in Article XIIIC, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIIC as for Article XIIID described below. If not, the scope of the initiative power under Article XIIIC potentially could include any general fund local tax, assessment, or fee that is not received from or imposed by the federal or State government or derived from investment income. The City does not believe that it currently levies any property related "fees" or "charges" that it considers to be subject to challenge under Article XIIIC.

The voter approval requirements of Proposition 218 reduce the flexibility of a local government to raise revenues for its general fund, and no assurance can be given that the City will be able to impose, extend, or increase taxes in the future to meet increased expenditure needs.

Article XIIID also added several new provisions relating to how local governments may levy and maintain "assessments" for municipal services and programs. These provisions include, among other things: (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel; (ii) a requirement that the assessment must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred; and (iii) a majority protest procedure that involves the mailing of a notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party. The term "Assessment" in Article XIIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, street lights, and parks.

In addition, Article XIIID added several provisions affecting "fees" and "charges," defined for purposes of Article XIIID to mean "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by [a local government] upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that: (i) generate revenues exceeding the funds required to provide the property related service; (ii) are used for any purpose other than those for which the fees and charges are imposed; (iii) are for a service not actually used by, or immediately available to, the owner of the property in question; or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a "property related fee" under Article XIIID, there could be future restrictions on the ability of the City to charge its respective enterprise funds for various services provided. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase and, if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge.

The City does not believe that the provisions of Article XIIIC or Article XIIID will directly impact the Measure M Receipts or Measure R Receipts available to the City to make its Installment Payments required pursuant to the Installment Sale Agreement.

Future Initiatives

Article XIIIB, Article XIIIC and Article XIIID were each adopted as measures that qualified for the ballot pursuant to the State's Constitutional initiative process. From time to time other initiative measures could be adopted that affect the ability of the City to increase or apply revenues and to make or increase appropriations or the ability of MTA to levy, collect or allocate the Measure M Sales Tax, or Measure R Sales Tax, all of which could adversely impact the amount of Measure M Revenues or Measure R Revenues received by the City.

TAX MATTERS

Tax Exemption. At closing, Bond Counsel expects to render an opinion to the Authority that based on existing statutes, regulations, rulings, and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expects to deliver an opinion at the time of issuance of the Bonds substantially in the form set forth in "APPENDIX D - PROPOSED FORM OF BOND COUNSEL OPINION" hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority will covenant to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. In addition, the Authority will make certain representations and covenants in the Indenture and the Tax Certificate to be delivered on the closing date. The opinion of Bond Counsel will assume compliance with all these covenants and representations. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the value of, or the tax status of interest, on the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Bond (other than a purchaser who holds such Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Bond constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes.

Original issue discount is excludable from gross income for federal income tax purposes and exempt from State of California personal income taxes to the same extent as the interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Bond and the basis of such Bond acquired at such initial offering price by an initial purchaser of each such Bond will be increased by the amount of such accrued discount. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase such Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such Bonds. All holders of such Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that calculation of such loss is based on accrued original issue discount.

Original issue premium is amortized for federal income tax purposes and State of California personal income taxes over the term of such Bond based on the purchaser's yield to maturity in such Bond, except that in the case of such Bond callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond. A purchaser of such Bond is required to decrease his or her adjusted basis in such Bond by the amount of bond premium attributable to each taxable year in which such purchaser holds such Bond. The amount of bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of bond premium attributable to each taxable year and the effect of bond premium on the sale or other disposition of such Bond and with respect to the state and local tax consequences of owning and disposing of such Bond.

Prospective purchasers of the Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by the applicable percentage of the sum of certain items, including interest with respect to the Bonds, (ii) interest, with respect to the Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income, including interest with respect to the Bonds, may be subject to federal income taxation under Section 1375 of the Code for subchapter S corporations having subchapter C earnings and profits at the close of the taxable year and gross receipts more than 25% of which constitute passive investment income, and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Bonds. This list is not meant to be an exhaustive list of tax treatment that may apply to the Bonds and Owners should contact their own tax advisors regarding whether the accrual or receipt of interest on the Bonds may otherwise affect an Owner's State, local, or federal tax liability.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from federal gross income and is exempt from current State of California personal income taxes the ownership or disposition of the Bonds and the accrual or receipt of interest on the Bonds may otherwise affect an Owner's State, local, or federal tax liability. The nature and extent of these other tax consequences will depend upon each Owner's particular tax status and the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences. Bond Counsel's opinion is rendered as of its date and Bond Counsel assumes no obligation to update its opinion.

Certain agreements, requirements, and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in those documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond or the interest payable with respect thereto if any change occurs or action is taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. There can be no assurance that such future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax exempt status or market price of the Bonds.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority will covenant, however, to comply with the requirements of the Code. Unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Information Reporting and Backup Withholding. Information reporting requirements will apply to interest (including original issue discount, if any) paid after March 31, 2007, on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payer with a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payer is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payer" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

LEGAL MATTERS

Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture, the Installment Sale Agreement, or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. In the case of any bankruptcy proceeding involving the City, the rights of the Owners could be modified at the direction of the court. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Indenture, the Installment Sale Agreement and other pertinent documents is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Approval of Legal Proceedings

Aleshire & Wynder, LLP, Irvine, California, as Bond Counsel, will render an opinion with respect to the validity and enforceability of the Indenture and the Installment Sale Agreement, and as to the validity of the Bonds. See "APPENDIX D" hereto for the proposed form of Bond Counsel's opinion.

The Authority and the City have no knowledge of any fact or other information which would indicate that the Indenture, the Installment Sale Agreement or the Bonds are not enforceable against the Authority and the City, as applicable, except to the extent such enforcement is limited by principles of equity, by state and federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally and by limitations on legal remedies against municipalities in the State.

Certain legal matters will be passed on for the City and the Authority by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel and by the City Attorney. Certain legal matters related to the Bonds will be passed upon for the Underwriter by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Absence of Litigation

The Authority and the City will each furnish a certificate dated as of the date of delivery of the Bonds that there is not now known to be pending or threatened any litigation restraining or enjoining the execution or delivery of the Indenture, the Installment Sale Agreement or the sale or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Indenture and the Installment Sale Agreement are to be executed or delivered or the Bonds are to be delivered or affecting the validity thereof.

There exists lawsuits and claims against the City that are incidental to the ordinary course of the City's operations. In the view of the City, there is no litigation, present or pending against the City, that will individually or in the aggregate impair the City's ability to make Installment Payments when due.

CONCLUDING INFORMATION

Rating on the Bonds

S&P Global Ratings, ("S&P") has assigned a rating of "AA-" to the Bonds. Such rating reflects only the views of S&P, and any desired explanation of the significance of such rating may be obtained from S&P Global Ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Except as otherwise required in the Continuing Disclosure Certificate, the City undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Underwriting

The Bonds are being sold at an aggregate purchase price of $_____ (representing the aggregate principal amount of the Bonds plus a net original issue premium of $_____ and less an underwriting discount of $_____) pursuant to a bond purchase contract ("Bond Purchase Contract") entered into between the Authority and the City and Piper Jaffray & Co. and Cabrera Capital Markets, LLC (the "Underwriters").

The expenses associated with the issuance of the Bonds are being paid by the Authority and the City from proceeds of the Bonds. The right of the Underwriters to receive compensation in connection with the Bonds is contingent upon the issuance and delivery by the Authority, and the purchase by the Underwriters, of the Bonds. The Bond Purchase Contract provides that the Underwriters will purchase all of the Bonds if any are purchased and that the obligation of the Underwriters to accept and pay for the Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters.

The Underwriters will initially offer the Bonds for sale at the prices and yields set forth on the inside cover page of this Official Statement. Such prices or yields may subsequently change. The Underwriters reserve the right to join with dealers and other investment banking firms in offering the Bonds for sale and may offer to sell Bonds to dealers at prices lower than the initial offering prices.

Piper Jaffray & Co., one of the Underwriters of the Bonds, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from Piper Jaffray & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

The Municipal Advisor

The material contained in this Official Statement was prepared by the Authority and the City with the assistance of the Municipal Advisor who advised the Authority and the City as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein received from sources other than the City has been obtained by the Authority from sources which are believed to be reliable, but such information is not guaranteed by Municipal Advisor as to accuracy or completeness, nor has it been independently verified.

Underwriter's Counsel acts as compliance counsel to the Municipal Advisor in connection with their general regulatory obligations as a municipal advisor; however, such representation does not include representation with respect to the Bonds or any evaluation or opinion as to whether the Municipal Advisor is satisfying or has satisfied any fiduciary duty, fair dealing obligation or suitability analysis with respect to individual transactions or clients.

Continuing Disclosure

The City will provide annually certain financial information and data relating to the City by not later than February 1 in each year commencing February 1, 2020 (the "Annual Report"), and to provide notices of the occurrence of certain other enumerated events in accordance with Rule 15c2-12 of the Securities Exchange Act of 1934 as amended (the "Rule"). Digital Assurance Certification, L.L.C. will act as the Dissemination Agent. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events and certain other terms of the continuing disclosure obligation are found in the form of the City's Disclosure Certificate attached in "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The City and certain other entities related to the City, including the Carson Successor Agency, assessment districts and joint powers authorities (together, the "City Entities"), have entered into previous undertakings pursuant to the Rule. Within the last five years, the City and certain of the City Entities have failed to comply with their respective prior undertakings in the following respects: with respect to the City's 2017-2018 audited financial statements, which were required to be filed by February 15, 2019, on June 3, 2019 the City filed unaudited financial statements and the City filed audited financial statements on July 1, 2019, as soon as they were available.

The City has advised that its delay this year in filing audited financial statements is primarily due to changes to its financial accounting software and turnover in personnel, and expects that it will be able to timely comply with its obligations under the Disclosure Certificate.

Additional Information

The summaries and references contained herein with respect to the Indenture, the Installment Sale Agreement, the Bonds, statutes and other documents, do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute and references to the Bonds are qualified in their entirety by reference to the form hereof included in the Indenture. Copies of the Indenture and the Installment Sale Agreement may be obtained after delivery of the Bonds from the City at 701 E. Carson Street, Carson, California 90745.

References

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Bonds.

Execution

The execution of this Official Statement for the City by the City Manager and for the Authority by the Executive Director has been duly authorized by the City and the Authority.

CARSON PUBLIC FINANCING AUTHORITY

By: _____
Executive Director

CITY OF CARSON

By: _____
City Manager

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

INDENTURE

The following is a brief summary of the provisions of the Indenture, and is supplemental to the summary of other provisions of the Indenture described elsewhere in this Official Statement. This summary does not purport to be comprehensive or definitive, and reference should be made to the Indenture for full and complete statements of its respective provisions. All capitalized terms used but not otherwise defined below shall have the meanings assigned to such terms in the Indenture.

Definitions

"**Act**" means Articles 1 through 4 (commencing with section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as in existence on the Closing Date or as thereafter amended from time to time.

"**Additional Payments**" means the payments so designated and required to be paid by the City pursuant to the Installment Sale Agreement.

"**Authority**" means the Carson Public Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State, and any successor thereto.

"**Authorized Denomination**" means the amount of $5,000 or any integral multiple thereof.

"**Authorized Representative**" means: (a) with respect to the Authority, its President, its Vice President, its Chief Administrative Officer, its Finance Director, its Treasurer or any other person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Chief Administrative Officer, and filed with the City and the Trustee; and (b) with respect to the City, its Mayor, its City Manager, its Assistant City Manager – Economic Development, its Director of Finance, its Treasurer or any other person designated as an Authorized Representative of the City by a Written Certificate of the City signed by its City Manager and filed with the Authority and the Trustee.

"**Board of Directors**" means the members of the City Council of the City of Carson, who shall constitute the governing body of the Authority, which governing body shall be known as the Authority Commission.

"**Bond Counsel**" means (a) Aleshire & Wynder LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"**Bond Fund**" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"**Bond Law**" means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code, as in existence on the Closing Date or as thereafter amended from time to time.

"**Bond Year**" means each twelve-month period extending from June 2 in one calendar year to June 1 of the succeeding calendar year, both dates inclusive; *provided* that the first Bond Year with respect to the Bonds shall commence on the Closing Date and end on June 1, 2020.

"**Bonds**" means Carson Public Financing Authority Revenue Bonds, Series 2019 (Measure M & R Local Streets Project), authorized by and at any time Outstanding pursuant to the Indenture.

"**Business Day**" means (a) any day that is not a Saturday, Sunday or legal holiday or day on which banking institutions in the State are closed, or (b) a day on which the New York Stock Exchange is not closed.

"**City**" means the City of Carson, a municipal corporation and general law city organized and existing under and by virtue of its charter and the laws of the State.

"**Closing Date**" means the date of delivery of the Bonds to the Original Purchaser.

"**Code**" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under such Code.

"**Completion Date**" means, with respect to the Projects, the date on which the City files a Written Certificate with the Trustee stating that the acquisition and construction of the Projects have been completed.

"**Continuing Disclosure Certificate**" means the continuing disclosure certificate to be executed on the Closing Date by the City, as it may be amended from time to time in accordance with the terms thereof.

"**Costs of Issuance**" means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority or the City, initial fees and expenses of the Trustee (including but not limited to fees and expenses for legal counsel), compensation to any financial consultants or underwriter, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents, out-of-pocket expenses of the Authority and the City, the Authority and City staff costs and costs of printing and fees and costs for any bond insurance premium, guaranty, surety bond premium, letter of credit or other credit facility.

"**Costs of Issuance Fund**" means the fund by that name established and held by the Trustee according to the Indenture.

"**County**" means the County of Los Angeles, California.

"**Debt Service**" means, during any period of computation, the amount obtained for such period by totaling the following amounts:

(a) The principal components of the Installment Payments and of payments with respect to Parity Obligations coming due and payable by their terms in such period; and

(b) The interest component of the Installment Payments and of payments with respect to Parity Obligations coming due and payable by their terms in such period.

"**Defeasance Obligations**" means (a) cash, (b) direct non-callable obligations of the United States of America, (c) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, (d) Refcorp interest strips, and (e) CATS, TIGRS, STRPS.

"**Event of Default**" with respect to the Indenture, means any of the events specified in certain sections within the Indenture, and with respect to the Installment Sale Agreement, means any of the events specified in certain sections within the Installment Sale Agreement.

"**Federal Securities**" means (a) cash (insured at all times by the Federal Deposit Insurance Corporation), and (b) obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States including: (i) United States treasury obligations, (ii) all direct or fully guaranteed obligations, (iii) Farmers Home Administration, (iv) General Services Administration, (v) Guaranteed Title XI financing, (vi) Government National Mortgage Association (GNMA), and (vii) State and Local Government Series.

"**Fair Market Value**" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"**Fiscal Year**" means any twelve-month period extending from June 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority or the City, as applicable, as its official fiscal year period.

"**Government Obligations**" means, with respect to the Bonds: (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("U.S. Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidence of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligator and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

"**Indenture**" means the Indenture of Trust, by and between the Authority and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions in the Indenture.

"**Independent Accountant**" means any certified public accountant or firm of certified public accountants, appointed and paid by the Authority or the City, and who, or each of whom (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not connected with the Authority or the City as an officer or employee of the Authority or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

"**Independent Counsel**" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Authority, the Trustee or the City.

"**Information Services**" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information with respect to called bonds as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

"**Installment Payment Date**" means the date not later than the fifth Business Day preceding each Interest Payment Date.

"**Installment Payments**" means the payments required to be paid by the City pursuant to the Installment Sale Agreement.

"**Installment Sale Agreement**" means that certain Installment Sale Agreement, by and between the Authority and the City, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Indenture, securing the Bonds.

"**Interest Account**" means the account by that name established in the Bond Fund pursuant to the Indenture.

"**Interest Payment Date**" means each June 1 and December 1, commencing June 1, 2020.

"**Maximum Annual Debt Service**" means, as of any date of calculation by the City, the highest Debt Service during the period from the date of such calculation through the final maturity date of all Parity Obligations.

"**Measure M Ordinance**" means Ordinance No. 16-01, the Los Angeles County Traffic Improvement Plan, adopted by the MTA on June 23, 2016, and approved by at least two-thirds of electors voting on such proposition in the November 8, 2016 election, as supplemented and amended.

"**Measure M Project**" means a capital project for which Measure M Receipts may be expended.

"**Measure M Receipts**" means Measure M Revenues allocated by the MTA to the City pursuant to the Measure M Ordinance from the Local Return Subfund established under the Measure M Ordinance, to the extent that the project constitutes a Measure M Project, in an amount not greater than the Installment Payments related to such Measure M Project.

"**Measure M Receipts Fund**" means the fund by that name established and held by the City pursuant to the Installment Sale Agreement into which the Measure M Receipts are deposited.

"**Measure M Revenues**" means revenues of the MTA pursuant to the Measure M Ordinance derived from a retail transactions and use tax imposed in the County pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, Division 12 (Section 130350 et seq.) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Measure M Ordinance, as such Measure M Revenues are limited to those revenues allocated to the City pursuant to the Measure M Ordinance from the Local Return Subfund established under the Measure M Ordinance. Collection of the Measure M Revenues commenced on July 1, 2017, and does not terminate.

"**Measure R Ordinance**" means Ordinance No. 08-01, the Traffic Relief and Rail Expansion Ordinance, adopted by the MTA on July 24, 2008, and approved by at least two-thirds of electors voting on such proposition in the November 4, 2008 election, as supplemented and amended.

"**Measure R Project**" means a capital project for which Measure R Receipts may be expended.

"**Measure R Receipts**" means Measure R Revenues allocated by the MTA to the Local Agency pursuant to the Measure R Ordinance from the Local Return Subfund established under the Measure R Ordinance, to the extent the Project constitutes a Measure R Project, in an amount not greater than the Installment Sale Payments related to such Measure R Project.

"**Measure R Receipts Fund**" means the fund by that name established and held by the City pursuant to the Installment Sale Agreement into which the Measure R Receipts are deposited.

"**Measure R Revenues**" means revenues of the MTA pursuant to the Measure R Ordinance derived from a retail transactions and use tax imposed in the County of Los Angeles pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California, as now in effect and as it may from time to time be amended or supplemented, Division 12 (Section 130350 et seq.) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time be amended or supplemented, and the Measure R Ordinance, as such Measure R Revenues are limited to those revenues allocated to the City pursuant to the Measure R Ordinance from the Local Return Subfund established under the Measure R Ordinance. Collection of the Measure R Revenues commenced on July 1, 2009 and terminates on June 30, 2039.

"**Moody's**" means Moody's Investors Service, New York, New York, or its successors.

"**MTA**" means the Los Angeles County Metropolitan Transportation Authority.

"**Municipal Bond Insurer**" or "***AGM***" means Assured Guaranty Municipal Corp., or any successor thereto or assigns thereof.

"**Original Purchaser**" means the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

"**Outstanding**" when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the Indenture, including Bonds (or portions thereof) described in the Indenture; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

"**Owner**" whenever used with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

"**Parity Obligations**" means any leases, loan agreements, installment sale agreements, bonds, notes, or other obligations of the City payable from and secured by a pledge of and lien upon any of the Pledged Measure Receipts on parity with the Installment Payments.

"**Participating Underwriter**" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"**Permitted Investments**" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value (provided the Trustee may rely upon the Request of the Authority directing investment under the Indenture as a determination that such investment is a Permitted Investment):

(a) Government Obligations.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by

the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(i) U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership

(ii) U.S. Farmers Home Administration (FmHA) Certificates of Beneficial Ownership

(iii) Federal Financing Bank

(iv) Federal Housing Administration Debentures (FHA)

(v) General Services Administration
Participation Certificates

(vi) Government National Mortgage Association (GNMA or Ginnie Mae) GNMA—guaranteed mortgage-backed bonds GNMA—guaranteed pass-through obligations

(vii) U.S. Maritime Administration
Guaranteed Title XI financing

(viii) U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are <u>not</u> backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Federal Home Loan Bank System Senior debt obligations

(ii) Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
Participation Certificate Senior debt obligations

(iii) Federal National Mortgage Association (FNMA or Fannie Mae) Mortgage-backed securities and senior debt obligations

(iv) Student Loan Marketing Association (SLMA or Sallie Mae) Senior debt obligations

(v) Resolution Funding Corp. (REFCORP) obligations

(vi) Farm Credit System Consolidated system-wide bonds and notes

(d) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, if rated by S&P, having a rating at the time of investment of "AAAm" or "AAAm-G"; and if rated by Moody's having a rating at the time of investment of "Aaa," including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks or savings and loan associations (including the Trustee or its affiliates). The collateral must be held by a third party and the Owners must have a perfected first security interest in the collateral.

(f) Trust accounts, trust funds, other deposit products, overnight banking deposits, interest-bearing money market accounts, interest-bearing demand or time deposits (including certificates of deposit), certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC or secured at all times by collateral described in (a) and/or (b) above.

(g) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

(h) Federal funds or bankers acceptances with a maximum term of 180 days of any bank which has an unsecured, uninsured and unguaranteed obligation rating at the time of investment of "Prime-1" or better by Moody's and "A-1" or better by S&P.

(i) The Local Agency Investment Fund of the State created pursuant to 16429.1 of the California Government Code.

(j) Municipal obligations rated "A" or higher by S&P.

(k) Investment agreements of financial institutions or insurance companies, in each case having uninsured, unsecured and unguaranteed obligations rated "AA-" or better by Fitch, "AA-" or better by S&P, or "Aa3" or better by Moody's, provided, however, that any such investment may be provided by a financial institution or insurance company having uninsured, unsecured and unguaranteed obligations not rated "AA-" or better by Fitch, "AA-" or better by S&P, or "Aa3" or better by Moody's, if such investment is unconditionally insured, guaranteed or enhanced by an entity whose uninsured, unsecured and unguaranteed obligations are rated "AA-" or better by Fitch, "AA-" or better by S&P, or "Aa3" or better by Moody's.

(l) Other forms of investments that satisfy the City's Statement of Investment Policy as of the time of investment.

"**Principal Account**" means the account by that name established in the Bond Fund pursuant to the Indenture.

"**Principal Corporate Trust Office**" means the corporate trust office of the Trustee in Los Angeles, California, or such other or additional offices as may be specified to the City and the Authority by the Trustee, except with regard to the Trustee that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

"**Projects**" means the acquisition and construction of certain road improvements and installation of traffic signals to be financed with the proceeds of the Bonds and as more specifically described in Exhibit A to the Installment Sale Agreement. Projects includes the Measure R Projects and/or the Measure M Projects, as applicable.

"**Project Costs**" means, with respect to any component of the Projects, all costs of the acquisition and construction thereof that are paid from moneys on deposit in the Project Fund, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition and construction of component of the Projects;

(b) all capital costs related to the acquisition of property required in connection with the construction of the Projects, whether by negotiated purchase, eminent domain or otherwise.

(c) obligations incurred for labor and materials in connection with the acquisition and construction of such component of the Projects;

(d) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition and construction of such component of the Projects;

(e) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition and construction of such component of the Projects;

(f) any sums required to reimburse the City for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the acquisition and construction of such component of the Projects; and

(g) all financing costs incurred in connection with the acquisition and construction of such component of the Projects, including but not limited to delivery costs and other costs incurred in connection with the Installment Sale Agreement and the financing of the Projects.

"**Project Fund**" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"**Record Date**" means, with respect to any Interest Payment Date, the fifteenth day of the calendar month preceding an Interest Payment Date. With respect to any payment of defaulted interest a special Record Date shall be established in accordance with the provisions of the Indenture.

"**Redemption Fund**" means the fund by that name established pursuant to the Indenture.

"**Registration Books**" means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

"**Regulations**" means the regulations of the United States Department of Treasury issued under the Code.

"**Reserve Account**" means the account by that name established in the Bond Fund pursuant to the Indenture.

"**Reserve Policy**" means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Municipal Bond Insurer for deposit in the Reserve Account in an amount equal to the Reserve Requirement.

"**Reserve Requirement**" means an amount equal to the least of (a) maximum annual debt service on the Bonds, (b) 125% of average annual debt service on the Bonds, and (c) 10% of the original par amount of the Bonds.

"**Revenues**" means (a) all amounts received by the Authority or the Trustee pursuant or with respect to the Installment Sale Agreement, including, without limiting the generality of the foregoing, all of the Installment Payments (including both timely and delinquent payments, any late charges, and whether paid from any source) and prepayments, and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture; but excluding any Additional Payments.

"**S&P**" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, New York, New York, or its successors.

"**Securities Depositories**" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

"**Sinking Account**" means the account by that name in the Bond Fund established pursuant to the Indenture.

"**State**" means the State of California.

"**Subordinate Obligations**" means any obligations of the City payable from and secured by a pledge of and lien upon any of the Measure M Receipts and Measure R Receipts subordinate to the Installment Payments and any Parity Obligations.

"**Supplemental Indenture**" means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized.

"**Tax Certificate**" means the certificate of the Authority dated the Closing Date, with respect to tax matters.

"**Term Bonds**" means the Bonds maturing on June 1 of certain years as described in the Indenture.

"**Trustee**" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or its successor.

"**Written Certificate**" "**Written Request**" and "**Written Requisition**" of the Authority or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the City by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Establishment and Application of Costs of Issuance Fund

The Trustee will establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The moneys in the Costs of Issuance Fund will be disbursed by the Trustee to pay the Costs of Issuance. The Trustee will disburse moneys in the Costs of Issuance Fund only upon a receipt of a sequentially numbered requisition, with bills, invoices or statements attached, signed by an Authorized Representative of the City setting forth the amounts to be disbursed for payment or reimbursement of Costs of Issuance and the name and address of the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Costs of Issuance properly chargeable to the Costs of Issuance Fund.

The Trustee is responsible for the safekeeping, investment, and payment of the moneys held in the Costs of Issuance Fund, but the Trustee is not responsible for such requisitions. Each requisition by and Authorized Representative of the City is sufficient evidence to the Trustee of the facts stated within the requisition and the Trustee will have no duty to confirm the accuracy of such facts. On the date that is six months following the Closing Date, or upon the earlier Written Request of the City, all amounts remaining in the Costs of Issuance Fund will be transferred by the Trustee to the Project Fund and the Costs of Issuance Fund will be closed.

Establishment and Application of Project Fund

The Trustee will establish, maintain and hold in trust a separate fund designated as the "Project Fund." Except as in the Indenture, moneys in the Project Fund will be used solely for the payment of the Project Costs. The Trustee will disburse moneys in the Project Fund from time to time to pay Project Costs (or to reimburse the City for payment of Project Costs) upon receiving a

Written Requisition of the City which: (i) states with respect to each disbursement to be made (A) the requisition number, (B) the name and address of the person, firm or corporation to whom payment will be made, (C) the amount to be disbursed, (D) that each obligation mentioned is a proper charge against the Project Fund and has not previously been disbursed by the Trustee from amounts in the Project Fund, (E) that all prior conditions set forth in the Installment Sale Agreement with respect to such disbursement have been satisfied, and (F) that the amount of such disbursement is for a Project Cost eligible to be paid for by both a Measure M Project and/or a Measure R Project; (ii) specifies in reasonable detail the nature of the obligation; and (iii) is accompanied by a bill or statement of account (if any) for each obligation. The Trustee may conclusively rely on the information contained in any Written Requisition and will have no responsibility with respect to the application of any funds disbursed in accordance with such Written Requisitions.

Upon the filing with the Trustee of a Written Certificate of the City stating that the Project has been completed and that all Written Requisitions intended to be filed by the City in accordance with the Installment Sale Agreement have been filed, the Trustee will withdraw all amounts then on deposit in the Project Fund and transfer such amounts to the Bond Fund and the Project Fund will be closed.

Pledge and Assignment; Bond Fund

Subject to the Indenture, all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture are pledged under the Indenture to secure the payment of the principal of and interest on the Bonds. Pursuant to the Indenture, such pledge constitutes a first lien on and security interest in such assets and will attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act.

In the Indenture, the Authority transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the rights of the Authority in the Installment Sale Agreement (except for certain rights to indemnification set forth therein), and the Trustee is entitled to and will collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will be paid by the Authority to the Trustee. Subject to the Indenture, the Trustee also is entitled to and will take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority, all of the obligations of the City under the Installment Sale Agreement.

The assignment of Installment Sale Agreement to the Trustee is in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee is subject to the Indenture. The Trustee will not be responsible for any representations, warranties, covenants or obligations of the Authority.

Subject to the Indenture, upon receipt, all Revenues will be promptly deposited by the Trustee in a special fund designated as the "Bond Fund" which the Trustee will establish, maintain and hold in trust. Within the Bond Fund there will be established an Interest Account, a Principal

Account and a Reserve Account and a Sinking Account. All Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

Allocation of Revenues

Not later than the Business Day prior to each Interest Payment Date, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account equal to the amount of interest coming due and payable on such Interest Payment Date on all Bonds then Outstanding.

The Trustee will deposit in the Principal Account an amount, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date.

The Trustee will deposit in the Sinking Account an amount, if any, required to cause the aggregate amount on deposit in the Sinking Account to equal the aggregate principal amount of the Term Bonds required to be redeemed on such Interest Payment Date.

The Trustee will deposit in the Reserve Account an amount, if any, required to cause the amount on deposit in the Reserve Account to be equal to the Reserve Requirement.

If the then applicable Interest Payment Date is December 1, all remaining moneys will be held by the Trustee in the Bond Fund and applied for the next succeeding June 1 Interest Payment Date deposit. If the then applicable Interest Payment Date is June 1, all remaining moneys will be transferred to the City to be used for any lawful purpose.

Application of Interest Account. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

Application of Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates.

Application of Sinking Account. All amounts in the Sinking Account will be used and withdrawn by the Trustee solely to pay the aggregate principal amount of the Term Bonds required to be redeemed on such June 1 pursuant to the Indenture.

Application of Reserve Account. An amount equal to the Reserve Requirement will be maintained in the Reserve Account. On the Closing Date, the Reserve Policy shall be deposited in the Reserve Account.

The Trustee will, on or before each May 15 and November 15, value investments in the Reserve Account at market value and transfer any moneys in the Reserve Account then in excess of the Reserve Requirement; provided, however, that the Trustee will not liquidate an investment to make such transfer of excess unless so directed in writing by a City Representative.

If, on any Interest Payment Date, the moneys available in the Bond Fund do not equal the amount of the principal and interest with respect to the Bonds then coming due and payable, the Trustee will apply the moneys available in the Reserve Account to make delinquent Installment Payments by transferring the amount necessary for this purpose to the Bond Fund or will draw on the Reserve Policy and apply amounts received from such draw to make delinquent Installment Payments. To the extent there is cash or investments on deposit in the Reserve Account, such cash or investments will be applied first before there is any draw on the Reserve Policy or any other credit facility credited to the Reserve Account in lieu of cash (a "Credit Facility"). Upon receipt of any delinquent Installment Payment with respect to which moneys have been advanced from the Reserve Account or there has been a draw on the Reserve Policy, such Installment Payment will be deposited in the Reserve Account to the extent of such advance and first applied to reimburse a draw on the Reserve Policy and then to replenish any cash drawn therefrom.

If, on any Interest Payment Date, the moneys on deposit in the Reserve Account and the Bond Fund (excluding amounts required for payment of principal of and interest on the Bonds not presented for payment) are sufficient to pay all Outstanding Bonds, including all principal and interest, the Trustee will transfer all amounts then on deposit in the Reserve Account to the Bond Fund to be applied to the payment of the Installment Payments, and such moneys will be distributed to the Owners of Bonds in accordance with the Indenture. Any amounts remaining in the Reserve Account upon payment in full of all Outstanding Bonds and all amounts due the Municipal Bond Insurer and the Trustee under the Indenture, or upon provision for such payment as provided in the Indenture, will be withdrawn by the Trustee and paid to the City.

Application of Redemption Fund. The Trustee will establish and maintain the Redemption Fund, amounts in which will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds to be redeemed pursuant to the Indenture; provided, however, that at any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale.

Valuation and Disposition of Investments. All moneys held by the Trustee shall be held in trust but need not be segregated from other funds unless specifically required by the Indenture. Except as specifically provided in the Indenture, the Trustee shall not be liable to pay interest on any moneys received by it but shall be liable only to account to the Authority for earnings derived from funds that have been invested.

The Authority covenants that all investments of amounts deposited in any fund or account created by or pursuant to the Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code), shall be acquired, disposed of, and valued (as of the date that valuation is required by the Indenture or the Code) at Fair Market Value. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow: (i) its normal practices in the purchase, sale and determining the value of Permitted Investments; and (ii) the investment direction of the City.

Provisions Related to the Reserve Policy

So long as the Reserve Policy funds the Reserve Requirement with respect to the Bonds, the provisions of Reserve Policy within the Indenture will apply. To the extent the provisions relating to the Reserve Policy conflict or are inconsistent with any other provision set forth in the Indenture, the provisions of the Reserve Policy control.

(a) The prior written consent of AGM shall be a condition precedent to the deposit of any Credit Facility credited to the Reserve Fund in lieu of a cash deposit into the Reserve Account. Amounts drawn under the Reserve Policy shall be available only for the payment of scheduled principal and interest on the Bonds when due.

(b) The Authority and/or the City shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by AGM and shall pay interest thereon from the date of payment by AGM at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as AGM shall specify. If the interest provisions of this subparagraph (b) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding under the Indenture to the extent that interest otherwise due under the Indenture for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by AGM, with the same force and effect as if the Authority and/or the City had specifically designated such extra sums to be so applied and AGM had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to AGM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to AGM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs

shall be secured by a valid lien on all revenues and other collateral pledged as security for the Bonds (subject only to the priority of payment provisions under the Indenture).

All cash and investments in the Reserve Account shall be transferred to the Bond Fund for payment of debt service on Bonds before any drawing may be made on the Reserve Policy or any other Credit Facility credited to the Reserve Account in lieu of cash. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(c) Upon a failure to pay Policy Costs when due or any other breach of the terms of this Section, AGM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture, other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

(d) Neither Indenture nor the Installment Sale Agreement shall be discharged until all Policy Costs owing to AGM shall have been paid in full. The obligation to pay such amounts shall expressly survive payment in full of the Bonds.

(e) The City shall include any Policy Costs then due and owing AGM in the calculation of the Installment Payments as set forth in the Installment Sale Agreement.

(f) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (b) hereof and shall provide notice to AGM in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the Authority with the Trustee to the Bond Fund more often than semi-annually, the Trustee shall be instructed to give notice to AGM of any failure of the Authority to make timely payment in full of such deposits within two business days of the date due.

(g) The Authority and/or the City, as applicable, will pay or reimburse AGM any and all charges, fees, costs, losses, liabilities and expenses which AGM may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture, the Installment Sale Agreement or any document executed in connection with the Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Authority) relating to Indenture or any other Related Document, any party to the Indenture or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the

Indenture or any other Related Document, if any, or the pursuit of any remedies under the Indenture or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by AGM to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of AGM spent in connection with the actions described in clauses (ii) through (v) above. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document. Amounts payable by the Authority under the Indenture shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by AGM until the date AGM is paid in full.

(h) The obligation of the Authority and the City to pay all amounts due to AGM shall be an absolute and unconditional obligation of each party and will be paid or performed strictly in accordance with the provisions of this Section, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds, the Indenture or any other Related Document, or (ii) any amendment or other modification of, or waiver with respect to the Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds, the Indenture or any other Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the Reserve Policy, the Indenture or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Authority may have at any time against the Trustee or any other person or entity other than the Municipal Bond Insurer, whether in connection with the transactions contemplated herein or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Municipal Bond Insurer under the Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Policy.

(i) The Authority and the City shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the Municipal Bond Insurer) of the Indenture and the Installment Sale Agreement applicable to it, each of the provisions thereof being expressly incorporated into this Section by reference solely for the benefit of AGM as if set forth directly herein. No provision of the Indenture, the Installment Sale Agreement or any other Related Document shall be amended, supplemented, modified or waived, without the prior written consent of AGM, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Authority under the Indenture or the priority accorded to the reimbursement of Policy Costs under the Indenture or the Installment Sale Agreement. The Municipal Bond Insurer is hereby expressly made a third party beneficiary of the Indenture, the Installment Sale Agreement and each other Related Document

(j) The Authority and the City each covenant to provide to AGM, promptly upon request, any information regarding the Bonds or the financial condition and operations of the Authority as reasonably requested by AGM. The Authority will permit AGM to discuss the affairs, finances and accounts of the Authority or any information AGM may reasonably request regarding the security for the Bonds with appropriate officers of the Authority and the City and will use commercially reasonable efforts to enable AGM to have access to the facilities, books and records of the Authority on any business day upon reasonable prior notice.

Investments

All moneys under the Indenture will be invested by the Trustee solely in Permitted Investments. Such investments are to be directed by the City pursuant to a Written Request of the City filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such directions, the Trustee will hold such funds uninvested. Permitted Investments purchased as an investment of moneys in any fund is part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts will be deposited in the Bond Fund, except that interest or gain derived from the investment of amounts in the Project Fund are to be retained and used for the specified purposes. To the extent that any investment agreement requires the payment of fees, such fees will be paid from available moneys in the Bond Fund after the deposit of moneys. For purposes of acquiring any investments, the Trustee can commingle funds. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges. The Trustee or its affiliates may act as sponsor, advisor or depository with respect to any Permitted Investment. To the extent that any Permitted Investment purchased by the Trustee are registrable securities such Permitted Investment will be registered in the name of the Trustee. The Trustee will not incur liability for losses arising from any investments.

The Trustee will value the investments at their market value, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value will be restored no later than the succeeding valuation date.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority will not receive such confirmations to the extent permitted by law. The Trustee, at no additional cost, will furnish the Authority with account transaction statements as provided in the Indenture which will include detail for all investment transactions made by the Trustee.

Particular Covenants

Punctual Payment. The Authority will punctually pay or cause to be paid the principal of and interest on all the Bonds in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of Bonds. The Authority will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity

of any of the Bonds or the time of payment of any such claims for interest will be extended, such Bonds or claims for interest will not be entitled, in case of any default, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which will not have been so extended. Nothing in the Indenture is deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance will not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances. The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes and reserves the right to issue other obligations for such purposes. Nothing in the Indenture will in any way limit the City's ability to encumber its assets in accordance with the Installment Sale Agreement.

Power to Issue Bonds and Make Pledge and Assignment. The Authority represents and warrants that it is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture and the Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms. The Authority and the Trustee will at all times, subject to the Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries will be made of all transactions made by it relating to the proceeds of Bonds, the Revenues, the Installment Sale Agreement and all funds and accounts established pursuant to the Indenture. Such books of record and account be available for inspection by the Authority and the City, during business hours with prior notice and under reasonable circumstances.

No Additional Obligations. The Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of the Revenues in whole or in part.

Tax Covenants. The Authority will not make or use nor cause to be made or used any investment or other use of the proceeds of the Bonds or the moneys and investments held in the funds and accounts established under the Indenture which would cause the Bonds to be arbitrage bonds under section 103(b) and section 148 of the Code and the Regulations issued under section 148 of the Code or which would otherwise cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes.

The Authority will not take or cause to be taken any other action or actions, or fail to take any action or actions, which would cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes.

The Authority will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the Bonds will be excluded from the gross income, for federal income tax purposes, of the Owners pursuant to section 103 of the Code.

The Authority will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Regulations.

Authority shall execute, deliver and comply with the provisions of the Tax Certificate, and by its acceptance of the Indenture the Trustee acknowledges receipt of the Tax Certificate and acknowledges its incorporation in the Indenture. The Trustee shall be deemed conclusively to have complied with the Tax Certificate if it follows the written directions of the Authority and City, including supplying all necessary information in the manner provided in the Tax Certificate, and shall have no liability or responsibility to enforce compliance by the Authority and the City with the terms of the Tax Certificate. The Trustee agrees it will invest funds held under the Indenture in accordance with the terms of the Indenture (this tax covenant shall extend throughout the term of the Bonds, to all funds and accounts created under the Indenture and all moneys on deposit to the credit of any fund or account).

Rebate Fund. The Trustee shall establish and maintain, when required, a fund separate from any other fund established, maintained and designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary to comply with instructions of the Authority given pursuant to the terms and conditions of the Tax Certificate. Subject to the transfer provisions provided in the Indenture, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the rebate requirement (required by the Tax Certificate and referred to in the Indenture as the "Rebate Requirement"), for payment to the federal government of the United States of America. Neither the Authority nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by the Tax Certificate. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the Authority including supplying all necessary information in the manner provided in the Tax Certificate and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate or any other tax covenants contained in the Indenture. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall have no independent duty to review such calculations or enforce the compliance by the Authority with such rebate requirements. The Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the Authority.

Upon the Authority's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Authority, if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Authority in accordance with the Tax Certificate. The Trustee shall supply to the Authority all necessary information in the manner provided in the Tax Certificate to the extent such information is reasonably available to the Trustee.

The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to the Indenture, other than from moneys held in the funds and accounts created under the Indenture or from other moneys provided to it by the Authority.

At the written direction of the Authority, the Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments, subject to the restrictions set forth in the Tax Certificate. Moneys shall not be transferred from the Rebate Fund except as provided in the Indenture. The Trustee shall not be liable for any consequences arising from such investment.

Upon receipt of the Authority's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Authority so directs, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the Authority's written directions; provided, however, only moneys in excess of the Rebate Requirement may, at the written direction of the Authority, be transferred out of the Rebate Fund to such other accounts or funds or to anyone other than the United States in satisfaction of the arbitrage rebate obligation. Any funds remaining in the Rebate Fund after each five-year remission to the United States, redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Authority.

Notwithstanding any other provision of the Indenture, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of the Indenture and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Collection of Amounts Due Under the Installment Sale Agreement. The Trustee will promptly collect all amounts due from the City pursuant to the Installment Sale Agreement. Subject to the Indenture, the Trustee will enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority, for the enforcement of all of the obligations of the City under the Installment Sale Agreement.

Except as provided in the Indenture or the Installment Sale Agreement, the Authority will not amend, modify or terminate any of the terms of the Installment Sale Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee will give such written consent only if (a) in the opinion of Bond Counsel, such amendment, modification or termination will not materially adversely affect the interests of the Owners, or (b) the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination.

Continuing Disclosure. The City has covenanted in the Installment Sale Agreement to comply with and carry out all of the provisions of the Continuing Disclosure Certificate. In spite of the Indenture, failure of the City to comply with the Continuing Disclosure Certificate will not constitute an Event of Default; provided, however, that any Participating Underwriter or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under the Continuing Disclosure Certificate, including seeking mandate or specific performance by court order.

Waiver of Laws. The Authority will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Further Assurances. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Events of Default; Remedies

Events of Default. The following are Events of Default:

(a) Default in the due and punctual payment of the principal of any Bonds when and as the same become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bonds when and as the same become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds, if such default continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, will have been given to the Authority by the Trustee; provided, however, that if in the reasonable opinion of the Authority the default stated in the notice can be corrected, but not within such thirty (30) day period, such default will not constitute an Event of Default if the Authority will commence to cure such default within such sixty (60) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The occurrence and continuation of an event of default with respect to any Parity Obligation.

Remedies Upon Event of Default. If any Event of Default occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and will at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, upon notice in writing to the Authority and the City, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and be immediately due and payable, regardless of anything in the Indenture or in the Bonds contained to the contrary.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due will have been obtained or entered, the Authority or the City will deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable fees, charges and expenses (including those of its attorneys) of the Trustee, and

any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) will have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority, the City and the Trustee, or the Trustee if such declaration was made by the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment will extend to or will affect any subsequent Event of Default, or will impair or exhaust any right or power consequent thereon.

Application of Revenues and Other Funds After Default. If an Event of Default occurs and is continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture will be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture; and

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of the Indenture, as follows:

> *First*: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available will not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and
>
> *Second*: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which will have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available will not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

Third: To the Municipal Bond Insurer for any amounts due with respect to the Reserve Policy.

Trustee Represents Owners. The Trustee is appointed (and the successive respective Owners of the Bonds, by taking and holding the same, will be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture and applicable

provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, will, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it deems most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement, or in aid of the execution of any power granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds, the Indenture or any other law; and upon instituting such proceeding, the Trustee is entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the Indenture.

Owners' Direction of Proceedings. In spite of anything in the Indenture to the contrary, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding will have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee, provided that such direction will not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would expose it to liability (the Trustee having no duty to make such determination).

Limitation on Owners' Right to Sue. In spite of any other provision in the Indenture, no Owner of any Bonds will have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Installment Sale Agreement or any other applicable law with respect to such Bonds, unless (a) such Owner gives to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding make written request upon the Trustee to exercise the powers granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners tender to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee fails to comply with such request for a period of sixty (60) days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee; and (e) no direction inconsistent with such written request will have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Absolute Obligation of Authority. Nothing in the Indenture or in the Bonds contained will affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, but only out of the Revenues and other assets pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default will have been discontinued or abandoned for any reason or will have been determined adversely to the Trustee or the Owners, then in every such case the Authority, the Trustee and the Owners, subject to any determination in such proceedings, will be restored to their former positions and rights, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Owners will continue as though no such proceedings had been taken.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, is cumulative and in addition to any other remedy given or now or hereafter existing at law or in equity or otherwise.

No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default will impair any such right or power or be construed to be a waiver of any such Event of Default or an acquiescence; and every power and remedy given by the Indenture to the Trustee or the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Amendments Permitted

(a) The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding will have been filed with the Trustee. No such modification or amendment will (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted in the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It will not be necessary for the consent of the Owners to approve the particular form of any Supplemental Indenture, but it is sufficient if such consent will approve the substance thereof.

(b) The Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Owners, if the Trustee has been furnished an opinion of counsel that the provisions of such Supplemental Indenture will not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign

additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Authority may deem necessary or desirable;

(iii) to modify, amend or supplement the Indenture in such manner as to permit the qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute; or

(iv) to modify, amend or supplement the Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its discretion, but will not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) above which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

(d) Prior to the Trustee's entering into any Supplemental Indenture, there will be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion from gross income for purposes of federal income taxes of interest on the Bonds.

(e) Written notice of any amendment or modification made pursuant to the Indenture will be given by the Authority to any rating agency then rating the Bonds provided that failure to provide such notice will not invalidate the proceedings for such amendment or modification at least thirty (30) days prior to the effective date of such amendment or modification.

Effect of Supplemental Indenture.

Upon the execution of any Supplemental Indenture pursuant to the Indenture, the Indenture will be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and all Owners of Bonds Outstanding will thereafter be determined, exercised and enforced subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture will be part of the terms and conditions of the Indenture for any and all purposes.

Defeasance

Discharge of Indenture. Any or all of the Outstanding Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable by the Authority:

(a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, Defeasance Obligations in the necessary amount (as provided in the Indenture) to pay or redeem such Bonds; or

(c) by delivering to the Trustee, for cancellation by it, such Bonds.

If the Authority also pays or causes to be paid all other sums payable by the Authority, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any of such Bonds will not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture with respect to such Bonds and all covenants, agreements and other obligations of the Authority under the Indenture with respect to such Bonds will cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, the Trustee will execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of any of such Bonds not surrendered for such payment or redemption.

Discharge of Liability of Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption will have been given as provided in the Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds will cease, terminate and be completely discharged, and the Owners thereof will thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and will be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption will have been given as provided in the Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice, the amount to be deposited or held will be the principal amount of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Defeasance Obligations, the principal of and interest on which when due will, in the written opinion of an Independent Accountant filed with the City, the Authority and the Trustee, provide money sufficient to pay the principal of and interest on the Bonds to be paid or redeemed, as such principal and interest become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as provided in the Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice;

provided, in each case, that (i) the Trustee will have been irrevocably instructed (by the terms of the Indenture or by Written Request of the Authority) to apply such money to the payment of such principal and interest with respect to such Bonds, and (ii) the Authority will have delivered to the Trustee an opinion of Bond Counsel to the effect that such Bonds have been discharged in accordance with the Indenture (which opinion may rely upon and assume the accuracy of the Independent Accountant's opinion referred to above).

Liability of Authority Limited to Revenues

In spite of anything in the Indenture or in the Bonds, the Authority will not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under the Indenture for any of the purposes in the Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of the Indenture. Nevertheless, the Authority may, but will not be required to, advance for any of the purposes any funds of the Authority which may be made available to it for such purposes.

Limitation of Rights to Parties and Owners

Nothing in the Indenture or in the Bonds expressed or implied is intended or will be construed to give to any person other than the Authority, the Trustee, the City, the Municipal Bond Insurer and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein contained; and all such covenants, conditions and provisions are and will be held to be for the sole and exclusive benefit of the Trustee, the City, the Authority, the Municipal Bond Insurer and the Owners of the Bonds.

INSTALLMENT SALE AGREEMENT

The following is a brief summary of the provisions of the Installment Sale Agreement, and is supplemental to the summary of other provisions of the Installment Sale Agreement described elsewhere in this Official Statement. This summary does not purport to be comprehensive or definitive, and reference should be made to the Installment Sale Agreement for full and complete statements of its respective provisions. All capitalized terms used but not otherwise defined below shall have the meanings assigned to such terms in the Installment Sale Agreement.

Acquisition and Construction of the Projects

The Authority agrees with due diligence to supervise and provide for, or cause to be supervised and provided, for the acquisition and construction of the Projects in accordance with purchase orders, construction contracts and other documents relating thereto and approved by the City pursuant to all applicable requirements of law. Direct payment of the Project Costs will be

made from amounts on deposit in the Project Fund, pursuant to the Indenture. All contracts for, and all work relating to, the acquisition and construction of the Projects is subject to all applicable provisions of law relating to the acquisition and construction of public works by the City and to all applicable requirements of the Measure R Ordinance and Measure M Ordinance. The Authority expects that the acquisition and construction of the Projects will be completed on or before the date as described in the Installment Sale Agreement; provided, however, that the failure to complete all components of the Projects by the estimated completion date thereof will not constitute an Event of Default or a ground for termination, nor will such failure result in the diminution, abatement or extinguishment of the obligations of the City contained in the Installment Sale Agreement to pay the Installment Payments.

The City will have the right from time to time, in its sole discretion, to determine which components of the Projects are to be financed, so long as each such component is listed in the Installment Sale Agreement.

Upon the completion of the acquisition and construction of the Projects, but in any event not later than thirty (30) days following such completion, an Authority Representative or a City Representative will execute and deliver to the Trustee a Written Certificate which (a) states that the acquisition and construction of the Projects have been substantially completed, and (b) identifies (i) the amounts, if any, to remain on deposit in the Project Fund for payment of Project Costs thereafter intended to be requisitioned by the City and (ii) the amounts to be transferred to the Bond Fund. Upon the filing with the Trustee of the final Written Requisition for payment of Project Costs, the Authority will direct the Trustee to close the Project Fund.

Grant of Easements

The City grants to the Authority all necessary easements, rights of way and rights of access in and to all real property or interests therein now or hereafter acquired and owned by the City, as may be necessary or convenient to enable the Authority to acquire, construct and install the Projects. The City covenants that it will execute, deliver and record any and all additional documents as may be required to be executed, delivered and recorded to establish such easements, rights of way and rights of access.

Appointment of City as Agent of Authority

The Authority appoints the City as its agent to carry out all phases of the acquisition and construction of the Projects pursuant to and in accordance with the provisions of the Installment Sale Agreement. The City hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Authority regarding the acquisition and construction of the Projects. The City, as agent of the Authority, shall enter into, administer and enforce all purchase orders or other contracts relating to the acquisition and construction of the Projects. The City shall submit Written Requisitions of the City to the Trustee from time to time pursuant to the Indenture for payment, or for reimbursement to the City for payment, of all Project Costs. All contracts for, and all work relating to, the acquisition and construction of the Projects shall be subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of capital projects like the Projects and property by joint powers authorities and by municipal entities within the State.

Sale of Project; Purchase and Sale of Projects

The City sells the rights to acquire and construct the Projects, including but not limited streets, easements and appurtenances necessary for the Projects, to the Authority, for which the Authority will pay an amount equal to one dollar ($1.00). The Authority sells the Projects to the City, and the City purchases the Projects from the Authority, upon the terms and conditions set forth in the Installment Sale Agreement.

Term of Sale

The Installment Sale Agreement will take effect and end on the dates described in the Installment Sale Agreement, or such earlier date on which the Bonds will no longer be Outstanding under the Indenture.

Installment Payments

(a) ***Obligation to Pay***. In consideration of the sale of the Projects by the Authority, the City agrees to pay to the Authority, its successors and assigns, as the purchase price for the Projects during each Fiscal Year, from Measure M Receipts and Measure R Receipts, as applicable, the Installment Payments (denominated into components of principal and interest) for the Projects in the respective principal amounts specified in the Installment Sale Agreement, plus interest commencing on the Closing Date, to be due and payable on the respective Installment Payment Dates. The Installment Payments are equal to the debt service payments on the Bonds. Any amount held in the Bond Fund, the Interest Account or, the Principal Account or the Sinking Account on any Installment Payment Date, derived from any source of funds of the City, will be credited towards the Installment Payment then due and payable by the City.

(b) ***Special Obligation; Absolute and Unconditional Obligations; No Abatement***. The City's obligation to pay the Installment Payments and Additional Payments is a special obligation limited solely to Measure M Receipts and Measure R Receipts. Under no circumstances will the City be required to advance any moneys derived from any source of income other than the Measure M Receipts and Measure R Receipts and other sources specifically identified for the payment of the Installment Payments, nor will any other funds or property of the City be liable for the payment of the Installment Payments. However, the obligation of the City to pay the Installment Payments and Additional Payments from Measure M Receipts and Measure R Receipts and to perform and observe the other agreements contained is absolute and unconditional and is not subject to: (a) any reduction or abatement whatsoever due to the destruction of or damage to the Projects or any portion thereof, or taking of the Projects or any portion thereof in eminent domain proceedings; or (b) any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority or the Trustee of any obligation to the City or otherwise with respect to the Projects, or out of indebtedness or liability at any time owing to the City by the Authority or the Trustee. Until all of the Installment Payments and Additional Payments and other amounts coming due and payable have been fully paid or prepaid, the City will not suspend or discontinue payment of any Installment Payments or such other amount and will perform and observe all other agreements contained in the Installment Sale Agreement.

(c) ***Reduction Upon Partial Prepayment***. In the event the City prepays less than all of the remaining principal components of the Installment Payments pursuant to the

Installment Payment Agreement, the amount of such prepayment will be applied to reduce the principal component of the subsequent remaining Installment Payments and the interest component of each subsequent remaining Installment Payment will be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Bonds redeemed as a result of such prepayment.

(d) ***Rate on Overdue Payments***. In the event the City should fail to make any of the payments required in the Installment Payment Agreement so that there are insufficient moneys on hand in the Interest Account or the Principal Account or the Sinking Account to pay any Installment Payment in full on an Interest Payment Date, the Installment Payment in default will continue as an obligation of the City until the amount in default is fully paid and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the rate of interest payable on the Bonds.

(e) ***Assignment***. The City understands and agrees that all Installment Payments have previously been assigned by the Authority to the Trustee in trust, pursuant to the Indenture, for the benefit of the Owners of the Bonds, and the City assents to such assignment. The Authority directs the City, and the City agrees, to pay all of the Installment Payments to the Trustee at its Office.

Pledge and Application of Measure M Receipt and Measure R Receipts

(a) ***Pledge of Measure M Receipts and Measure R Receipts***. The City agrees that the payment of the Installment Payments and Additional Payments are secured by a pledge, charge and first and prior lien upon Measure M Receipts and Measure R Receipts, and Measure M Receipts and Measure R Receipts sufficient to pay the Installment Payments and Additional Payments as they become due and payable are pledged, charged, assigned, transferred and sent over by the City to the Authority and its assigns for the purpose of securing payment of the Installment Payments. The Measure M Receipts and Measure R Receipts will constitute a trust fund for the security and payment of the Installment Payments and Additional Payments.

(b) ***Deposit to and Transfer from Measure M Receipts Fund and Measure R Receipts Fund***. All of the Measure M Receipts will be deposited by the City immediately upon receipt in the Measure M Receipts Fund. All of the Measure R Receipts will be deposited by the City immediately upon receipt in the Measure R Receipts Fund. The City will create and hold the Measure M Receipts Fund and Measure R Receipts Fund separate and apart from all other funds of the City.

On or before five days prior to each Installment Payment Date, the City will withdraw from the Measure M Receipts Fund and Measure R Receipts Fund and transfer to the Trustee, for deposit into the Bond Fund, an amount which, together with the balance then on deposit in the Bond Fund (other than amounts resulting from the prepayment of the Installment Payments pursuant to the Installment Sale Agreement and other than amounts required for payment of the principal or interest with respect to any Bonds which have matured or been called for redemption but which have not been presented for payment), is equal to the aggregate amount of the Installment Payment coming due and payable on the next succeeding Interest Payment Date.

(c) ***Release from Lien***. Following the transfer described in the Installment Sale Agreement with respect to the June 1 Interest Payment Date, Measure M Receipts and Measure R Receipts in excess of amounts required for the payment of Installment Payments, Additional Payments, if any, and any Parity Obligations in that Bond Year will be released from the lien of the Installment Sale Agreement and will be available for any lawful purpose of the City.

Limitations on Future Obligations Secured by Measure M Receipts and Measure R Receipts

(a) ***No Obligations Superior to Installment Payments***. In order to protect further the availability of the Measure M Receipts and Measure R Receipts and the security for the Installment Payments, Additional Payments, and any Parity Obligations, the City agrees that the City will not, so long as any Installment Payments, Additional Payments, or any Parity Obligations are outstanding, issue or incur any obligations payable from Measure M Receipts and Measure R Receipts superior to the Installment Payments, Additional Payments, or any Parity Obligations.

(b) ***Parity Obligations***. Additional obligations may be issued on a parity with the Installment Sale Agreement and any existing Parity Obligations subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations, except that the City need not comply with subparagraph (ii) if the proposed Parity Obligations are incurred to prepay or post a security deposit for the payment of the Installment Sale Agreement or Parity Obligations:

(i) The City is in compliance with all covenants set forth in the Installment Sale Agreement and with all covenants set forth in the agreements relating to then existing Parity Obligations.

(ii) The Measure M Revenues, as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City, as shown by the books of the City, will at least equal one hundred fifty percent (150%) of annual Installment Payments due in the current or any future Bond Year allocable to Measure M Projects immediately subsequent to the issuance of such Parity Obligations.

(iii) The Measure R Revenues, as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City, as shown by the books of the City, shall at least equal one hundred fifty percent (150%) of annual Installment Payments due in the current or any future bond Year allocable to Measure R Projects immediately subsequent to the issuance of such Parity Obligations.

(iv) The instrument providing for the issuance of such Parity Obligations provides that:

(A) The proceeds of such Parity Obligations will be applied to the acquisition, construction, improvement, financing or refinancing of additional Projects that are eligible both as a Measure M Project and/or a Measure R Project, as the case may be and used in the calculation of the allocable share of Installment Payments in (ii) and (iii) above, in accordance with MTA Guidelines, or for the purpose of refunding any Parity Obligations in whole or in part, including all costs (including costs of issuing such Parity Obligations and including capitalized

interest on such Parity Obligations during any period which the City deems necessary or advisable) relating thereto;

(B) Interest on such Parity Obligations will be payable on each Installment Payment Date in each year of the term of such Parity Obligations except the first year, during which year interest may be payable on any Installment Payment Date; and

(C) The principal of such Parity Obligations will be payable on an Installment Payment Date preceding June 1 in any year in which principal is payable.

(v) A reserve fund may, but will not be required to, be established for such Parity Obligations.

(c) ***Subordinate Obligations***. The City further covenants that the City will not issue or incur any Subordinate Obligations unless Measure M Revenues and Measure R Revenues, calculated in the same manner as described in paragraph (b) above, are equal to at least 100% of Maximum Annual Debt Service on the Bonds and any Parity Obligations and maximum annual debt service on all Subordinate Obligations outstanding immediately subsequent to the incurring of such Subordinate Obligations.

Additional Payments

In addition to the Installment Payments, the City will pay, from Measure M Receipts and Measure R Receipts, when due all costs and expenses incurred by the Authority to comply with the provisions of the Indenture and the Installment Sale Agreement, including, without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), compensation due to the Trustee for its fees, costs and expenses incurred under the Indenture, compensation due to the Authority for its fees, costs and expenses incurred under the Indenture, all amounts owed to the Municipal Bond Insurer in connection with the Reserve Policy and all costs and expenses of attorneys, auditors, engineers and accountants.

Payment of Rebatable Amounts

The City agrees to furnish all information to, and cooperate fully with, the Authority and its officers, employees, agents and attorneys, in order to assure compliance with the provisions of the Indenture. In the event that the Authority determines, pursuant to the Indenture, that any amounts are due and payable to the United States of America thereunder and that neither the Authority nor the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the funds and accounts established for the payment of the principal of or interest or redemption premium, if any, on the Bonds) to make such payment, the Authority will promptly notify the City of such fact. Upon receipt of any such notice, the City will promptly pay to the Trustee from any source of legally available funds, the amounts determined by the Authority to be due and payable to the United States of America under the Installment Payment Agreement.

Other Matters

Continuing Disclosure. The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. In spite of any other provision

of the Installment Sale Agreement, failure of the City to comply with the Continuing Disclosure Certificate will not constitute an Event of Default; provided, however, that any Participating Underwriter or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under the Installment Payment Agreement, including seeking mandate or specific performance by court order.

Tax Covenants. The City shall assure that proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

The City shall not take or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Maintenance of Tax Exemption. The City will take all actions necessary to assure the exclusion of interest with respect to the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Maintenance of Revenues. The City will use its best efforts to comply with all provisions of law, any regulations, policies and guidelines, relating to the Measure M Revenues and the Measure R Revenues, including but not limited to the Measure M Ordinance, the Measure R Ordinance, and any rules, policies or other items promulgated by the MTA in connection therewith. Such items include but are not limited to compliance with any maintenance of effort requirements, matching funds, filing of expenditure plans, expenditure of additional local funds as may be applicable to the Measure R Project and/or the Measure M Project. The City agrees to take all reasonable actions required in order to maintain the City's ability to receive Measure M Receipts and Measure R Receipts and apply the same.

Measure M Project and Measure R Project. The Agency covenants that all of the Projects are, and shall, as may be amended pursuant to the provisions of the Installment Sale Agreement be, eligible to qualify for funding under the Measure R Ordinance and the Measure M Ordinance even if all of the parts of the Projects only request funding from the local return subfund under the Measure R Ordinance or the Measure M Ordinance.

Amendment of Installment Sale Agreement

The City and the Authority have the right to modify or amend the Installment Sale Agreement without the consent of any of the Owners or any of the owners of Parity Obligations, but only if such amendment or modification does not cause interest represented by the Bonds to be includable in gross income for federal income tax purposes in the opinion of Bond Counsel, and only if such amendment or modification does not materially adversely affect the interests of the Municipal Bond Insurer, the Owners of the Bonds or the owners of any Parity Obligations in the opinion of Bond Counsel, and only if such amendment or modification is for any one or more of the following purposes:

(a) to provide for the issuance of Parity Obligations pursuant to the Installment Payment Agreement;

(b) to add to the covenants and agreements of the City contained in the Installment Sale Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power reserved to or conferred upon the City;

(c) to cure any ambiguity, or to cure, correct or supplement any defective provision, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable; or

(d) to amend any provision thereof for the purpose of complying with the applicable requirements of the Code.

Events of Default and Remedies

Events of Default Defined. The following are Events of Default:

(a) Failure by the City to pay any Installment Payment when and as the same become due and payable.

(b) Failure by the City to pay any Additional Payment when due and payable, and the continuation of such failure for a period of ten (10) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; *provided, however*, that if the City notifies the Authority and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure will not constitute an Event of Default if the City will commence to cure such failure within such thirty (30) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an

agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

(e) The occurrence and continuation of any payment event of default under and as defined in the instruments authorizing the issuance of any Parity Obligations.

Remedies on Default. Whenever any Event of Default occurs and is continuing, the Trustee as assignee of the Authority will have the right, at its option and without any further demand or notice, but subject in all respects to the provisions of the Indenture, to:

(a) declare all principal components of the unpaid Installment Payments, together with accrued interest thereon at the net effective rate of interest per annum then borne by the Outstanding Bonds from the immediately preceding Interest Payment Date on which payment was made, to be immediately due and payable, whereupon the same will immediately become due and payable;

(b) take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of the Installment Sale Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under the Installment Sale Agreement; and

(c) as a matter of right, in connection with the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Owners, cause the appointment of a receiver or receivers of the Measure M Receipts, Measure R Receipts and other amounts pledged, with such powers as the court making such appointment will confer.

The provisions of the clause (a), however, are subject to the condition that if, at any time after the principal components of the unpaid Installment Payments will have been so declared due and payable pursuant to the preceding clause (a), and before any judgment or decree for the payment of the moneys due will have been obtained or entered, the City will deposit with the Trustee a sum sufficient to pay all principal components of the Installment Payments coming due prior to such declaration and all matured interest components (if any) of the Installment Payments, with interest on such overdue principal and interest components calculated at the net effective rate of interest per annum then borne by the Outstanding Bonds, and the reasonable expenses of the Trustee (including any fees and expenses of its attorneys), and any and all other defaults known to the Trustee (other than in the payment of the principal and interest components of the Installment Payments due and payable solely by reason of such declaration) will have been made good, then, and in every such case, with the written consent of the Trustee, will rescind and annul such declaration and its consequences. However, no such rescission and annulment will extend to or will affect any subsequent default or will impair or exhaust any right or power consequent thereon. As provided in the Installment Sale Agreement, the Trustee is required to exercise the remedies in accordance with the Indenture.

No Remedy Exclusive. No remedy conferred upon or reserved to the Authority is intended to be exclusive and every such remedy is cumulative and is in addition to every other remedy given under the Installment Sale Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or

power or is construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in the Installment Sale Agreement it will not be necessary to give any notice, other than such notice as may be required in this the Installment Sale Agreement or by law.

Security Deposit

In spite of any other provision of the Installment Sale Agreement, the City may on any date secure the payment of Installment Payments in whole or in part by irrevocably depositing with the Trustee or any other fiduciary an amount of cash which, together with amounts on deposit in the Bond Fund and the accounts therein, is either (a) sufficient to pay all such Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedule set forth in Exhibit A, or (b) invested in whole or in part in Federal Securities in such amount as will, in the written opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Installment Payments when due pursuant to the Installment Sale Agreement or when due on any optional prepayment date pursuant to the Installment Sale Agreement, as the City will instruct at the time of said deposit. In the event of a security deposit pursuant to the Installment Sale Agreement with respect to all of the Installment Payments, all obligations of the City under the Installment Sale Agreement, and all security provided by the Installment Sale Agreement for said obligations, will cease and terminate, excepting only the obligation of the City to make, or cause to be made, all of such Installment Payments from such security deposit, and the obligation of the City to compensate and indemnify the Trustee pursuant to the Installment Sale Agreement and provisions of the Indenture requiring indemnification of the Trustee. Said security deposit is deemed to be and will constitute a special fund for the payment of Installment Payments in accordance with the provisions of the Installment Sale Agreement.

Optional Prepayment

The City may exercise its option to prepay the principal components of the Installment Payments in whole, or in part in integral multiples of $5,000, on any date on or after June 1 as described in the Installment Sale Agreement, by paying a prepayment price equal to the aggregate principal components of the Installment Payments to be prepaid, together with the interest component of the Installment Payment required to be paid on or accrued to such date. Such prepayment price will be deposited by the Trustee in the Redemption Fund or in another Trustee-held fund to be applied to the redemption of Bonds pursuant to the Indenture. The City will give the Trustee written notice of its intention to exercise its option not less than thirty (30) days in advance of the date of exercise.

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APPENDIX B
CITY AUDITED FINANCIAL STATEMENTS

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Comprehensive Annual Financial Report

CITY OF CARSON, CALIFORNIA
INCORPORATED FEB.20, 1968
FUTURE UNLIMITED

Fiscal Year Ended June 30, 2018

CITY OF CARSON, CALIFORNIA
INCORPORATED FEB 20, 1968
FUTURE UNLIMITED

CITY OF CARSON, CALIFORNIA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY:
FINANCE DEPARTMENT

TARIK RAHMANI
DIRECTOR OF FINANCE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON, CALIFORNIA
INCORPORATED FEB 20, 1968
FUTURE UNLIMITED

CITY OF CARSON
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INTRODUCTORY SECTION

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON, CALIFORNIA
INCORPORATED FEB 20, 1968
FUTURE UNLIMITED

CITY OF CARSON

June 27, 2019

Honorable Mayor and City Council
City of Carson, California

The Comprehensive Annual Financial Report (CAFR) of the City of Carson for the fiscal year ended June 30, 2018, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Carson issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Carson. In addition, to the best of our knowledge, there are no untrue statements of material fact within the financial statements or omissions of material fact to cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

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

THE REPORTING ENTITY

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

CITY PROFILE

Located in the South Bay section of Los Angeles County, Carson has a documented population of approximately 93,000. Over the years, three annexations have increased the City's size to 19.2 square miles. Steady and continued growth has enabled Carson to become a city of regional significance. Carson has been included in the top 20 highest valued cities in the county since 1998, according to the Annual Report of the Assessor's Office of the County of Los Angeles. For 2018, the

City of Carson is ranked 14th highest in assessed value of all Los Angeles County cities, recording a total of $14.5 billion. While Carson is well known as an industrial center with unparalleled access to transportation and the Pacific Rim, it is also a culturally diverse community that is an attractive place to live, work and play.

GOVERNMENTAL STRUCTURE

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

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

MAJOR INITIATIVES AND ACCOMPLISHMENTS

In November 2017, The City's voters approved a business license tax on "persons engaged in the business of operating any facility where petroleum or petroleum products are blended, mixed, processed, or refined and/or any facility that stores petroleum products." The tax is General Fund revenue; and is calculated as 0.25% of applicable business gross receipts. The tax became effective December 1, 2017 and collection of the tax began in January 2018. At the time this report was published, complete data was not available to estimate the annual revenue to the City. At the time the measure was placed on the ballot, annual revenue was estimated to be as much as $24 million based upon information from the City's oil industry expert consultant.

In July 2017, the City entered into a Community Benefits Agreement with Tesoro Refining & Marketing Company (now called Andeavor). The agreement requires Andeavor to make payments to the City totaling $28,759,800 over the next 15 years; including $15,000,000 of payments that are a credit towards the new tax noted above.

The Public Works Department completed the following construction projects during FY 2017/18.

- Community Center renovation
- Citywide Integrated Fire Alarm System upgrade

The City secured numerous grants, including a $13 million grant from the state for the Carriage Crest Park storm water improvement project. This project is currently in progress.

The Community Development Department participated in a number of housing projects that got underway during the fiscal year, including the following:

- Veteran's Village, a 51-unit affordable housing project with a leasing preference for veterans, which started construction in January, 2018. The Carson Housing Authority financially participated in the project in an amount of approximately $8,500,000.
- Carson Arts Colony, a 46-unit affordable housing project with a leasing preference for working artists, which started construction in March, 2018. The Carson Housing Authority financially participated in the project in an amount of approximately $7,000,000.
- The Union at South Bay, a major mixed-use project at Carson Street and Avalon, commenced construction in early 2018. The Union will have 357 market-rate multi-family residential units, ground floor commercial activity, and a 10,000 square foot landscaped public plaza. The new development is expected to open in the Spring of 2020.

FINANCIAL INFORMATION

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

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

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

OTHER INFORMATION

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

As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. In years when over $750,000 is expended on federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). For

the year ended June 30, 2018, $2,155,614 was expended on federal financial assistance programs. Information related to this single audit, including a schedule of Federal financial assistance, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings are included in a separately issued single audit report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Carson for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principle and applicable legal requirements.

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

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

Respectfully submitted,

Tarik Rahmani
Director of Finance

City of Carson
Elected Officials

Albert Robles
Mayor

Jawane Hilton
Mayor Pro Tem

Elito M. Santarina
Councilmember

Lula Davis-Holmes
Councilmember

Cedric L. Hicks, Sr.
Councilmember

Donesia L. Gause
City Clerk

Monica Cooper
City Treasurer

City Management

Kenneth C. Farfsing
City Manager

John Raymond
Assistant City Manager

Kathryn Downs
Director of Finance

Idris Al-Oboudi
Director of Community Services

John Raymond
Director of Community Development

Maria Williams-Slaughter
Director of Public Works

Faye Moseley
Director of Human Resources & Risk Management

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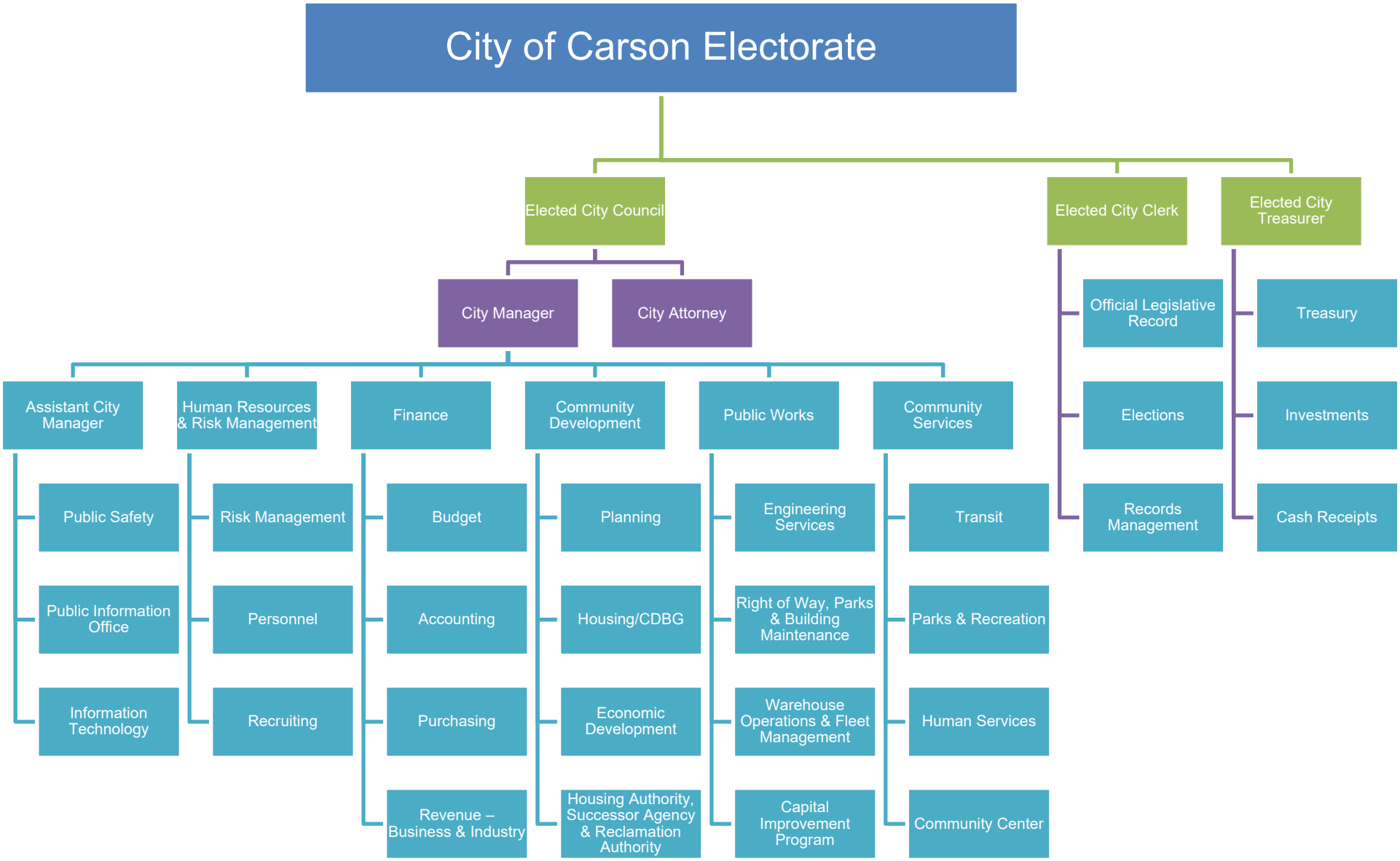
City of Carson Electorate
Elected City Council
Elected City Clerk
Elected City Treasurer
City Manager
City Attorney
Official Legislative Record
Treasury
Assistant City Manager
Human Resources & Risk Management
Finance
Community Development
Public Works
Community Services
Elections
Investments
Public Safety
Risk Management
Budget
Planning
Engineering Services
Transit
Records Management
Cash Receipts
Public Information Office
Personnel
Accounting
Housing/CDBG
Right of Way, Parks & Building Maintenance
Parks & Recreation
Information Technology
Recruiting
Purchasing
Economic Development
Warehouse Operations & Fleet Management
Human Services
Revenue – Business & Industry
Housing Authority, Successor Agency & Reclamation Authority
Capital Improvement Program
Community Center

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Carson

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON, CALIFORNIA
INCORPORATED FEB 20, 1968
FUTURE UNLIMITED

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Carson
Carson, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Carson, California (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Carson, as of June 30, 2018, and the respective changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1d and 18 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which required retrospective application resulting in a reduction of previously reported net position. Our opinions are 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, the schedule of changes in net pension liability and related ratios, and the schedule of contributions for the California Public Employees' Retirement System (CalPERS) miscellaneous plan, the schedule of changes in the net OPEB liability and related ratios, the schedule of contributions - OPEB plan and the budgetary comparison schedules for the General Fund, the Carson Housing Authority Special Revenue Fund, the Cooperation Agreement Bond Proceeds Special Revenue Fund, and the State CIP Grants Special Revenue Fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Matters (Continued)

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Diehl Evans LLP

Irvine, California
June 27, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON, CALIFORNIA
INCORPORATED FEB 20, 1968
FUTURE UNLIMITED

This discussion and analysis of the City of Carson's (the City) financial performance offers readers of the City's financial statements an overview of the financial activities of the City for the fiscal year ended June 30, 2018. Our analysis includes information regarding the City's overall financial position and results of operations to assist users in evaluating the City's financial position. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements.

Financial Highlights

Government-wide Financial Statements

- The assets of the City exceeded its liabilities at June 30, 2018 by $300.8 million. This amount is referred to as the net position of the City. Of this amount, $385.3 million represents net investment in capital assets, $26.6 million is restricted, and -$111.1 million is unrestricted net position.

- The City's net position decreased by approximately $7.2 million during the fiscal year.

- The City's total long-term liabilities increased by $47.7 million for the fiscal year ended June 30, 2018, from $119.7 million to $167.4 million due mainly to increases in the pension and Other Post-Employment Benefits (OPEB) liabilities.

Fund Financial Statements

- As of June 30, 2018, the City's governmental funds reported combined ending fund balances of $57.6 million, a decrease of $0.3 million over the prior fiscal year's fund balance. Approximately $15.7 million is unassigned.

- As of June 30, 2018, the total fund balance of the City's General Fund was $35.2 million, an increase of $16.3 million from the prior year level of $18.9 million. Increase is mainly due to the one-time increases of revenue from the reversal of a $7.9 million settlement against the City, additional revenues of $1.5 million collected form the Oil Industry Tax, $2.6 million community benefit received, and increases in franchise fees and Utility Users Tax collected of approximately $1million each. Approximately $18.4 million of the $35.2 million general fund balance is unassigned and is available for spending at the government's discretion.

- In the General Fund, revenues exceeded expenditures by $17 million, before other financing sources/uses. This is an increase of approximately $13.6 million as compared to the prior fiscal year.

USING THIS ANNUAL REPORT

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

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

2) Fund Financial Statements

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

3) Notes to the Basic Financial Statements

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

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

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

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

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

The activity of the Carson Housing Authority is reported in a major special revenue fund. Separate financial statements are not issued for the Housing Authority.

Fund Financial Statements

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

The combining statements referred to earlier in connection with the other governmental fund, internal service funds and fiduciary funds are presented immediately following the required supplementary information described in the previous paragraph in the supplementary information section.

Government-Wide Financial Analysis

The analysis below focuses on the net position (Table1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The City's net position may be analyzed and used as an indicator of the City's overall financial condition. The City's combined net position decreased by $7.2 million, from $308.1 million in the prior period to $300.8 million in the current fiscal year.

Table 1
City of Carson's Net Position
June 30, 2018 and 2017

	Governmental Activities	
	2018	**2017 Restated**
ASSETS		
Cash and other assets	$ 77,761,720	$ 89,664,349
Capital assets net of accumulated depreciation	385,341,066	380,935,329
Total assets	463,102,786	470,599,678
Deferred outflows of resources	24,291,313	20,585,879
Total deferred outflows of resources	24,291,313	20,585,879
LIABILITIES		
Current and other liabilities	16,585,601	27,823,063
Long-term liabilities	167,437,822	153,183,249
Total liabilities	184,023,423	181,006,312
Deferred inflows of resources	2,498,166	2,064,437
Total deferred inflows of resources	2,498,166	2,064,437
NET POSITION		
Net investment in capital assets	385,341,066	380,935,329
Restricted	26,629,068	42,723,868
Unrestricted	(111,097,624)	(115,544,389)
Total net position	300,872,510	308,114,808

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

The largest component of the City's net position is represented by its $385.3 million net investment in capital assets (e.g., infrastructure, land, buildings and improvements, equipment, and construction in progress) less accumulated depreciation and any outstanding debt used to acquire the capital assets. These capital assets are used to provide services to the citizens, and therefore are not available to finance future operations. In addition, resources necessary to repay the related debt must be provided by sources other than the capital assets, as the assets themselves cannot be used to satisfy these liabilities.

Governmental Activities

The City's governmental activities generated revenues of $112.1 million and total expenses of $119.3 million resulting in a $7.2 million decrease to net position. Revenues from governmental activities increased by $17.4 million, or 18.4%. Expenses increased by $24.8 million, or 17.2%, over the prior year.

Table 2
City of Carson's Changes in Net Position
For the Year Ended June 30, 2018 and 2017

	Governmental Activities	
	2018	2017 Restated
Program Revenues		
Charges for sevices	$ 19,617,597	$ 14,425,776
Grants and contributions	12,939,593	13,900,254
Capital grants and contributions	1,199,345	255,576
General Revenues		
Taxes		
Sales taxes	24,439,171	24,721,304
Property taxes	15,702,099	15,026,130
Utility user taxes	8,129,186	7,030,672
Transient occupancy taxes	2,242,192	2,225,416
Franchise taxes	9,094,861	8,094,969
Oil Industry business tax	2,331,338	-
Motor vehicle license fee, unrestricted	49,309	42,108
Investment income	1,102,793	1,326,385
Other revenue	15,217,121	7,551,798
Total revenues	112,064,605	94,600,388
Expenses		
Governmental Activities		
General government	37,566,169	49,415,055
Community development	23,131,014	19,633,718
Public works	19,520,884	20,204,915
Community services	17,823,301	21,436,486
Public safety	21,265,535	-
Total expenses	119,306,903	110,690,174
Change in net position	(7,242,298)	(16,089,786)
Net position, beginning, as restated	308,114,808	324,204,594
Net position, ending	300,872,510	308,114,808

Governmental Funds Financial Analysis

The governmental funds reported a combined fund balance at the end of the current fiscal year of $57.6 million, a decrease of $0.3 million over the prior year. Approximately $41.8 million is non-spendable in form (e.g. inventory), restricted, committed and assigned for specific purposes.

The total governmental fund balance includes the general fund balance of $35.2 million, an increase of $16.3 million over the prior period. This increase is mainly due to the one-time increase of revenue from the reversal of a $7.9 million settlement against the City, additional revenues of $1.5 million collected form the Oil Industry Tax that was recently approved by Carson voters, $2.6 million community benefit received from developers, and increases in franchise fees and Utility Users Tax collected of approximately $1million each. The General Fund is the primary operating fund of the City. Of the $35.2 million fund balance approximately $18.4 million is unassigned and available for spending at the City's discretion. More detailed information about the City's classification of fund balances are presented in Note 10 to the financial statements.

Other Major fund balance changes

Carson Housing Authority – The Carson Housing Authority fund balance decreased $12.9 million from the prior year mainly due to increased spending in community development programs.

Cooperation Agreement Bond Proceeds Fund – The Cooperation Agreement Bond Proceeds fund balance decreased by $7.1 million from the prior year, primarily due to construction of Carson Street Master Plan improvements.

State CIP Grants Special Revenue Fund – The State CIP Grants Special Revenue fund balance increased by $0.5 million from the prior year.

In addition to the major funds, the fund balances for the other governmental funds had an aggregate increase of $2.9 million.

General Fund Budgetary Highlights

In the General Fund, the difference between the original budget and the final amended budget was only $0.5 million.

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental activities totals $385.3 million (net of accumulated depreciation of $244.0 million) as of June 30, 2018. This investment in capital assets includes land, buildings, improvements other than building, infrastructure (roads, sidewalks, streetlights, etc.), and machinery and equipment.

(Net of Accumulated Depreciation)
June 30, 2018 and 2017

	Governmental Activities	
	2018	2017
Land, land rights, land improvements	$ 92,936,028	$ 92,936,028
Infrastructure - street trees	16,271,731	9,367,887
Buildings and improvements	60,802,757	60,183,492
Machinery and equipment	2,711,682	3,181,421
Infrastructure	166,800,581	157,535,032
Construction in Progress	45,818,287	57,731,469
	385,341,066	380,935,329

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

Debt Administration. At the end of the current fiscal year, the City had no outstanding bonded debt as these are now part of the dissolved redevelopment agency reported in the fiduciary fund financial statements. The City has a net OPEB obligation of $58.5 million and net pension liability of $102.1 million as of June 30, 2018.

Outstanding Debt
June 30, 2018 and 2017

	2018	2017
Other long-term debt:		
Other post-employment benefits	$ 58,558,306	$ 21,434,522
Self-insurance claims payable	2,253,843	3,070,871
Compensated absences	4,440,627	4,817,483
Net pension liability	102,185,046	90,434,177
Total	$ 167,437,822	$ 119,757,053

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

Economic Factors and Next Year's Budget

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

FY 2018/19 General Fund revenues are projected to be $86.9 million, which is $7.6 million less than the FY 2017/18 year-end actual revenues of $94.5 million.

FY 2018/19 General Fund expenditures are projected to be $90.2 million, which is $12.8 million more than the year-end actual expenditures for FY 2017/18 of $77.4 million.

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

- The City's employer contribution to the California Public Employee Retirement System (CalPERS) is expected to increase by more than $1 million annually for the next five years. The contribution for FY18-19 is approximately $7.7 million, including a $4.9 million contribution to the unfunded liability and a normal cost of $2.8 million. The increased contributions are due to CalPERS changes to actuarial assumptions, including the discount rate.

- The City's workforce continues to turn over with retirements, which increases the City's obligation to pay retiree health insurance, an "other post-employment benefit" or OPEB. During FY 2011/12, the City established a Section 115 Trust to offset the OPEB liability. Currently, due to budget constraints, the City is unable to continue making contributions to the Section 115 Trust; and during FY16-17 and FY17-18 has used approximately $2 million of the fund to supplement payments for retiree health insurance. Annual retiree health expenditures are expected to increase by approximately $1 million over the next five years.

Request for Information

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

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BASIC FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON, CALIFORNIA
INCORPORATED FEB 20, 1968
FUTURE UNLIMITED

CITY OF CARSON

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government	Component Unit
	Governmental Activities	Reclamation Authority
ASSETS:		
Cash and investments	$ 54,361,659	$ 61,617,513
Restricted cash and investments	-	17,797,010
Cash and investments with fiscal agents	3,737,940	-
Receivables:		
Taxes	4,509,870	-
Accounts	3,363,779	71,342
Accrued interest	39,613	32,645
Loans, net of allowance for uncollectible accounts	1,256,575	-
Due from Successor Agency	438,329	-
Due from governmental agencies	3,685,831	11,530
Due from component unit	55,750	
Due from primary government	-	110,254
Inventory	240,436	6,597,440
Prepaid and other assets	-	4,656,798
Land held for resale	571,938	-
Capital assets, not being depreciated	155,026,046	36,000,000
Capital assets, net of accumulated depreciation	230,315,020	-
TOTAL ASSETS	457,602,786	126,894,532
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts from pension	23,735,401	-
Deferred amounts from OPEB	555,912	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	24,291,313	-
LIABILITIES:		
Accounts payable and accrued liabilities	14,104,176	1,579,161
Accrued payroll	1,530,832	-
Due to other governmental agencies	537,678	24,056
Due to component unit	110,254	-
Due to primary government	-	55,750
Retention payable	61,800	-
Refundable deposits	-	-
Unearned revenues	240,861	-
Long-term liabilities:		
Due within one year	4,064,931	-
Due in more than one year	2,629,539	-
Net pension liability - due in more than one year	102,185,046	-
Net OPEB liability - due in more than one year	58,558,306	
Landfill remediation liability - due in more than one year	-	84,281,253
TOTAL LIABILITIES	184,023,423	85,940,220
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts from pension	1,644,792	-
Deferred amounts from OPEB	853,374	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,498,166	-
NET POSITION:		
Investment in capital assets	385,341,066	36,000,000
Restricted for:		
Economic development	460,782	-
Public works	11,822,412	-
Housing projects	10,646,958	-
Community services	3,698,916	-
Unrestricted	(111,097,624)	4,954,312
TOTAL NET POSITION	$ 300,872,510	$ 40,954,312

See accompanying notes to basic financial statements.

CITY OF CARSON

STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 37,566,169	$ 5,691,142	$ 167,004	$ -
Public safety	21,265,535	1,447,149	143,322	-
Community development	23,131,014	1,106,466	738,346	-
Public works	19,520,884	7,324,451	11,690,125	974,174
Community services	17,823,301	4,048,389	200,796	225,171
Total governmental activities	119,306,903	19,617,597	12,939,593	1,199,345
Component unit:				
Reclamation Authority	25,462,073	979,312	5,329,326	-
Total primary government	$ 144,768,976	$ 20,596,909	$ 13,918,905	$ 1,199,345
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Transient occupancy taxes				
Franchise taxes				
Utility users tax				
Oil industry business tax				
Motor vehicle license fee, unrestricted				
Investment income				
Other revenues				
Total general revenues				
Change in net position				
Net position at beginning of year, as restated				
Net position at end of year				

Net (Expenses) Revenues and Changes in Net Position	
Primary Government	Component Unit
Governmental Activities	Reclamation Authority
$ (31,708,023)	$ -
(19,675,064)	-
(21,286,202)	-
467,866	-
(13,348,945)	-
(85,550,368)	-
-	(19,153,435)
(85,550,368)	(19,153,435)
15,702,099	-
24,439,171	-
2,242,192	-
9,094,861	-
8,129,186	-
2,331,338	-
49,309	-
1,102,793	575,115
15,217,121	-
78,308,070	575,115
(7,242,298)	(18,578,320)
308,114,808	59,532,632
$ 300,872,510	$ 40,954,312

See accompanying notes to basic financial statements.

CITY OF CARSON

GOVERNMENTAL FUNDS
BALANCE SHEET

June 30, 2018

	General Fund	Carson Housing Authority Special Revenue Fund
ASSETS		
Cash and investments	$ 37,289,747	$ 819,832
Cash and investments with fiscal agents	-	3,737,940
Receivables:		
Taxes	4,509,870	-
Accounts	3,363,779	-
Accrued interest	39,613	-
Due from government agencies	246,689	-
Loans, net of allowance	23,701	696,328
Due from other funds	2,700,793	465
Due from Carson Reclamation Authority	55,750	-
Due from Successor Agency	438,309	-
Inventory	240,436	-
Land held for resale	-	571,938
TOTAL ASSETS	$ 48,908,687	$ 5,826,503
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES:		
Accounts payable and accrued liabilities	$ 9,739,285	$ 203,334
Accrued payroll	1,471,027	5,275
Due to other funds	1,461,815	360,682
Due to Carson Reclamation Authority	-	110,254
Due to government agencies	1,132	-
Retentions payable	-	-
Unearned revenue	240,861	-
TOTAL LIABILITIES	12,914,120	679,545
DEEFFERED INFLOWS OF RESOURCES:		
Unavailable revenues	774,598	-
FUND BALANCES:		
Nonspendable	240,436	-
Restricted	250,000	5,146,958
Committed	15,324,165	-
Assigned	1,000,000	-
Unassigned	18,405,368	-
TOTAL FUND BALANCES	35,219,969	5,146,958
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 48,908,687	$ 5,826,503

See accompanying notes to basic financial statements.

Cooperation Agreement Bond Proceeds Special Revenue Fund	State CIP Grants Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 1,083,329	$ -	$ 15,168,751	$ 54,361,659
-	-	-	3,737,940
-	-	-	4,509,870
-	-	-	3,363,779
-	-	-	39,613
-	1,491,533	1,947,609	3,685,831
-	-	536,546	1,256,575
3,081,943	-	5,996	5,789,197
	-	-	55,750
20	-	-	438,329
-	-	-	240,436
-	-	-	571,938
$ 4,165,292	$ 1,491,533	$ 17,658,902	$ 78,050,917
$ 1,521,551	$ 87,377	$ 2,552,629	$ 14,104,176
3,940	-	50,590	1,530,832
360,619	1,347,413	2,258,668	5,789,197
-	-	-	110,254
-	-	536,546	537,678
-	56,715	5,085	61,800
-	-	-	240,861
1,886,110	1,491,505	5,403,518	22,374,798
-	1,491,533	1,300,806	3,566,937
-	-	-	240,436
2,279,182	-	12,081,312	19,757,452
-	-		15,324,165
-	-	-	1,000,000
-	(1,491,505)	(1,126,734)	15,787,129
2,279,182	(1,491,505)	10,954,578	52,109,182
$ 4,165,292	$ 1,491,533	$ 17,658,902	$ 78,050,917

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CITY OF CARSON

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

June 30, 2018

Fund balances - total governmental funds		$ 52,109,182
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The capital assets consist of:		
Capital assets	$ 629,364,932	
Accumulated depreciation	(244,023,866)	
		385,341,066
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Self-insurance claims	(2,253,843)	
Compensated absences	(4,440,627)	
Net pension liability	(102,185,046)	
Net OPEB liability	(58,558,306)	
		(167,437,822)
Unavailable revenues are not available to pay for current period expenditures, and therefore ate deferred in the funds and recognized as revenue in the Statement of Activities.		3,566,937
Deferred outflows of resources related to pensions are not considered financial resources and are not reported in the governmental funds.		23,735,401
Deferred outflows of resources related to OPEB are not considered financial resources and are not reported in the governmental funds.		555,912
Deferred inflows of resources related to pensions are not available to pay for current period expenses and are not reported in the governmental funds.		(1,644,792)
Deferred inflows of resources related to OPEB are not available to pay for current period expenses and are not reported in the governmental funds.		(853,374)
Net position of governmental activities		$ 295,372,510

See accompanying notes to basic financial statements.

CITY OF CARSON

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the year ended June 30, 2018

	General Fund	Carson Housing Authority Special Revenue Fund
REVENUES:		
Taxes	$ 61,164,249	$ -
Licenses and permits	11,277,101	1,000
Fines and forfeitures	1,710,330	-
Intergovernmental	122,550	-
Charges for services	3,127,469	-
Investment income	1,890,644	228,661
Developer impact fee	-	-
Miscellaneous	15,209,674	121,383
TOTAL REVENUES	94,502,017	351,044
EXPENDITURES:		
Current:		
General government	24,204,302	-
Public safety	21,265,535	-
Community development	4,773,761	18,800,066
Public works	14,788,704	-
Community services	11,938,353	-
Capital improvement programs	527,150	-
TOTAL EXPENDITURES	77,497,805	18,800,066
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,004,212	(18,449,022)
OTHER FINANCING SOURCES (USES):		
Transfers in	4,222	-
Transfers out	(751,467)	-
TOTAL OTHER FINANCING SOURCES (USES)	(747,245)	-
NET CHANGE IN FUND BALANCES	16,256,967	(18,449,022)
FUND BALANCES - BEGINNING OF YEAR	18,963,002	23,595,980
FUND BALANCES - END OF YEAR	$ 35,219,969	$ 5,146,958

See accompanying notes to basic financial statements.

Cooperation Agreement Bond Proceeds Special Revenue Fund	State CIP Grants Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 7,881,192	$ 69,045,441
-	-	43,840	11,321,941
-	-	-	1,710,330
-	3,302,430	3,715,788	7,140,768
-	-	324,528	3,451,997
29,645	-	33,113	2,182,063
-	-	1,688,872	1,688,872
-	-	514,088	15,845,145
29,645	3,302,430	14,201,421	112,386,557
-	-	498,697	24,702,999
-	-	-	21,265,535
-	21,629	1,198,659	24,794,115
-	-	168,617	14,957,321
-	-	3,683,109	15,621,462
7,291,751	2,704,513	6,364,926	16,888,340
7,291,751	2,726,142	11,914,008	118,229,772
(7,262,106)	576,288	2,287,413	(5,843,215)
141,177	-	751,467	896,866
-	-	(145,399)	(896,866)
141,177	-	606,068	-
(7,120,929)	576,288	2,893,481	(5,843,215)
9,400,111	(2,067,793)	8,061,097	57,952,397
$ 2,279,182	$ (1,491,505)	$ 10,954,578	$ 52,109,182

CITY OF CARSON

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

For the year ended June 30, 2018

Net change in fund balances - total governmental funds		$ (5,843,215)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:		
Capital outlay	$ 14,038,420	
Depreciation expense	(9,632,683)	
		4,405,737
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	376,856	
Claims and judgments	817,028	
Other post-employment benefits	(3,995,050)	
Pension benefits	(8,181,702)	
		(10,982,868)
Revenues that are measurable but not available are recorded as unavailable revenue under the modified accrual basis of accounting.		(321,952)
Change in net position of governmental activities		$ (12,742,298)

See accompanying notes to basic financial statements.

CITY OF CARSON

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

June 30, 2018

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund	Agency Funds
ASSETS:		
Cash and investments	$ 13,627,789	$ 5,214,222
Cash and investments with fiscal agents	18,453,510	2,556,961
Receivables:		
Taxes	-	1,092,919
Interest	33,783	-
Due from other governments	-	24,056
Land held for resale	3,599,999	-
TOTAL ASSETS	35,715,081	$ 8,888,158
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts on refundings	3,940,102	
LIABILITIES:		
Accounts payable and accrued liabilities	24,183	$ 46,205
Accrued interest payable	2,821,737	-
Retention and refundable deposits	236,172	2,382,110
Due to City of Carson	438,329	-
Due to assessed parties	-	750,673
Due to bondholders	-	5,709,170
Noncurrent liabilities:		
Due within one year	10,575,000	-
Due in more than one year	183,839,972	-
TOTAL LIABILITIES	197,935,393	$ 8,888,158
NET POSITION:		
Held in trust for private purpose	$ (158,280,210)	

See accompanying notes to basic financial statements.

CITY OF CARSON

FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2018

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Property taxes	$ 20,698,231
Investment income	277,257
Gain on sale of property	229,771
Other income	60,511
TOTAL ADDITIONS	21,265,770
DEDUCTIONS:	
General government	519,636
Property tax administration costs	679,905
Distributions to Carson Reclamation Authority	5,329,326
Debt issuance costs	589,865
Interest and fiscal charges	9,260,163
TOTAL DEDUCTIONS	16,378,895
CHANGE IN NET POSITION	4,886,875
NET POSITION - BEGINNING OF YEAR	(163,167,085)
NET POSITION - END OF YEAR	$ (158,280,210)

See accompanying notes to basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON, CALIFORNIA
INCORPORATED FEB 20, 1968
FUTURE UNLIMITED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City was incorporated under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Council-Manager form of government and provides a full range of services, including city administration, economic development, public works, community development, transportation, public safety and recreational and cultural activities. The City contracts with the County of Los Angeles for police protection and building and safety services. Library services, fire protection and sewer services are provided by Special Districts of the County of Los Angeles.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, as well as its component financial reporting units, which are legally separate organizations that must be included in the financial report of the primary government.

The accompanying basic financial statements present the City of Carson (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Units

The Carson Joint Powers Financing Authority (Financing Authority) was established pursuant to a Joint Exercise of Powers Agreement dated November 17, 1992, between the City and the former Carson Redevelopment Agency. The Financing Authority was created for the purpose of providing financing for public capital improvements for the former Redevelopment Agency and the City. Even though it is legally separate, it is reported as if it were part of the City because the City Council serves as the governing board of the Financing Authority and a financial benefit/burden relationship exists. Separate financial statements of the Financing Authority are not issued.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

The Carson Housing Authority (Housing Authority) was established on March 8, 2011, to carry out the housing function of the former Carson Redevelopment Agency in accordance with the California Housing Authority Law and other applicable housing-related regulations. Even though it is legally separate, it is reported as if it were part of the City because the City Council serves as the governing board of the Housing Authority and a financial benefit/burden relationship exists. Separate financial statements of the Housing Authority may be obtained at City Hall.

The Carson Community Facilities Districts Nos. 2012-1 and 2012-2 (Districts) were established pursuant to the Mello-Roos Community Facilities Act of 1982 to provide funding for the ongoing operation, maintenance and monitoring of environmental remediation systems and for the construction of public facilities and infrastructure improvements, respectively, related to the 157 acre site owned by the Carson Reclamation Authority. The City Council serves as the governing board for these Districts and a financial benefit/burden relationship exists. For the fiscal year ended June 30, 2018, the Districts did not have any financial activity. Separate financial statements of the Districts are not issued.

Discretely Presented Component Unit

The Carson Reclamation Joint Powers Authority (Reclamation Authority) was formed in February 2015 by the governing boards of the Housing Authority and the Carson Community Facilities Districts Nos. 2012-1 and 2012-2. The purpose of the Reclamation Authority is to oversee and facilitate the remediation of contaminated properties in the City. The Reclamation Authority's role is to facilitate and fund the environmental study, investigation, and remediation and reclamation of any and all contaminated properties in the City, or the acquisition and subsequent reclamation of contaminated properties. These powers also include any improvements on property related to environmental cleanup and any negotiations or processing of property reclamation required in connection with the California Department of Toxic Substances Control or any other state or federal environmental agency.

The Reclamation Authority is governed by a five-member board. The Housing Authority appoints a voting majority of this board. Since the Reclamation Authority was formed to remediate contamination of a 157 acre site within the City boundaries and to make the property marketable in order to create economic development opportunities for the benefit of the City and its residents and since management oversight of the Reclamation Authority's operations is performed by the City's Director of Community Development, it would be misleading to exclude the Reclamation Authority from these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The statement of net position and statement of activities (i.e., the government-wide financial statements) display information on all of the nonfiduciary activities of the primary government (the City) and its blended component units. A separate column has been included to report the Reclamation Authority, a discretely presented component unit. Eliminations have been made to minimize the effect of interfund activity. The City does not have any business-type activities.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statement of net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Sales taxes, property taxes, franchise fees, gas taxes, motor vehicle in-lieu, and transient occupancy taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the related cash is received by the government.

Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange* transactions are recognized as revenues when all applicable eligibility requirements have been met.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year, which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and GASB No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to a specific fund are accounted for in this fund. Expenditures of this fund include general operating costs and capital improvement costs that are not paid through other funds.

Carson Housing Authority Special Revenue Fund - The Carson Housing Authority Fund accounts for assets used for low and moderate income housing activities in accordance with the applicable housing-related regulations. The housing assets of the dissolved redevelopment agency's Low and Moderate Income Housing Fund were transferred to Carson Housing Authority.

Cooperation Agreement Bond Proceeds Special Revenue Fund - The Cooperation Agreement Bond Proceeds Fund accounts for unspent bond proceeds transferred to the City from the Successor Agency to the Dissolved Carson Redevelopment Agency (Successor Agency) in accordance with the Cooperation Agreement entered into by and between the City of Carson and the Successor Agency. Under this fund, the City will report the expenditures of the bond proceeds pursuant to the original bond covenants.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Classifications (Continued)

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

- *Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund* - This fund is used by the City to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities and activities of the Successor Agency to the Dissolved Carson Redevelopment Agency. Unlike the limited reporting typically utilized for Agency Funds, the Private-purpose Trust Fund reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

- *Agency Funds* - These funds account for money and property held by the City as trustee or custodian. Among the activities are the disposition of funds, deposits made for the account of other governmental agencies, developers, and others under the terms of agreements for which the deposits were made.

D. New Accounting Pronouncements

Current Year Standards

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position at July 1, 2017 of the governmental activities by $33,426,196.

GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement did not impact the City.

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017. This statement did not impact the City.

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017. This statement did not impact the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Pending Accounting Standards

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

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.
- GASB 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.

E. Investments

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

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

F. Property Taxes

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes (Continued)

The City receives funds from the State of California via the County, as the City is considered to be a "no and low" property tax City. The City's current year allocation of the "no and low" property tax of $7,606,795 was included in the General Fund tax revenues.

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value plus other increases approved by the voters. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

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

G. Receivables

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

H. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

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

I. Inventory

Inventory is stated at cost on a first-in, first-out (FIFO) basis. Inventory in the General Fund consists principally of fuel, office supplies, recreational activity supplies and other miscellaneous materials and supplies. Inventory in the Reclamation Authority Enterprise Fund consists principally of liner, backfill material, gravel, pile cap boots, geotextile and miscellaneous landfill gas components. Materials and supplies are charged to inventories when purchased and treated as expenditure when issued. Inventory amounts in the General Fund are classified as nonspendable in the fund balance since they do not represent available spendable resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets are recorded at cost where historical records are available and at estimated historical cost where no historical records exist. Contributed capital assets are valued at their acquisition value at the date of the contribution. Generally, capital asset purchases in excess of $5,000 are capitalized if they have an expected useful life of one year or more.

Capital assets include additions to public domain (infrastructure) consisting of certain improvements including land rights, roads, streets, overpass, sidewalks, medians, trees and storm drains.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements.

The following schedule summarizes capital assets' estimated useful lives:

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

K. Land Held for Resale

Land held for resale in the Housing Authority Fund represents housing properties transferred to the Housing Authority from the Low and Moderate Income Housing Fund of the former Redevelopment Agency. Land held for resale in the Fiduciary Funds represents land purchased by the former Redevelopment Agency to further the Redevelopment Plan. This property will be sold and proceeds will be sent to the County of Los Angeles for distribution to affected taxing agencies. Land held for resale is recorded at the lower of acquisition cost or estimated net realizable value.

L. Employee Compensated Absences

It is the policy of the City to record the cost of employee compensated absences in the government-wide financial statements as earned. A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon leave redemption, termination, or retirement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Employee Compensated Absences (Continued)

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

M. Deferred Outflows/Inflows of Resources

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

- Deferred outflows related to OPEB and pension plans equal to employer contributions made after the measurement date of the net OPEB liability and the net pension liability, respectively.

- Deferred outflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

- Deferred outflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.

- Deferred outflows related to pensions resulting from the net differences between projected and actual earnings on plan investments of the pension plans fiduciary net position. These amounts are amortized over five years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources (Continued)

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

- Deferred inflows from unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- Deferred inflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.

- Deferred inflows related to OPEB plans resulting from the net differences between projected and actual earnings on plan investments of the OPEB plan's fiduciary net position. These amounts are amortized over five years.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Fund Balances and Flow Assumptions

The fund balances reported in the governmental funds financial statements consist of the following classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds:

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City's nonspendable fund balance represents inventory, and prepaid and other assets.

Restricted fund balance includes resources that are subject to externally enforceable legal restrictions. It includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The City's restricted fund balances represent resources restricted for programs funded by grants and other restricted sources, capital projects and the low/moderate income housing program, and more.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council, as the City's highest level of decision-making authority, may commit, through a resolution, fund balance for specific purposes pursuant to constraints imposed by such formal actions taken. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same type of formal action taken to establish the commitment.

Assigned fund balance consists of funds that are set aside for specific purposes by the City's highest level of decision making authority or a body or official that has been given the authority to assign funds. The City Council delegates the authority to assign fund balance to the City Manager and the Administrative Services General Manager for purposes of reporting in the annual financial statements in accordance with Resolution No. 11-084, Classifying the Various Components of the Fund Balance of the City of Carson.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balances and Flow Assumptions (Continued)

Unassigned fund balance is the residual classification for the City's fund balance and includes all spendable amounts not contained in the other classifications. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City considers the restricted fund balances to have been spent when expenditures are incurred for purposes for which both unrestricted and restricted fund balance is available. The City considers unrestricted fund balances to have been spent when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City to reduce the committed amounts first, followed by assigned amounts, and then unassigned amounts.

Q. Net Position and Flow Assumptions

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

Net investment in capital assets - describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these capital assets. As of June 30, 2018, the City had no outstanding debt related to its capital assets.

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Use of Estimates

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires City management to make estimates and assumptions that affect certain reported amounts. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Cash and Investments

Cash and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position	Fiduciary Funds Statement of Net Position		
		Private-Purpose Trust Fund	Agency Funds	Total
Unrestricted assets:				
Cash and investments	$ 115,941,361	$13,627,789	$ 5,214,222	$134,783,372
Restricted assets:				
Cash and investments	17,797,010	-	-	17,797,010
Cash and investments with fiscal agents	3,737,940	18,453,510	2,556,961	24,748,411
Total cash and investments	$ 137,476,311	$32,081,299	$ 7,771,183	$177,328,793

Cash and investments at June 30, 2018, consist of the following:

Cash on hand	$ 4,050
Deposits with financial institutions	63,903,219
Investments	113,421,524
Total cash and investments	$177,328,793

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy

The following table identifies the investment types that are authorized for the City and its component units by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

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

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

N/A - Not Applicable

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Administration Agreement

Restricted cash and investments of the Reclamation Authority are to adhere to the City's investment policy pursuant to an enterprise fund administration agreement with the California Department of Toxic Substances Control. The Reclamation Authority may only draw down funds from these restricted accounts upon submission of payment requests to the California Department of Toxic Substances Control.

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum	Maximum	Maximum
Local Agency Bonds	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptance	1 Year	None	None
Commercial Paper	270 Days	None	None
Negotiable Certificates of Deposit	None	None	None
Repurchase Agreements	30 Days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Investment Agreements	N/A	None	None

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk

Interest rate risk pertains to the changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for operations.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

	Remaining Maturity (in Months)			
Investment Type	12 Months or Less	13 to 24 Months	25 - 60 Months	Total
Local Agency Investment Fund (LAIF)	$ 28,926,343	$ -	$ -	$ 28,926,343
Money Market Funds	6,452,578	-	-	6,452,578
U.S. Treasury Obligation	248,115	-	-	248,115
U.S. Agency Securities	20,055,783	14,920,789	14,792,493	49,769,065
Medium-Term Corporate Notes	1,242,323	1,733,445	742,145	3,717,913
State/Municipal Bonds	-	-	581,324	581,324
Held by Fiscal Agent:				
Money Market Funds	22,379,959	-	-	22,379,959
U.S. Agency Securities	1,346,227	-	-	1,346,227
Total	$ 80,651,328	$ 16,654,234	$ 16,115,962	$ 113,421,524

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating by Standard & Poor's as of year-end for each investment type.

Investment Type	Total as of June 30, 2018	Minimum Legal Rating	AAAm	Other	Not Rated
Local Agency Investment Fund (LAIF)	$ 28,926,343	N/A	$ -	$ -	$ 28,926,343
Money Market Funds	6,452,578	AA+	6,452,578	-	-
U.S. Treasury Obligation	248,115	N/A	-	248,115	-
U.S. Agency Securities	49,769,065	N/A	-	49,769,065	-
Medium-Term Corporate Notes	3,717,913	N/A	989,740	2,728,173	-
State/Municipal Bonds	581,324	AAAm	-	581,324	-
Held by Fiscal Agent:					
Money Market Funds	22,379,959	N/A	22,379,959	-	-
U.S. Agency Securities	1,346,227	N/A	-	1,346,227	-
Total	$ 113,421,524		$ 29,822,277	$ 54,672,904	$ 28,926,343

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk (Continued)

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

Investment Type	AA+	AA	AA-	A+	A	Total
U.S. Treasury Obligation	$ 248,115	$ -	$ -	$ -	$ -	$ 248,115
U.S. Agency Securities	49,769,065	-	-	-	-	49,769,065
Medium-Term Corporate Notes	494,715	-	1,240,568	742,880	250,010	2,728,173
State/Municipal Bonds	-	93,309	488,015	-	-	581,324
Held by Fiscal Agent: U.S. Agency Securities	1,346,227	-	-	-	-	1,346,227
Total	$ 51,858,122	$ 93,309	$ 1,728,583	$ 742,880	$ 250,010	$ 54,672,904

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Agricultural Mortgage Corp. Notes	U.S. Agency Securities	$ 8,642,793
Federal Home Loan Bank Notes	U.S. Agency Securities	24,709,893
Federal Home Loan Mortgage Corp. Notes	U.S. Agency Securities	6,650,861

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF's and the City's exposure to risk (credit, market or legal) is not currently available.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices of similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Obligation	$ -	$ 248,115	$ -	$ 248,115
U.S. Agency Securities	-	49,769,065		49,769,065
Medium-Term Corporate Notes	-	3,717,913	-	3,717,913
State/Municipal Bonds	-	581,324	-	581,324
Held by Fiscal Agent:				
U.S. Agency Securities	-	1,346,227	-	1,346,227
Total Leveled Investments	$ -	$ 55,662,644	$ -	55,662,644
Local Agency Investment Fund (LAIF)*				28,926,343
Money Market Funds*				6,452,578
Held by Fiscal Agent:				
Money Market Funds*				22,379,959
Total Investment Portfolio				$ 113,421,524

* Not subject to fair value measurement hierarchy.

NOTE 3 - LOANS RECEIVABLE

Details of the City's loans receivable as of June 30, 2018 are as follows:

Loans relative to development projects under various disposition and development agreements	$	51,113,049
First Time Homebuyer Loan Program		6,196,328
Computer Loan Program		23,701
HOME Loan Program		371,546
Neighborhood Stabilization Program Loans		165,000
Total Loans Receivable		57,869,624
Less: Allowance for uncollectible accounts		(51,113,049)
Loans Receivable, Net	$	6,756,575

Because of the nature of various loans receivable in relation to development projects under various disposition and development agreements, the City provides an allowance for uncollectibility against such loans. The City reports such loans as program costs.

NOTE 4 - CAPITAL ASSETS

Governmental Activities

The following is a summary of changes in capital assets of the Governmental Activities for the year ended June 30, 2018:

	Balance at July 1, 2017	Additions	Deletions/ Transfers	Balance at June 30, 2018
Capital assets, not being depreciated:				
Land	$ 15,344,218	$ -	$ -	$ 15,344,218
Land rights	75,285,334	-	-	75,285,334
Land improvements	2,306,476	-	-	2,306,476
Infrastructure - street trees	9,367,887	6,903,844	-	16,271,731
Construction-in-progress	57,731,469	13,273,758	(25,186,940)	45,818,287
Total capital assets, not being depreciated	160,035,384	20,177,602	(25,186,940)	155,026,046
Capital assets, being depreciated:				
Buildings and improvements	97,147,631	2,557,945	-	99,705,576
Machinery and equipment	15,064,782	346,253	(417,637)	14,993,398
Infrastructure:				
Roadways	316,991,387	16,079,364	-	333,070,751
Sewer	20,123,476	64,196	-	20,187,672
Storm drain	6,381,489	-	-	6,381,489
Total capital assets, being depreciated	455,708,765	19,047,758	(417,637)	474,338,886
Less accumulated depreciation for:				
Buildings and improvements	(36,964,139)	(1,938,680)	-	(38,902,819)
Machinery and equipment	(11,883,361)	(815,992)	417,637	(12,281,716)
Infrastructure:				
Roadways	(165,397,556)	(6,409,467)	-	(171,807,023)
Sewer	(16,768,019)	(349,242)	-	(17,117,261)
Storm drain	(3,795,745)	(119,302)	-	(3,915,047)
Total accumulated depreciation	(234,808,820)	(9,632,683)	417,637	(244,023,866)
Total capital assets, being depreciated, net	220,899,945	9,415,075	-	230,315,020
Total governmental activities capital assets, net	$ 380,935,329	$ 29,592,677	$ (25,186,940)	$ 385,341,066

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Governmental Activities (Continued)

Depreciation expense was charged to the following functions in the Statement of Activities for the year ended June 30, 2018:

General government	$ 1,880,302
Community services	3,836,899
Public works	1,713,643
Community development	2,201,839
Total depreciation expense	$ 9,632,683

Reclamation Authority - Discretely Presented Component Unit

The following is a summary of changes in capital assets of the Reclamation Authority for the year ended June 30, 2018:

	Balance at July 1, 2017	Additions	Deletions/ Transfers	Balance at June 30, 2018
Capital assets, not being depreciated:				
Land	$ 36,000,000	$ -	$ -	$ 36,000,000

NOTE 5 - INTERFUND TRANSACTIONS

Due From/To Other Funds

Due from/due to other funds as of June 30, 2018, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Carson Housing Authority Special Revenue Fund	$ 360,439
	Cooperation Agreement Bond Proceeds Special Revenue Fund	354,866
	State CIP Grants Special Revenue Fund	1,347,279
	Nonmajor Governmental Funds	638,209
Carson Housing Authority Special Revenue Fund	General Fund	465
Cooperation Agreement Bond Proceeds Special Revenue Fund	General Fund	1,461,350
	State CIP Grants Special Revenue Fund	134
	Nonmajor Governmental Funds	1,620,459
Nonmajor Governmental Funds	Carson Housing Authority Special Revenue Fund	243
	Cooperation Agreement Bond Proceeds Special Revenue Fund	5,753
		$ 5,789,197

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

NOTE 5 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund Transfers

Transfers in and out for the year ended June 30, 2018, were as follows:

Transfer In to Fund	Transfer Out of Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 4,222
Cooperation Agreement Bond Proceeds Special Revenue Fund	Nonmajor Governmental Funds	141,177
Nonmajor Governmental Funds	General Fund	751,467
		$ 896,866

lnterfund transfers were principally used to transfer monies to cover costs accounted for in other funds.

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
Compensated absences	$ 4,817,483	$ 2,800,345	$ (3,177,201)	$ 4,440,627	$ 2,915,785	$ 1,524,842
Self-isnurance claims payable	3,070,871	748,689	(1,565,717)	2,253,843	1,149,146	1,104,697
Total	$ 7,888,354	$ 3,549,034	$ (4,742,918)	$ 6,694,470	$ 4,064,931	$ 2,629,539

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

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

NOTE 7 - SELF-INSURANCE PROGRAMS

The City is self-insured for dental and unemployment insurance. Additionally, the City is self-insured for the first $250,000 per liability claim, including employment practices. The liability excess insurance carrier is Lloyds of London/BRIT. The City is self-insured for the first $750,000 per workers' compensation claim. The workers' compensation excess insurance carrier is Arch Insurance Company. The City is self-insured for the first $10,000 per property claim. The property insurance carrier is Affiliated FM Insurance Company. The City is self-insured for the first $10,000 per crime claim. The crime insurance carrier is Fidelity and Deposit Company of Maryland.

NOTE 7 - SELF-INSURANCE PROGRAMS (CONTINUED)

At June 30, 2018, $2,253,843 has been accrued for claims payable. Such amount represents estimates of amounts to be paid for reported claims as well as a provision for incurred but not reported claims, which amount is based upon the City's past experience, as modified for current trends and information of the total liability. While the ultimate amount of losses incurred through June 30, 2018, is dependent on future developments, based upon information from the independent claims administrators and others involved with the administration of the programs, City management believes that the aggregate accrual is adequate to cover such losses.

A summary of the City's claims activity for the two years through June 30, 2018, is as follows:

	Workers' Compensation Claims	General Liability Claims	Totals
Balance at June 30, 2016	$ 2,142,187	$ 1,790,476	$ 3,932,663
Additions	640,439	336,702	977,141
Payments	(397,947)	(1,440,986)	(1,838,933)
Balance at June 30, 2017	2,384,679	686,192	3,070,871
Additions	451,954	296,735	748,689
Payments	(752,810)	(812,907)	(1,565,717)
Balance at June 30, 2018	$ 2,083,823	$ 170,020	$ 2,253,843

NOTE 8 - DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Benefit Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	Miscellaneous		
Hire date	Prior to May 6, 2011	On or after May 6, 2011 and Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	3.0%@60	2.0%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 60	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0%-3.0%	1.426%-2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.250%
Required employer contribution rates:			
Normal cost rate	10.627%	10.627%	6.250%
Employer portion of unfunded liability	$ 4,869,400	$ -	$ -

Employees Covered

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

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	382
Inactive employees entitled to but not yet receiving benefits	206
Active employees	403
Total	991

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Income	(3)

(1) Various by entry age and service

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

(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period
(b) An expected inflation of 3.0% used for this period

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Changes in the Net Pension Liability

The changes in the net pension liability for the Miscellaneous Plan, using the measurement date of June 30, 2017, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	$ 258,632,353	$ 168,198,176	$ 90,434,177
Changes in the Year:			
Service cost	4,806,568	-	4,806,568
Interest on the total pension liability	19,276,794	-	19,276,794
Changes of assumptions	15,778,040	-	15,778,040
Differences between expected and actual experience	(923,400)	-	(923,400)
Plan to plan resource movement	-	-	-
Contribution - employer	-	6,899,003	(6,899,003)
Contribution - employee	-	2,015,333	(2,015,333)
Net investment income	-	18,521,130	(18,521,130)
Benefit payments, including refunds of employee contributions	(12,569,527)	(12,569,527)	-
Administrative expenses	-	(248,333)	248,333
Net Changes	26,368,475	14,617,606	11,750,869
Balance at June 30, 2017 (Measurement Date)	$ 285,000,828	$ 182,815,782	$ 102,185,046

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Changes in the Net Pension Liability (Continued)

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

The following presents the net pension liability of the City for the Plan, calculated using the discount rate for the Plan of 7.15%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	$ 140,130,254
Current Discount Rate	7.15%
Net Pension Liability	$ 102,185,046
1% Increase	8.15%
Net Pension Liability	$ 70,743,036

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2018, the City recognized pension expense of $15,668,233. At June 30, 2018, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	$ 7,471,529	$ -
Differences between actual and expected experience	2,540,206	(666,900)
Change of assumptions	11,395,251	(977,892)
Net differences between projected and actual earnings on plan investments	2,328,415	-
Total	$ 23,735,401	$ (1,644,792)

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

$7,471,529 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2018	$ 5,088,005
2019	7,388,432
2020	3,487,538
2021	(1,344,895)
2022	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2018, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

A. General Information about the OPEB Plan

Plan Description

The City offers a defined benefit OPEB plan, which provides medical insurance benefits to eligible retirees and qualified family members through an agent multiple employer trust administered by CalPERS.

An employee is eligible for the City contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement with the City. Vesting requires at least 5 years of PERS eligible service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon the death of the retiree.

The City contributes to the retiree health coverage of eligible retirees and eligible surviving spouses. The City's financial obligation is to pay for the retiree and eligible dependent coverage up to a monthly maximum.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

A. General Information about the OPEB Plan (Continued)

City's Funding Policy

Contributions

The Plan provisions and contribution requirements of plan members and the City are established and may be amended by City Council. The City joined the California Employer's Retiree Benefit Trust (CERBT) to pre-fund its OPEB liability. No contributions were made to CERBT during the current year. However, the City did directly pay retiree insurance premiums of $1,203,062 during the current year, and the implicit rate subsidy for the OPEB Plan was $352,850. The City also received $1,000,000 of reimbursements from CERBT for retiree premium payments made. Net contributions during the fiscal year 2017-2018 amounted to $555,912.

Plan Membership

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive plan members or beneficiaries currently receiving benefits	241
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	419
Total	660

B. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

B. Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	4.25%
Inflation	2.75%
Projected Salary Increase	3.00% per annum, in aggregate
Expected Long Term Investment Rate of Return	7.00%
Healthcare Cost Trend Rates	6.0% HMO/6.5% PPO, decreasing to 5%
Pre-retirement Turnover	Derived from CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

The actuarial assumptions used in the June 30, 2017 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

B. Net OPEB Liability (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	New Strategic Allocation	Long-Term Expected Real Rate of Return
CEBRT		
US Equity	30.00%	4.85%
International Equity	27.00%	5.85%
REITs	8.00%	3.65%
US Fixed Income	27.00%	2.35%
Commodities	3.00%	1.75%
Inflation Assets	5.00%	1.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.25%. The discount rate is a blended rate between the rate of return at 7% and the 3.6%, the Bond Buyer 20-Bond GO Index. The projection of cash flows used to determine the discount rate assumed that City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change of Discount Rate

The discount rate utilized in the June 30, 2015 valuation was 5.75% as compared to the June 30, 2017 valuation discount rate of 4.25%. The discount rate was changed due to capital market assumptions.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

C. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2016	$ 72,872,563	$ 16,602,739	$ 56,269,824
Changes in the Year:			
Service cost	2,296,140	-	2,296,140
Interest on the total OPEB liability	3,150,579	-	3,150,579
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	1,409,106	(1,409,106)
Net investment income	-	1,757,999	(1,757,999)
Administrative expenses	-	(8,868)	8,868
Benefit payments	(2,074,858)	(2,074,858)	-
Net Changes	3,371,861	1,083,379	2,288,482
Balance at June 30, 2017 (Measurement Date)	$ 76,244,424	$ 17,686,118	$ 58,558,306

Change of Assumptions

There were no changes of assumptions.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (3.25%)	Discount Rate (4.25%)	1% Increase (5.25%)
Net OPEB Liability	$ 71,759,277	$ 58,558,306	$ 48,051,892

Sensitivity of the Net OPEB Liability to Changes in Health-Care Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.00% HMO/5.50% PPO decreasing to 4.00% HMO/4.00% PPO) or 1-percentage point higher (7.00% HMO/7.50% PPO decreasing to 6.00% HMO/6.00% PPO) than the current healthcare cost trend rates:

	1% Decrease (5.00% HMO/ 5.50% PPO decreasing to 4.00% HMO/ 4.00% PPO)	Current Healthcare Cost Trend Rates (6.00% HMO/ 6.50% PPO decreasing to 5.00% HMO/ 5.00% PPO)	1% Increase (7.00% HMO/ 7.50% PPO decreasing to 6.00% HMO/ 6.00% PPO)
Net OPEB Liability	$ 47,181,058	$ 58,558,306	$ 73,043,283

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $ 4,550,962. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 555,912	$ -
Differences between projected and actual earnings on plan investments	-	(853,374)
Total	$ 555,912	$ (853,374)

The net difference between projected and actual earnings on plan investments is amortized over a five year period. The differences between actual and expected experience and change in assumptions are amortized over the expected average remaining service life. The expected average remaining service life for the 2017-18 measurement period is 4 years.

$555,912 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2019	$ (213,344)
2020	(213,344)
2021	(213,344)
2022	(213,342)
2023	-
Thereafter	-

E. Payable to the OPEB Plan

At June 30, 2018, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

NOTE 10 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The various fund balance classifications established as of June 30, 2018, were as follows:

			Special Revenue Funds			
	General Fund	Carson Housing Authority	Cooperation Agreement Bond Proceeds	State CIP Grants	Nonmajor Governmental Funds	Total
Nonspendable:						
Inventory	$ 240,436	$ -	$ -	$ -	$ -	$ 240,436
Total Nonspendable	240,436	-	-	-	-	240,436
Restricted for:						
Housing projects	-	10,646,958	-	-	-	10,646,958
Special revenue funds	-	-	-	-	12,076,216	12,076,216
Restricted donations	250,000	-	-	-	-	250,000
Capital projects	-	-	2,279,182	-	-	2,279,182
Total Restricted	250,000	10,646,958	2,279,182	-	12,076,216	25,252,356
Committed:						
Economic uncertainties	15,274,165	-	-	-	-	15,274,165
Reward funds	50,000	-	-	-	-	50,000
Total Committed	15,324,165	-	-	-	-	15,324,165
Assigned:						
Self insurance	1,000,000	-	-	-	-	1,000,000
Unassigned	18,405,368	-	-	(1,491,505)	(1,121,638)	15,792,225
Total Fund Balances	$ 35,219,969	$ 10,646,958	$ 2,279,182	$ (1,491,505)	$ 10,954,578	$ 57,609,182

NOTE 11 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Deficit Fund Balances

The following funds reported an accumulated deficit in fund balance as of June 30, 2018:

	Accumulated Deficit
Major Fund:	
State CIP Grants Special Revenue Fund	$ (1,491,505)
Nonmajor Special Revenue Funds:	
Los Angeles County Park District Fund	(661,718)
Proposition 1B Fund	(3,574)
HOME Grant Fund	(1,053)
Community Development Block Grant Fund	(407,284)
Federal Highway Planning Grant Fund	(53,105)

Management expects that these deficits will be remedied after the related reimbursements from the grants are received or by transfers from the General Fund.

Excess of Expenditures over Appropriations

For the year ended June 30, 2018, expenditures exceeded appropriations of the following City funds:

	Final Budget	Actual	Variance with Final Budget
Major Fund:			
General Fund:			
General government:			
Non-Departmental	$ 9,105,898	$ 9,254,059	$ (148,161)
City Manager	3,826,186	3,861,771	(35,585)
Capital Improvement Programs	322,083	527,150	(205,067)
Housing Authority Fund:			
Community development	11,121,326	13,300,066	(2,178,740)
Nonmajor Special Revenue Funds:			
TDA Article 3 Fund:			
Capital improvement programs	-	6,915	(6,915)
Prop C Local Return Fund:			
Community services	1,142,724	1,320,219	(177,495)
Capital improvement programs	-	546,570	(546,570)
Air Quality Improvement Fund:			
Community services	28,500	29,132	(632)

NOTE 11 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)

Excess of Expenditures over Appropriations (Continued)

	Final Budget	Actual	Variance with Final Budget
Nonmajor Special Revenue Funds (Continued):			
Restricted Administrative Tow Fee Fund:			
General government	$ -	$ 1,901	$ (1,901)
Community services	18,100	42,359	(24,259)
City Special Events Fund:			
General government	422,080	478,017	(55,937)
Park Development Fund:			
Capital improvement programs	81,507	106,945	(25,438)
Los Angeles County Park District Fund:			
Capital improvement programs	-	77,464	(77,464)
Beverage Container Recycling Fund:			
Public works	8,000	31,488	(23,488)
Used Oil State Grant Fund:			
Public works	-	14,194	(14,194)
Community Development Block Grant Fund:			
Community development	1,088,781	1,197,606	(108,825)

NOTE 12 - DEBT ISSUED WITHOUT GOVERNMENT COMMITMENT

Assessment District No. 2006

In September 2006, the City of Carson issued $25,000,000 and $7,955,000 of Assessment District No. 2006-1 (Dominguez Technology Center West) Reassessment Revenue Bonds, Series A and Subordinate Series B, respectively, (collectively, the Bonds). The Bonds were issued to finance certain public capital improvements within the Assessment District, purchase the outstanding Reassessment District No. 2001-1 Limited Obligation Refunding Improvement Bonds, establish the Reserve Fund, pay the premium, and to pay the cost of issuing the bonds.

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

For these reasons, neither the debt nor the related debt service transactions are recorded on the City's basic financial statements. The principal balances outstanding at June 30, 2018, are $17,330,000 and $5,635,000, for Series A and Subordinate Series B, respectively.

NOTE 12 - DEBT ISSUED WITHOUT GOVERNMENT COMMITMENT (CONTINUED)

Assessment District No. 92-1

In October 1992, the City of Carson issued $13,100,000 of Assessment District No. 92-1 (Sepulveda Special District) Limited Obligation Improvement Bonds, Series 1992 (the Bonds). The Bonds were issued to finance a portion of the costs of the construction of certain street improvements, particularly the widening of a portion of Sepulveda Boulevard and included the reconstruction, removal, modification and relocation of pipelines, facilities, and the relocation of railroad tracks from the public right-of-way, storm drainage improvements, signalizing, and landscaping. Bond proceeds were also used to establish the Reserve Fund, and to pay the cost of issuing the bonds.

The City's obligation to transfer funds to the Redemption Fund in the event of delinquent installments is limited to the balance in the Reserve Fund. The City is in no way liable for repayment but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings for the benefit of the bondholders.

For these reasons, neither the debt nor the related debt service transactions are recorded on the City's basic financial statements. The principal balance outstanding at June 30, 2018 is $780,000.

NOTE 13 - CONTINGENCIES - CLAIMS

The City is a defendant in several general damage and personal injury lawsuits and claims. These claims arise primarily from injuries sustained by the claimants while on property owned or maintained by the City.

NOTE 14 - HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS

Following are details of the Housing Authority's commitments under Development Agreements:

East Carson Housing Partners, L.P.

On June 15, 2010, the former Carson Redevelopment Agency (Agency) entered into a disposition and development agreement (DDA) with East Carson Housing Partners, L.P. (Developer) for the development of a 65-unit workforce housing community on a 1.75 acre Agency-owned property (Property) located at 425 E. Carson Street. The development was completed and fully leased by June 2012. The site provides housing for very-low, low and moderate income households. The product type ranges from one-bedroom to three-bedroom units.

NOTE 14 - HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

East Carson Housing Partners, L.P. (Continued)

The Agency provided assistance for the development of the project by selling the Property to the Developer for the fair market value of $1,906,500 (Purchase Price). In addition, the Agency provided project assistance in the amount of $6,888,000 towards Project development costs (Agency Assistance). The combined value of the land and set-aside funds are evidenced by a promissory note and secured by a Deed of Trust recorded on March 9, 2011. The Purchase Price and the Agency Assistance totals $8,794,500. This amount is to be repaid by the Developer with residual receipts over a 55 year period, with interest accruing at 0.5% per annum (Note). Any balance on the Note is due and payable at the end of 55 years from commencement of their permanent loan. The permanent loan commenced March 1, 2013. At June 30, 2018, the balance on the Note is $7,865,891.

East Carson II Housing Partners, L.P.

On February 19, 2013, the Housing Authority entered into an Affordable Housing Agreement with East Carson II Housing Partners, L.P. (Developer) for the development of a 40-unit workforce housing community on approximately 1.0 acre Housing Authority-owned property. On November 25, 2013, the Housing Authority closed escrow for the sale of the property and the Developer began construction. The project was completed with a grand opening ceremony held on April 2, 2015. The development serves as phase two to the East Carson Housing Partners, L.P. project at 425 E. Carson Street, which was completed in June 2012.

The Housing Authority's financial assistance for this project included a loan of $3,320,000 for pre-development and construction costs and the property purchase price of $1,565,446 for a total assistance amount of $4,885,446. The total assistance amount was provided by a promissory note (Note) and secured by a Deed of Trust to be recorded at the time the Housing Authority sells the property to Developer. The Note is to be repaid by the Developer with residual receipts over a 55 year period, with interest accruing at 0.5% per annum. Any balance on the Note will be due and payable at the end of 55 years from commencement of the permanent senior loan. The permanent financing began on November 25, 2013. At June 30, 2018, the balance on the Note is $4,872,327.

Affirmed Housing Group - 21227 Figueroa Street

On March 1, 2011, the Agency entered into a disposition and development agreement (DDA) with Affirmed Housing Group, Inc. (Developer) for the development of a 40-unit workforce housing community on Agency-owned property located at 21227 Figueroa Street (Property). The Agency's financial assistance for this project included a loan of $2,855,000 for pre-development and construction costs, and the property purchase price of $1,345,000 for a total assistance amount of $4,200,000 (Agency Assistance). The Agency Assistance is evidenced by a promissory note and secured by a Deed of Trust recorded on December 24, 2012. The Agency Assistance is to be repaid by the Developer with residual receipts over a 55 year period, with interest accruing at 0.5% per annum (Note). Any balance on the Note is due and payable at the end of 55 years from issuance of a certificate of occupancy. The certificate of occupancy was issued on March 6, 2014. At June 30, 2018, the balance on the Note is $4,200,000.

NOTE 14 - HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

Avalon Courtyard Senior Apartments

In July 1992, the Agency entered into a disposition and development agreement (DDA) with Thomas Safran & Associates (Developer) for development and operation of an affordable senior citizen housing project (Project). Pursuant to the DDA, the Developer executed a promissory note for a loan in the amount of $2,681,000 with a simple interest rate of 5%. The amount of Developer loan repayments is equal to 50% of the positive cash flow generated by the Project. As of June 30, 2018, the outstanding loans receivable from the Developer is $2,681,000. Pursuant to the DDA, as amended, the Agency is also required to provide the Developer a rent subsidy in the amount of $160,524 per year for 30 years following the date of the certificate of occupancy for the Project (or until August 1, 2025).

Carson Terrace, L.P.

In June 1999, the Agency entered into an Owner Participation Agreement (OPA) with Carson Terrace, L.P. (Developer) for development and operation of an affordable senior citizen housing project (Project). Pursuant to the OPA, the Developer executed a promissory note for a short-term construction loan in the amount of $2,205,000 with a simple interest rate of 3%. Subsequently, the Developer executed a promissory note for a long- term loan with a 5% simple interest rate for the purpose of retiring the construction loan. An amendment dated December 15, 2000, increased the amount of the long-term loan to $2,296,988. The amount of Developer loan repayments are equal to 50% of the positive cash flow generated by the Project. At June 30, 2018, the balance on the note is $2,296,988. Pursuant to the OPA, the Agency is also required to provide the Developer a rent subsidy in the amount of $73,320 per year for 30 years following the date of the certificate of occupancy issued in 2001 (or until December 26, 2030). In late 2017, the Developer approached the Authority about additional assistance to help them apply for 5% Tax Credit assistance and Affordable Housing Program (AHP) funding in order to undertake a major interior remodel. At June 30, 2018, the balance on the Note remains at $2,296,988.

Gramercy Urban Housing, LLC - 21521 Avalon Boulevard

On January 21, 2014, the Housing Authority entered into a purchase and sale agreement with Gramercy Urban Housing, LLC (Developer) for the sale of approximately 1.0-acre Housing Authority-owned property located at 21521 Avalon Boulevard. Once purchased, the Developer will build a mixed-use commercial/residential project generally consistent with the City's Carson Street Master Plan. The Developer desires to assemble the property with its property at the northwest corner of Avalon Boulevard and Carson Street, and the Carson Successor Agency-owned property located at 615 E. Carson Street for the mixed-use development. There was no Housing Authority assistance in connection with this sale. The property was sold for the highest and best use fair market appraised value of $1,000,000. Escrow closed on August 12, 2015. The parcel was combined with another Agency-owned parcel plus a privately owned shopping center to assemble property for a 357-unit market rate housing project plus 30,000 square feet of commercial and retail space. Construction of the project commenced in Q2 2017 and is expected to be complete in early 2020.

NOTE 14 - HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

AHGI - Sepulveda Senior Housing

As part of a Development Agreement, Developer proposed a 65 unit senior affordable housing project. The original DDA provided that the City of Carson would grant the property for the development, at no cost to the developer, as required by the tax-exempt bonds issued to acquire the property. The land was acquired for $3,135,000. In addition, the Housing Authority was to provide cash assistance in the amount of $2,765,000, which is evidenced by a promissory note secured by a deed of trust. The note will bear interest at 3% and have a term of 55 years. As a result of the developer not being able to obtain a TCAC award, they asked and gained additional assistance from the City of Carson, totaling $2,700,000 in the form of a grant award, to be disbursed in the form of construction draws. Lastly, the amended agreement stipulates that should the developer be successful in obtaining an Affordable Housing Grant (AHP Grant) from FHLB, the developer shall reimburse the Authority an amount equal to the grant, which will reduce the Note. At June 30, 2018, the balance on the note is $2,563,500. Work started on the project in December 2016 and the project was complete and open in September 2018.

21205 Carson Arts LP

This Agreement is for the development of 45 units of affordable housing. The Agreement provides that the Carson Housing Authority will provide $4,200,000 in cash as a loan to the developer to assist in acquiring the land, as well as provides an additional $2,800,000 in the form of a grant to the Developer's non-profit partner. The loan is be evidenced by a promissory note and is secured by a Deed of Trust on the property. An agreement with the Developer was approved in March 2017, and the Developer proceeded with the acquisition and demolition of the property. The project received an allocation of Low-Income Housing Tax Credits (LIHTC) in September 2017 and commenced construction in April 2018. The project will be complete at the end of August 2019.

Carson Figueroa Affordable Housing LP

On January 24, 2017, the Carson Housing Authority approved an agreement with Carson Figueroa Affordable Housing, LP to provide financial assistance to develop a 51-unit affordable housing community at 600 West Carson Street with a leasing preference to veterans of the United States Armed Forces. The project will be developed at “market rate quality” and will include amenities such as a community room, open outdoor courtyard with grilling and seating areas, a fitness center, a computer room and classes/social services for the residents.

The Housing Authority’s assistance consisted of providing land valued at $2.93M for the project and providing $5.5M in financial assistance towards development costs. The developer also received a 9% Low Income Housing Tax Credit award from the California Tax Credit Allocation Committee (TCAC) to finance the project. On March 31, 2017, the Housing Authority closed escrow on the property. Following the close of escrow the Housing Authority and the developer executed the Cal ReUSE Regulatory Agreement and the document was recorded on April 25, 2017.

The official groundbreaking was held on March 1, 2018. Construction on the project will be complete in late August 2019.

NOTE 15 - RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 28, 2011, Assembly Bills x1 26 (the Dissolution Act) and x1 27 was enacted. Whereby each California redevelopment agency (each Dissolved RDA) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. On January 10, 2012, the City became the Successor Agency of the former redevelopment agency by operation of law in accordance with the Bill.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. The Housing Authority elected on January 27, 2012 to serve as the Housing Successor Agency.

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

In the current and future fiscal years, the Successor Agency will only be allocated revenue from the County of Los Angeles in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the Dissolved RDA until all enforceable obligations of the Dissolved RDA have been paid in full and all assets have been liquidated.

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES

The accompanying financial statements also include the Private-purpose Trust Fund for the Successor Agency to the City's former Redevelopment Agency (Successor Agency). The City, as the Successor Agency, serves in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency. Its assets are held in trust for the benefit of the taxing entities within the former Redevelopment Agency's boundaries and as such, are not available for the use of the City.

Loans Receivable

Details of the Successor Agency's loans receivable as of June 30, 2018, are as follows:

Loans relative to development projects under various disposition and development agreements	$ 13,690,513
Less: Allowance for uncollectible accounts	(13,690,513)
Loans Receivable, Net	$ -

Because of the nature of various loans receivable in relation to development projects under various disposition and development agreements, the Successor Agency provides an allowance for uncollectibility against such loans.

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
Redevelopment Project Area 1:						
2003B Tax Allocation Bonds	$ 11,221,700	$ 633,394	$ -	$ 11,855,094	$ -	$ 11,855,094
2014A Tax Allocation Refunding Bonds	25,505,000	-	(2,830,000)	22,675,000	2,950,000	19,725,000
2016A Tax Allocation Refunding Bonds	20,775,000	-	(805,000)	19,970,000	820,000	19,150,000
2017A Tax Allocation Refunding Bonds	12,315,000	-	(620,000)	11,695,000	490,000	11,205,000
Less: Bond Discounts	(458,930)	-	23,808	(435,122)	-	(435,122)
Redevelopment Project Area 2:						
2007A Tax Allocation Refunding Bonds	15,995,000	-	(145,000)	15,850,000	150,000	15,700,000
2014A Tax Allocation Refunding Bonds	12,825,000	-	(1,350,000)	11,475,000	1,405,000	10,070,000
Redevelopment Project Area 4:						
2006 Tax Allocation Bonds	23,290,000	-	(23,290,000)	-	-	-
Redevelopment Project Area 4:						
2018 Tax Allocation Bonds	-	21,715,000	-	21,715,000	-	21,715,000
Add: Bond Premium	-	1,009,264	(14,264)	995,000	-	995,000
Low and Moderate Income Housing:						
2010A-T Tax Allocation Housing Bonds	7,370,000	-	(1,570,000)	5,800,000	1,655,000	4,145,000
2010A Tax Allocation Housing Bonds	25,620,000	-	-	25,620,000	-	25,620,000
Successor Agency:						
2015B Subordinate Tax Allocation Refunding Bonds	50,235,000	-	(3,035,000)	47,200,000	3,105,000	44,095,000
County deferred loans	-	-	-	-	-	-
Total	$ 204,692,770	$ 23,357,658	$ (33,635,456)	$ 194,414,972	$ 10,575,000	$ 183,839,972

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

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities - Redevelopment Project Area 1

2003B Tax Allocation Bonds

In December 2003, the Carson Redevelopment Agency issued $32,495,863 of Tax Allocation Bonds, Series 2003B for Redevelopment Project Area No. 1 to fund redevelopment projects within the project area. The first principal installment was due on October 1, 2004; and then on October 1, 2017 annually thereafter ranging from $466,575 to $3,940,000 plus interest at 2.0% to 5.25% through October 2034. In April 2014, this debt was partially defeased when the Successor Agency of the former Carson Redevelopment Agency issued the Tax Allocation Refunding Bonds, Series 2014A. The capital appreciation bonds of $5,410,863 that were issued as part of the bond issuance Tax Allocation Bonds, Series 2003B with maturity dates from October 1, 2023 through 2032 were not defeased. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon the maturity or prior payment of the principal component. Accreted interest of $6,444,231 has been reflected as long-term debt.

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 1 - 2003B Tax Allocation Bonds as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	$ -	$ -	$ -
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024 - 2028	2,779,565	6,170,435	8,950,000
2029 - 2033	2,631,298	8,968,702	11,600,000
2034	-	-	-
Subtotals	$ 5,410,863	$ 15,139,137	$ 20,550,000
Accreted Interest	6,444,231	-	6,444,231
Totals	$ 11,855,094	$ 15,139,137	$ 26,994,231

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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

2014A Tax Allocation Refunding Bonds

In April 2014, the Successor Agency of the former Carson Redevelopment Agency issued $26,190,000 Tax Allocation Refunding Bonds, Series 2014A, for Redevelopment Project Area No. 1 to advance refund $1,540,000 of the outstanding 2003 Tax Allocation Refunding Bonds and $26,850,000 of the outstanding 2003B Tax Allocation Bonds, establish a reserve account for the bonds, and to pay the cost of issuing the bonds. Principal installments are due annually ranging in amounts from $245,000 to $2,225,000 plus interest at 3.0% to 5.0% through October 1, 2034. The interest and principal of the bonds are payable from pledged tax increment revenues of the Redevelopment Obligation Retirement Fund.

As a result of the refunding, the entire 2003 Tax Allocation Refunding Bonds and $26,850,000 of the 2003B Tax Allocation Bonds are considered to be defeased and the liability for these bonds has been removed from the statement of fiduciary net position in the accompanying fiduciary fund financial statements.

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 1 - 2014A Tax Allocation Refunding Bonds as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	$ 2,950,000	$ 1,027,338	$ 3,977,338
2020	3,095,000	876,213	3,971,213
2021	3,245,000	717,712	3,962,712
2022	3,405,000	551,462	3,956,462
2023	3,600,000	376,338	3,976,338
2024 - 2028	2,025,000	1,279,813	3,304,813
2029 - 2033	-	925,438	925,438
2034 - 2037	4,355,000	187,106	4,542,106
Totals	$ 22,675,000	$ 5,941,420	$ 28,616,420

2016A Tax Allocation Refunding Bonds

In December 2016, the Successor Agency of the Carson Redevelopment Agency issued $21,350,000 Tax Allocation Refunding Bonds Series 2016A, for Redevelopment Project Area No. 1 to advance refund $19,930,000 of the outstanding 2009A Tax Allocation Refunding Bonds, establish a reserve account for the bonds, and to pay the cost of issuing the bonds. Principal installments are due annually ranging in amounts from $575,000 to $3,140,000 plus interest at 1.545% to 3.625% through February 1, 2037. The interest and principal of the bonds are payable from pledged tax increment revenues of the Redevelopment Obligation Retirement Fund.

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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

2016A Tax Allocation Refunding Bonds (Continued)

Of the Series 2016A proceeds, $23,032,015 were used to purchase U.S. Government securities to refund in full the 2009A Tax Allocation Refunding Bonds. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the entire balance of the of the 2009A Tax Allocation Refunding Bonds. As a result, the entire 2009A Tax Allocation Refunding Bonds are considered to be defeased, and the liability for these bonds has been removed from the statement of fiduciary net position in the accompanying fiduciary fund financial statements. As of June 30, 2018, the outstanding balance of the defeased debt was $19,385,000. This defeased debt will be fully redeemed on October 1, 2019.

The defeasance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,859,009. This difference, reported in the accompanying statements as a deferred outflow of resources, is being charged to interest expense through 2037. The remaining balance at June 30, 2018, is $2,634,543.

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 1 - 2016A Tax Allocation Refunding Bonds as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	$ 820,000	$ 738,442	$ 1,558,442
2020	845,000	719,992	1,564,992
2021	865,000	698,645	1,563,645
2022	895,000	674,116	1,569,116
2023	915,000	649,504	1,564,504
2024 - 2028	6,795,000	2,384,202	9,179,202
2029 - 2033	1,840,000	1,776,199	3,616,199
2034 - 2037	6,995,000	1,000,000	7,995,000
Totals	$ 19,970,000	$ 8,641,100	$ 28,611,100

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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

2017A Tax Allocation Refunding Bonds

In February 2017, the Successor Agency of the Carson Redevelopment Agency issued $12,315,000 Tax Allocation Refunding Bonds Series 2017A, for Redevelopment Project Area No. 1 to advance refund $11,055,000 of the outstanding Carson Public Financing Authority Lease Revenue Bonds (Redemption Project Series 2009), establish a reserve account for the bonds, and to pay the cost of issuing the bonds. Principal installments are due annually ranging in amounts from $490,000 to $875,000 plus interest at 1.765% to 3.25% through February 1, 2036. The interest and principal of the bonds are payable from pledged tax increment revenues of the Redevelopment Obligation Retirement Fund.

Of the Series 2017A proceeds, $12,663,099 were used to purchase U.S. Government securities to refund in full the 2009 Revenue Bonds. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the entire balance of the 2009 Revenue Bonds. As a result, the entire 2009 Revenue Bonds are considered to be defeased, and the liability for these bonds has been removed from the statement of fiduciary net position in the accompanying fiduciary fund financial statements. As of June 30, 2018, the outstanding balance of the defeased debt was $10,745,000. This defeased debt will be fully redeemed on October 1, 2019.

The defeasance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,325,830. The difference reported in the accompanying statements as a deferred outflow of resources is being charged to interest expense through 2036. The remaining balance at June 30, 2018, is $1,226,533.

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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

2017A Tax Allocation Refunding Bonds (Continued)

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 1 - 2017A Tax Allocation Refunding Bonds as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	$ 490,000	$ 423,336	$ 913,336
2020	500,000	412,351	912,351
2021	515,000	399,836	914,836
2022	525,000	385,714	910,714
2023	540,000	370,006	910,006
2024 - 2028	2,995,000	1,579,131	4,574,131
2029 - 2033	3,600,000	969,456	4,569,456
2034 - 2037	2,530,000	211,406	2,741,406
Totals	$ 11,695,000	$ 4,751,236	$ 16,446,236

Long-Term Liabilities - Redevelopment Project Area 2

2007A Tax Allocation Refunding Bonds

In October 2007, the Carson Redevelopment Agency issued $16,845,000 of Tax Allocation Refunding Bonds, Series 2007A for Redevelopment Project Area No. 2 to advance refund $14,925,000 of the outstanding 2003 Tax Allocation Refunding Bonds, establish a reserve account for the bonds and to pay the cost of issuing the bonds. Principal installments are due annually ranging in amounts from $105,000 to $1,655,000 plus interest at 0.5% to 5.3% through January 1, 2036.

As a result of the refunding, the entire 2003D Tax Allocation Bonds are considered to be defeased and the liability for this bond has been removed from the statement of fiduciary net position in the accompanying fiduciary fund financial statements.

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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

2007A Tax Allocation Refunding Bonds (Continued)

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 2 - 2007A Tax Allocation Refunding Bonds as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	$ 150,000	$ 725,300	$ 875,300
2020	150,000	719,300	869,300
2021	155,000	713,300	868,300
2022	170,000	706,906	876,906
2023	175,000	699,681	874,681
2024 - 2028	3,695,000	3,258,781	6,953,781
2029 - 2033	6,610,000	2,063,388	8,673,388
2034 - 2037	4,745,000	457,663	5,202,663
Totals	$ 15,850,000	$ 9,344,319	$ 25,194,319

2014A Tax Allocation Refunding Bonds

In April 2014, the Successor Agency of the former Carson Redevelopment Agency issued $17,040,000 Tax Allocation Refunding Bonds, Series 2014A, for Redevelopment Project Area No. 2 to advance refund $10,720,000 of the outstanding 2003A Tax Allocation Refunding Bonds, $2,455,000 of the outstanding 2003B Tax Allocation Refunding Bonds, $7,885,000 of the outstanding 2003C Tax Allocation Bonds, and to pay the cost of issuing the bonds. Principal installments are due annually ranging in amounts from $1,660,000 to $1,925,000 plus interest at 4.0% to 5.0% through October 1, 2024. The interest and principal of the bonds are payable from pledged tax increment revenues of the Redevelopment Obligation Retirement Fund.

As a result of the refunding, the entire 2003A Tax Allocation Refunding Bonds, 2003B Tax Allocation Refunding Bonds and 2003C Tax Allocation Bonds are considered to be defeased and the liability for these bonds has been removed from the statement of fiduciary net position in the accompanying fiduciary fund financial statements.

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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

2014A Tax Allocation Refunding Bonds (Continued)

The following schedule summarizes the debt service to maturity requirement for the Redevelopment Project Area 2 - 2014A Tax Allocation Refunding Bonds as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,405,000	$ 538,625	$ 1,943,625
2020	1,475,000	466,625	1,941,625
2021	1,550,000	391,000	1,941,000
2022	1,625,000	311,625	1,936,625
2023	1,705,000	228,375	1,933,375
2024 - 2025	3,715,000	189,125	3,904,125
Totals	$ 11,475,000	$ 2,125,375	$ 13,600,375

Long-Term Liabilities - Redevelopment Project Area 4

2006 Tax Allocation Bonds

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

On February 27, 2018, the 2006 Tax Allocation Bonds were advanced refunded with proceeds from the Tax Allocation Refunding Bonds, Series 2018.

Tax Allocation Refunding Bonds, Series 2018

On February 27, 2018, the Successor Agency issued $21,715,000 Successor Agency Tax Allocation Refunding Bonds, Series 2018 to advance refund the 2006 Tax Allocation Bonds. Principal installments are due annually in amounts ranging from $595,000 to $1,365,000 plus interest semiannually ranging from 2.00% to 3.5% through October 1, 2041. The principal and interest of the bonds are payable from pledged tax increment revenues of the Redevelopment Obligation Retirement Fund.

The advance refunding resulted in the Successor Agency reducing its debt service requirements by $3,009,875, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,001,179. The 2006 Tax Allocation Bonds are now considered to be defeased, and the liability for these bonds has been removed from the statement of fiduciary net position in the accompanying fiduciary fund financial statements.

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities - Redevelopment Project Area 4 (Continued)

Tax Allocation Refunding Bonds, Series 2018 (Continued)

The defeasance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $80,446. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense through 2041. The remaining balance at June 30, 2018, is $79,206.

The following schedule summarizes the debt service to maturity requirement for the Successor Agency Tax Allocation Refunding Bonds, Series 2018 as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	$ -	$ 869,023	$ 869,023
2020	710,000	824,944	1,534,944
2021	595,000	808,919	1,403,919
2022	615,000	787,694	1,402,694
2023	635,000	759,519	1,394,519
2024 - 2028	3,695,000	3,274,844	6,969,844
2029 - 2033	4,690,000	2,268,684	6,958,684
2034 - 2037	5,590,000	1,376,319	6,966,319
2039 - 2042	5,185,000	369,968	5,554,968
Totals	$ 21,715,000	$ 11,339,914	$ 33,054,914

Long-Term Liabilities - Low and Moderate Income Housing

2010A-T Tax Allocation Housing Bonds

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

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities - Low and Moderate Income Housing (Continued)

2010A-T Tax Allocation Housing Bonds (Continued)

The following schedule summarizes the debt service to maturity requirement for the Low and Moderate Income Housing - 2010A-T Tax Allocation Housing Bonds as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,655,000	$ 273,488	$ 1,928,488
2020	1,750,000	179,850	1,929,850
2021	1,845,000	80,987	1,925,987
2022	550,000	1,512	551,512
Totals	$ 5,800,000	$ 535,837	$ 6,335,837

2010A Tax Allocation Housing Bonds

In October 2010, the Carson Redevelopment Agency issued $25,620,000 of Tax Allocation Housing Bonds, Series 2010A to fund low and moderate income housing projects. Principal installments are due annually beginning on October 1, 2011 with interest rates ranging from 4.25% to 5.35% through October 1, 2036.

The following schedule summarizes the debt service to maturity requirement for the Low and Moderate Income Housing - 2010A Tax Allocation Housing Bonds as of June 30, 2017:

Year Ending June 30,	Principal	Interest	Total
2019	$ -	$ 1,294,063	$ 1,294,063
2020	-	1,294,063	1,294,063
2021	-	1,294,063	1,294,063
2022	1,395,000	1,264,419	2,659,419
2023	2,035,000	1,183,900	3,218,900
2024 - 2028	9,005,000	4,417,000	13,422,000
2029 - 2033	6,620,000	2,611,856	9,231,856
2034 - 2037	6,565,000	705,731	7,270,731
Totals	$ 25,620,000	$ 14,065,095	$ 39,685,095

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities – Successor Agency

2010B Subordinate Tax Allocation Refunding Bonds

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

The following schedule summarizes the debt service to maturity requirement for the Successor Agency - 2015B Subordinate Tax Allocation Refunding Bonds as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	$ 3,105,000	$ 2,229,662	$ 5,334,662
2020	3,205,000	2,126,979	5,331,979
2021	3,335,000	2,006,568	5,341,568
2022	3,470,000	1,872,134	5,342,134
2023	3,590,000	1,723,583	5,313,583
2024 - 2028	18,225,000	5,879,848	24,104,848
2029 - 2033	6,855,000	2,599,675	9,454,675
2034 - 2037	5,415,000	582,659	5,997,659
Totals	$ 47,200,000	$ 19,021,108	$ 66,221,108

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities

The above outstanding debt issuances are collateralized by pledged tax increment revenue. The term of the commitment of pledged revenues and the purposes for which the proceeds of these debt issuances were utilized are disclosed in the debt descriptions provided herein. The amount of the remaining commitment of the pledge is equal to the amount of the remaining debt service to maturity of the related debt issuances as disclosed above.

Commitments under Development Agreements

Carson Real Estate Leasing, LLC

On May 18, 2004, the Agency entered into a Disposition and Development Agreement (DDA) with the Carson Real Estate Leasing, LLC, a California limited liability company (Developer), for the development of approximately 92,000 square feet of a new and used car sales facility in the then Merged and Amended Project Area. The Agency agreed to sell the land to the Developer for a total purchase price of $8,581,718. The purchase price consists of a $4,666,848 cash payment and a promissory note of $3,914,870 - the Agency's subsidy to the project. The term shall be for 20 years with an option to extend for an additional five years. Each year, an amount equal to 50% of the sales tax generated from the site in excess of the average sales tax amount generated in year 2002-2003 shall be credited towards the payment of the principal amount and any interest accrued. As of June 30, 2018, the balance of the loan from this developer is $3,625,951.

BP West Coast Products, LLC/Tesoro Corporation

On November 15, 2005, the Agency entered into an agreement with BP West Coast Products, LLC, a Delaware limited liability company (Developer), for development of a new office/business park campus of up to 280,000 square feet in potentially three different phases. The first phase consisted of an office building of approximately 125,000 square feet.

The Agency agreed to sell the 4.5 acre development parcel, located at 2254 E. 223rd Street, to the Developer for the sum of one dollar ($1.00) and a note amount equal to $2,960,000 (Note). Each year, seventy-five percent (75%) of the site tax increment is credited against any amounts outstanding under the Note. The term is for 15 years and simple interest accrues at two percent (2%) per annum. On June 1, 2013, the Developer sold the property and transferred all rights and responsibilities under the Note to Tesoro Corporation. As of June 30, 2018, the balance on the Note is $1,613,531.

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Commitments Under Development Agreements (Continued)

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

On March 18, 2008, the Agency entered into three separate agreements with Thomas Safran (Developer), for a mixed-use development with two major components: an affordable senior housing component and a commercial component. This large scale development is located on a 4.5 acre site at the southeast corner of Carson Street and Avalon Boulevard.

On April 7, 2009, the Agency entered into an Owner Participation Agreement (OPA) with the Developer to develop a mixed-use project that includes 85 units of affordable senior rental housing plus one market-rate manager's unit, approximately 10,000 square foot of commercial space, and underground and surface-level parking (Phase I). On May 3, 2010, the Agency provided $13,900,000 in financial assistance in the form of a secured, 57.5 year, interest-free loan for the senior housing component (this note was transferred to the Carson Housing Authority as part of the Agency's dissolution). Payment of the principal balance is due upon maturity. In the event of default, principal plus 3% accrued interest is due immediately. Phase I was completed in April 2011.

On June 1, 2010, the Agency entered into a Disposition and Development Agreement (DDA) with Thomas Safran & Associates, Inc. and Carson City Center South LLC (Developer) for Phase II, a mixed-used project consisting of 150 new market-rate rental housing units, and approximately 25,000 square feet of commercial space, including subterranean and surface parking. The Agency sold three parcels to the developer immediately adjacent to the site for $2,340,000 (fair market value). The Agency-owned properties together with the Developer's properties constitute the full development site.

On July 29, 2010, the Agency provided $7,500,000 in financial assistance in the form of a grant to assist with the commercial component of the project.

As of June 30, 2018, there are two notes totaling $1,667,702 associated with the commercial component of this project. The two notes are secured by deeds of trust and accrue interest at 3%. The notes and any accrued interest are due in full on January 1, 2039.

WIN Chevrolet, Properties, LLC - 2201 E. 223rd St.

On April 21, 2009, the Agency approved the purchase of the C-P Land Company (Developer) property at 2201 E. 223rd Street (Property). The Agency then leased Property to the Cormier Chevrolet Company (Dealership) at the same address. In November 2011, after entering into a partnership with the Win Company (Win), with Win as majority interest partner, the Dealership exercised its repurchase rights of the Property under the DDA. The Agency sold the Property to the partnership, which renamed the new dealership Win Chevrolet. The Property was sold for $12,000,000; there was a $5,000,000 cash payment and a performance promissory note (Note) of $7,000,000 which was carried back by the Agency. The Note amount will be reduced at a rate of 1/20 of the original principal balance each year that the dealership operates in compliance with the 20-year operating covenant. If the new dealership ceases to operate, the balance of the Note will become due and payable to the Agency. As of June 30, 2018, WIN Chevrolet has a loan balance of $4,900,000.

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Commitments Under Development Agreements (Continued)

Hilland - Nissan Real Estate - 1505 E. 223rd St.

On July 6, 2010, the Agency and Hilland Nissan (Owner) entered into a Disposition and Development Agreement (DDA) pursuant to which the Agency provided the Owner with $3,000,000 of financial assistance to facilitate the Owner's long-term operation of a new Nissan dealership at the property located at 1505 E. 223rd St. (Site). Pursuant to the terms of the DDA, the Agency provided the Owner with a $3 million loan backed by a performance promissory note (Note), secured by a deed of trust on the Site. Principal due on the 15-year Note is reduced annually by an amount equal to 50% of the sales tax generated above a threshold gross sales amount defined in the Note. In mid-2017, Owner entered an Agreement to sell the site to Lithia Motors. Such sale was presented to the Oversight Board on August 28, 2017 and approved by the California Department of Finance on October 10, 2017. The Note has now been assigned to Lithia Motors. As of June 30, 2018, the loan balance is $1,883,329.

NOTE 17 - DISCRETELY PRESENTED RECLAMATION AUTHORITY COMMITMENTS

CAM-CARSON, LLC

CAM-CARSON, LLC, a Delaware limited liability company (Developer), an affiliate of The Macerich Company of Santa Monica, California, has proposed the development of a high end fashion outlet mall on a portion of a property currently owned by the Reclamation Authority and which will be conveyed to the Developer through the agreements described below.

The Developer has proposed developing a "Project" on a portion of the 157 Acre Site of a high-quality, state of the art, fashion outlet and retail center of not less than 450,000 GBA square feet (for Phase I only) and up to 711,500 GBA square feet (taking into account Phase I and Phase II, which may be Developed separately or concurrently), as described more specifically in the Scope of Development on a part of the Site called the Cell 2 Subsurface Lot.

City Role in the Project

The City has no real property interest in the 157 Acre Site, which is wholly owned by the Reclamation Authority. However, the City possesses the legal authority to regulate the zoning of the 157 Acre Site, to approve and modify the general plan designation and specific plans, to approve development agreements, all pursuant to state law, and to undertake environmental review and approve mitigation programs and development applications for specific projects including to the Project (the "Entitlement Obligations"). In addition to such regulatory authority, City provides public infrastructure and services to the 157 Acre Site, including streets, sidewalks, parkways, sewer, water, drainage, lighting, and other utilities, and must assure public accessibility to the 157 Acre Site including, without limitation, by assuring construction of the Offsite Improvements and installation and maintenance of all utilities required or reasonably necessary for the Project and compliance with the Conditions of Approval and SEIR Mitigation Measures applicable to the foregoing (the "Infrastructure Obligations").

NOTE 17 - DISCRETELY PRESENTED RECLAMATION AUTHORITY COMMITMENTS (CONTINUED)

CAM-CARSON, LLC (CONTINUED)

Project Agreements

It is anticipated that (1) Reclamation Authority will separately enter into a purchase and sale agreement with Developer, the "Conveyancing Agreement," whereby Reclamation Authority will convey and Developer will acquire the Developer Property and (2) the City will enter into a Cooperation Agreement with Reclamation Authority (Cooperation Agreement) whereby Reclamation Authority would agree to construct certain public infrastructure on behalf of City and City would agree to provide sales tax proceeds to Reclamation Authority to enable Reclamation Authority to meet its obligations to, among other things, remediate Cell 2 and construct the Offsite Improvements. The Development Agreement, the Cooperation Agreement and the Conveyancing Agreement are contingent upon one another. The Conveyancing Agreement provides Developer with a legal or equitable interest in the portion of the 157 Acre Site, described as the Developer Property.

Because the entire 157 Acre Site, including the Cell 2 Subsurface Lot, is a contaminated landfill, the cost to develop the Project on the Cell 2 Surface Lot could greatly exceed the cost to develop the Project on an uncontaminated parcel of native soil, and that therefore development of the Project on the Cell 2 Surface Lot may be financially infeasible without substantial financial participation by the Reclamation Authority. However, the City and Reclamation Authority believe the benefits of economic development justify such investment.

The division of responsibility on the Site is driven in part by the environmental liability, as well as developing a manageable and equitable business deal for both sides. The Reclamation Authority will (i) construct the Remedial Systems and Building Protection Systems (BPS) in accordance with applicable governmental requirements, (ii) deliver foundation systems within the subsurface lot and a structural slab upon which Developer can construct, (iii) the Developer will not have to undertake construction or maintenance within the contaminated soils or groundwater of the Subsurface Lot, and (iv) these mechanisms in accordance with the insurance provided for in the Agreements will limit Developer's exposure to environmental liability in the undertaking of the Project.

The Reclamation Authority has contracted with third parties to construct the Remedial Systems and perform its related obligations, to operate remedial systems, to manage the construction process and remedial systems, and provide various related expert services (the Horizontal Master Developer) for the entire 157 Acre Site. The Reclamation Authority and Developer have worked together to coordinate and share information with respect to plans and specifications, bidding materials, insurance, phasing, scheduling and consultants and contractors for the foregoing. Until the Reclamation Authority completes its work on the Cell 2 Subsurface Lot, the Reclamation Authority retains site control over Cell 2.

NOTE 17 - DISCRETELY PRESENTED RECLAMATION AUTHORITY COMMITMENTS (CONTINUED)

CAM-CARSON, LLC (CONTINUED)

Project Agreements (Continued)

Working through its Horizontal Master Developer, the Reclamation Authority will undertake all of the work on the site that involves environmental liability. Some, such as installing the piles or the structural slab, will be paid for by the Developer. Work falls on a spectrum from clearly environmental (the remedial systems) to purely vertical (the vertical development and core and shell of the mall). Some work undertaken by the Reclamation Authority will be at the Developer's cost.

These obligations are documented in the Conveyancing Agreement and the Cooperation Agreement. In addition to the conveyance of the Developer Property pursuant to the Conveyancing Agreement, Reclamation Authority will agree to carry out the following work and to provide the following assurances to City and Developer:

1. Remedial Systems. The Remedial Action Plan (RAP) requires that the Remedial Systems be constructed and operated and maintained for many years to cap the landfill and remove gas and contaminants which would pollute groundwater. This work includes excavation and grading necessary to install such systems. Reclamation Authority will cause the construction and operation of (i) the Remedial Systems other than the Building Protection System (BPS) at its sole cost, and (ii) the BPS, which shall be funded by Reclamation Authority up to an agreed upon dollar cap.

2. Infrastructure. Under the terms of the Conveyance Agreement, the Reclamation Authority will construct required public offsite infrastructure and other improvements (the "Offsite Improvements"). Due to Reclamation Authority's shortage of resources to complete all of its necessary work, Developer will advance Ten Million Dollars ($10,000,000) to the Reclamation Authority for this purpose.

3. Excess Development Costs. Due to the contaminated condition of the 157 Acre Site and uncompacted condition of the soils thereon, resulting in excessive development costs, the 157 Acre Site has been undevelopable despite the interest of numerous developers over decades. These costs include grading and site work, and installing structural sub-foundation systems including piles, all of which must be done in contaminated soils using special safeguards. More specifically, prior to conveyance of the Developer Property to Developer, Reclamation Authority shall carry out the work defined in the Conveyancing Agreement as the "Site Development Improvements," which includes the following: (i) site grading, the excavation of soil and relocation and mitigation of trash layers (Site Preparation Work); (ii) installation of piles and pile caps, vaults, under slab utilities (Sub-Foundation Work); (iii) establishing underground utility runs from the property lines (Utility Work); (iv) constructing the structural slab for the foundation of the buildings.

NOTE 17 - DISCRETELY PRESENTED RECLAMATION AUTHORITY COMMITMENTS (CONTINUED)

CAM-CARSON, LLC (CONTINUED)

Project Agreements (Continued)

3. Excess Development Costs. (Continued)

   Developer shall advance certain funds to Reclamation Authority for purposes of performing the Site Development Improvements and Offsite Improvements (collectively referred to as the Reclamation Authority Work) which shall be advanced by Developer to Reclamation Authority and repaid by Reclamation Authority to Developer over a twenty-five (25) year period as further described in the Conveyancing Agreement. While the Reclamation Authority shall perform the maintenance of the Site Development Improvements, Developer shall be responsible for the cost of such maintenance as set forth in the Conveyancing Agreement.

4. Marketability of Property. To remediate contamination of the 157 Acre Site and to make the property marketable in order to create economic development opportunities for the benefit of City and its residents, City caused Reclamation Authority to be formed and is providing funding to Reclamation Authority in the form of a rebate of fifty percent (50%) of sales taxes generated by the Project and received by City upon the terms and conditions and for the term set forth in the Cooperation Agreement and Conveyancing Agreement. This assistance will allow Reclamation Authority to perform the Reclamation Authority Work. In the absence of performance of the Reclamation Authority Work by Reclamation Authority, the landfill would remain contaminated brownfields property and would not be marketable.

5. Annual Review. There is a requirement for annual review of Project performance and a five-year Major Review including public hearings as provided in Article 10.

6. Insurance. The Project contributes to a robust insurance program, for which Developer is required to make a fair share contribution as described in the Conveyancing Agreement.

7. Indemnity. Developer is covering a proportional share of the Carry Cost of the 157 Acre Site as set forth in the Conveyancing Agreement and pays for defense of any challenges to Project entitlements, as provided in Article 13.

Closure and Postclosure Landfill Remediation

In January 2017, the Reclamation Authority, in order to prepare for the commencement of the development of the 157-acre site it currently owns, entered into a series of agreements that ultimately transferred the responsibility for landfill closure and postclosure costs related to the former Cal Compact Landfill which had been operating on the 157-acre site. As a result, the Reclamation Authority has the commitments described below.

NOTE 17 - DISCRETELY PRESENTED RECLAMATION AUTHORITY COMMITMENTS (CONTINUED)

CAM-CARSON, LLC (CONTINUED)

Closure and Postclosure Landfill Remediation (Continued)

Pursuant to an enterprise fund administration agreement with the California Department of Toxic Substances Control (the DTSC), the Reclamation Authority established a separate investment account to receive contributions of $31,367,397 that came from the termination of a trust that had held funds for the purpose of landfill closure and postclosure activity on the 157-acre site. The investment account is comprised of two subaccounts: one for funding designated to remediation work (closure activity) and one for funding designated to operating and maintenance work (postclosure activity). The Reclamation Authority must submit payment requests and detailed supporting documentation to the DTSC in order to utilize these funds for their intended purpose.

As a result of the compliance requirements established by the DTSC, the balance in this investment account at fiscal year-end is reported as restricted cash and investments on the statement of net position.

Pursuant to a release and commutation agreement, the Reclamation Authority also received contributions of $7,180,811 for the purpose of landfill closure and postclosure activities from an insurance policy that the former party responsible for the landfill closure and postclosure costs had established.

The landfill closure and postclosure activity for the former landfill site is regulated by the following documents:

1. State of California, Environmental Protection Agency, Department of Toxic Substances Control, Remedial Action Order and Consent Order pursuant to Health and Safety Code Sections 25355.5(a)(1)(B) and 25355.5(a)(1)(C), Docket No. HSA 94/95-035, issued to Respondent BKK Corporation, dated May 25, 1995.
2. Final Remedial Action Plan, Cal Compact Landfill (Upper Operable Unit), Carson, California, submitted by BKK Corporation, dated October 1995.
3. Consent Decree Resolving Claims Against BKK Corporation, in the case styled as *The California Department of Toxic Substances Control v. Commercial Realty Projects, Inc. et al.*, in the United States District Court for the Central District of California, dated February 4, 2004.
4. Final Remedial Action Plan for Lower Operable Unit, Cal Compact Landfill, Carson, California, prepared by URS Corporation, dated January 2005.

NOTE 17 - DISCRETELY PRESENTED RECLAMATION AUTHORITY COMMITMENTS (CONTINUED)

CAM-CARSON, LLC (CONTINUED)

Closure and Postclosure Landfill Remediation (Continued)

5. Compliance Framework Agreement by and between the California Department of Toxic Substances Control, the Hazardous Waste Control Account and the Hazardous Substances Account, on the one hand, and Carson Marketplace LLC on the other hand, dated September 28, 2006.
6. First Amendment to the Compliance Framework Agreement by and between the California Department of Toxic Substances Control, the Hazardous Waste Control Account and the Hazardous Substances Account, on the one hand, and Carson Marketplace LLC on the other hand, dated December 31, 2007.
7. Assignment and Assumption Agreement by and among the California Department of Toxic Substances Control, Carson Marketplace, LLC and Carson Reclamation Authority dated as of May 18, 2015.

Management of the Reclamation Authority has reevaluated the estimated total current costs of remaining landfill closure and postclosure activities as of fiscal year-end as follows:

Landfill Closure

Cell 1	$ 10,650,000
Cell 2	42,200,000
Cell 3, 4, 5	18,700,000
Subtotal	71,550,000
Operation and Maintenance of Landfill Systems (2)	7,270,000
Other Soft Costs	5,480,000
Total Estimated Costs	$ 84,300,000

(1) Estimated landfill closure costs include completion of the installation of a landfill cap and the construction of a landfill gas collection, control and treatment system.

(2) Estimate is for only five years. Once properties have been developed, the existing Community Facilities Districts will be assessing the land owners to cover subsequent operating and maintenance costs of the landfill systems.

NOTE 18 - PRIOR PERIOD ADJUSTMENT

Restatement of Government-Wide financial statements' net position as of July 1, 2017 is as follows:

	Governmental Activities
Net position at July 1, 2017, as originally reported	$ 341,541,004
Implementation of GASB Statement 75 to record the net OPEB liability as of the beginning of the year	(33,426,196)
Net position at July 1, 2017, as restated	$ 308,114,808

NOTE 19 - SUBSEQUENT EVENTS

Events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosure as of June 27, 2019, which is the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARSON, CALIFORNIA
INCORPORATED FEB 20, 1968
FUTURE UNLIMITED

CITY OF CARSON

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

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:				
Service cost	$ 4,806,568	$ 4,558,044	$ 4,326,829	$ 4,634,164
Interest on total pension liability	19,276,794	18,605,765	17,550,999	16,199,814
Changes in benefits	-	-	-	-
Changes in assumptions	15,778,040	-	(4,237,527)	-
Differences between expected and actual experience	(923,400)	2,148,324	6,597,837	-
Benefit payments, including refunds of employee contributions	(12,569,527)	(10,930,075)	(9,777,863)	(9,448,777)
Net Change in Total Pension Liability	26,368,475	14,382,058	14,460,275	11,385,201
Total Pension Liability - Beginning of Year	258,632,353	244,250,295	229,790,020	218,404,819
Total Pension Liability - End of Year (a)	$ 285,000,828	$ 258,632,353	$ 244,250,295	$ 229,790,020
Plan Fiduciary Net Position:				
Plan to plan resource movement	$ -	$ -	$ (228,538)	$ -
Contributions - employer	6,899,003	6,254,187	5,746,641	6,276,475
Contributions - employee	2,015,333	2,155,129	2,169,417	2,460,111
Net investment income	18,521,130	1,013,852	3,717,143	25,449,700
Benefit payments	(12,569,527)	(10,930,075)	(9,777,863)	(9,448,777)
Administrative expense	(248,333)	(103,489)	(191,232)	-
Net Change in Plan Fiduciary Net Position	14,617,606	(1,610,396)	1,435,568	24,737,509
Plan Fiduciary Net Position - Beginning of Year	168,198,176	169,808,572	168,373,004	143,635,495
Plan Fiduciary Net Position - End of Year (b)	$ 182,815,782	$ 168,198,176	$ 169,808,572	$ 168,373,004
Net Pension Liability - Ending (a)-(b)	$ 102,185,046	$ 90,434,177	$ 74,441,723	$ 61,417,016
Plan fiduciary net position as a percentage of the total pension liability	64.15%	65.03%	69.52%	73.27%
Covered - employee payroll	$ 24,600,653	$ 23,931,419	$ 23,784,241	$ 23,683,572
Net pension liability as percentage of covered- employee payroll	415.38%	377.89%	312.99%	259.32%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 to June 30, 2016:
GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.
From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.
From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

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

CITY OF CARSON

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

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 7,471,529	$ 6,884,001	$ 6,258,247	$ 5,746,641
Contributions in relation to the actuarially determined contributions	(7,471,529)	(6,884,001)	(6,258,247)	(5,746,641)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 22,809,163	$ 24,600,653	$ 23,931,419	$ 23,784,241
Contributions as a percentage of covered - employee payroll	32.76%	27.98%	26.15%	24.16%

Notes to Schedule:

Valuation Date	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 years (2.7% @55), 52 years (2.0%@62)**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

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

** - The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal years ended June 30, 2015, 2016, and 2017 respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

CITY OF CARSON

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	6/30/2018
Measurement date	6/30/2017
Total OPEB Liability:	
Service cost	$ 2,296,140
Interest on total OPEB liability	3,150,579
Benefit payments, including refunds and the implied subsidy benefit payments	(2,074,858)
Net Change in Total OPEB Liability	3,371,861
Total OPEB Liability - Beginning of Year	72,872,563
Total OPEB Liability - End of Year (a)	76,244,424
Plan Fiduciary Net Position:	
Contributions - employer	1,409,106
Net investment income	1,757,999
Administrative expenses	(8,868)
Benefit payments, including refunds and the implied subsidy benefit payments	(2,074,858)
Net Change in Plan Fiduciary Net Position	1,083,379
Plan Fiduciary Net Position - Beginning of Year	16,602,739
Plan Fiduciary Net Position - End of Year (b)	17,686,118
Net OPEB Liability - Ending (a)-(b)	$ 58,558,306
Plan fiduciary net position as a percentage of the total OPEB liability	23.20%
Covered-employee payroll	$ 22,132,875
Net OPEB liability as percentage of covered - employee payroll	264.58%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The fiscal year ended June 30, 2018 is the first year of implementation; therefore, there are no previous GASB 75 actuarial reports for comparison.

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

CITY OF CARSON

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years*

	June 30, 2018
Actuarially determined contribution	$ 5,128,216
Contributions in relation to the actuarially determined contribution	555,912
Contribution deficiency (excess)	$ 4,572,304
Covered-employee payroll	$ 22,542,046
Contributions as a percentage of covered-employee payroll	2.47%

Notes to Schedule:

Valuation Date	June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount Rate	4.25%
Inflation	2.75%
Projected Salary Increase	3.00% per annum, in aggregate
Expected long-term Investment Rate of Return	7.00%
Medical Trend	6.0% HMO/6.5% PPO, decreasing to a half a percent per year to 5%
Mortality	Derived from CalPERS pension plan information
Mortality Improvement	Derived from CalPERS pension plan information

*Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

GENERAL FUND

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

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

City Council
Local legislative policy

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

City Clerk
Records management
Preparation of minutes
Codification of municipal code
Elections

City Treasurer
Investments
Cash management
Cashiering

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

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

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

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

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

Non-Departmental
Retiree health insurance
Program support

CARSON HOUSING AUTHORITY SPECIAL REVENUE FUND

The Carson Housing Authority Special Revenue Fund accounts for assets used for low/moderate income housing activities in accordance with the applicable housing-related regulations. The housing assets of the dissolved redevelopment agency's Low and Moderate Income Housing Fund were transferred to Carson Housing Authority.

COOPERATION AGREEMENT BOND PROCEEDS SPECIAL REVENUE FUND

The Cooperation Agreement Bond Proceeds Special Revenue Fund accounts for unspent bond proceeds transferred to the City from the Successor Agency to the Dissolved Carson Redevelopment Agency (Successor Agency) in accordance with the Cooperation Agreement entered into by and between the City and the Successor Agency. Expenditures of the bond proceeds pursuant to the original bond covenants are reported in this fund.

STATE CIP GRANTS SPECIAL REVENUE FUND

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

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes:				
Sales and use tax	$ 24,397,018	$ 24,397,018	$ 24,439,171	$ 42,153
Franchise tax	8,522,750	8,522,750	9,094,861	572,111
Property tax allocation from state	15,668,000	15,668,000	15,331,160	(336,840)
Transient occupancy tax	2,200,000	2,200,000	2,242,192	42,192
Utility users tax	7,650,000	7,650,000	8,129,186	479,186
Real property transfer tax	330,000	330,000	370,939	40,939
Oil industry business tax	-	-	1,556,740	1,556,740
Total Taxes	58,767,768	58,767,768	61,164,249	2,396,481
Licenses and Permits:				
Business licenses	2,705,400	2,705,400	2,915,618	210,218
Building permits	3,500,000	3,500,000	6,926,822	3,426,822
Other licenses and permits	1,236,685	1,236,685	1,434,661	197,976
Total Licenses and Permits	7,442,085	7,442,085	11,277,101	3,835,016
Fines and Forfeitures:				
Traffic and parking fines	1,384,000	1,384,000	1,286,845	(97,155)
Other fines, forfeitures and penalties	360,193	360,193	423,485	63,292
Total Fines and Forfeitures	1,744,193	1,744,193	1,710,330	(33,863)
Intergovernmental:				
Motor vehicle licenses	40,000	40,000	49,309	9,309
Other intergovernmental	300,800	300,800	73,241	(227,559)
Total Intergovernmental	340,800	340,800	122,550	(218,250)
Charges for Services:				
Planning and public works	1,276,280	1,276,280	860,735	(415,545)
Recreation	2,696,820	2,696,820	2,134,492	(562,328)
Other service charges	638,483	638,483	132,242	(506,241)
Total Charges for Services	4,611,583	4,611,583	3,127,469	(1,484,114)
Investment Income:				
Interest on investments	199,123	199,123	190,310	(8,813)
Rents and commissions	514,368	514,368	672,701	158,333
Community Center revenue	912,780	912,780	1,027,633	114,853
Total Investment Income	1,626,271	1,626,271	1,890,644	264,373
Miscellaneous	1,776,009	1,776,009	15,209,674	13,433,665
TOTAL REVENUES	76,308,709	76,308,709	94,502,017	18,193,308

(Continued)

See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
EXPENDITURES:				
Current:				
General Government:				
City Council	$ 900,035	$ 900,035	$ 864,260	$ 35,775
City Attorney	3,070,000	3,070,000	2,859,343	210,657
Human Resources	2,622,049	2,589,819	2,299,125	290,694
Non-Departmental	9,105,898	9,105,898	9,254,059	(148,161)
City Clerk	1,015,032	953,032	885,590	67,442
City Treasurer	751,372	750,872	739,833	11,039
City Manager	4,094,036	3,826,186	3,861,771	(35,585)
Administrative services	3,744,829	3,649,829	3,440,321	209,508
Total General Government	25,303,251	24,845,671	24,204,302	641,369
Community Development	6,210,413	6,110,413	4,773,761	1,336,652
Public Safety	22,160,047	21,953,116	21,265,535	687,581
Public Works	16,069,266	15,936,879	14,788,704	1,148,175
Community Services	12,859,464	12,725,125	11,938,353	786,772
Capital Improvement Programs	322,083	322,083	527,150	(205,067)
TOTAL EXPENDITURES	60,764,477	59,940,171	77,497,805	3,707,901
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,544,232	16,368,538	17,004,212	21,901,209
OTHER FINANCING SOURCES (USES):				
Transfers in	20,301	20,301	4,222	(16,079)
Transfers out	(487,000)	(487,000)	(751,467)	(264,467)
TOTAL OTHER FINANCING SOURCES (USES)	(466,699)	(466,699)	(747,245)	(280,546)
NET CHANGE IN FUND BALANCE	15,077,533	15,901,839	16,256,967	21,620,663
FUND BALANCE - BEGINNING OF YEAR	18,963,002	18,963,002	18,963,002	-
FUND BALANCE - END OF YEAR	$ 34,040,535	$ 34,864,841	$ 35,219,969	$ 21,620,663

See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE

CARSON HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Licenses and permits	$ -	$ -	$ 1,000	$ 1,000
Investment income	178,255	178,255	228,661	50,406
Miscellaneous	-	-	121,383	121,383
TOTAL REVENUES	178,255	178,255	351,044	172,789
EXPENDITURES:				
Current:				
Community development	10,562,103	11,121,326	18,800,066	(7,678,740)
TOTAL EXPENDITURES	10,562,103	11,121,326	18,800,066	(7,678,740)
NET CHANGE IN FUND BALANCE	(10,383,848)	(10,943,071)	(18,449,022)	(7,505,951)
FUND BALANCE - BEGINNING OF YEAR	23,595,980	23,595,980	23,595,980	-
FUND BALANCE - END OF YEAR	$ 13,212,132	$ 12,652,909	$ 5,146,958	$ (7,505,951)

See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE

COOPERATION AGREEMENT BOND PROCEEDS SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 77,188	$ 77,188	$ 29,645	$ (47,543)
TOTAL REVENUES	77,188	77,188	29,645	(47,543)
EXPENDITURES:				
Current:				
Capital improvement programs	7,114,294	7,915,042	7,291,751	623,291
TOTAL EXPENDITURES	7,114,294	7,915,042	7,291,751	623,291
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,037,106)	(7,837,854)	(7,262,106)	575,748
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	141,177	141,177
TOTAL OTHER FINANCING SOURCES (USES)	-	-	141,177	141,177
NET CHANGE IN FUND BALANCE	(7,037,106)	(7,837,854)	(7,120,929)	716,925
FUND BALANCE - BEGINNING OF YEAR	9,400,111	9,400,111	9,400,111	-
FUND BALANCE - END OF YEAR	$ 2,363,005	$ 1,562,257	$ 2,279,182	$ 716,925

See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE

STATE CIP GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 342,915	$ 342,915	$ 3,302,430	$ 2,959,515
TOTAL REVENUES	342,915	342,915	3,302,430	2,959,515
EXPENDITURES:				
Current:				
Capital improvement programs	12,499,706	3,056,927	2,704,513	352,414
TOTAL EXPENDITURES	12,499,706	3,056,927	2,726,142	330,785
NET CHANGE IN FUND BALANCE	(12,156,791)	(2,714,012)	576,288	3,290,300
FUND BALANCE - BEGINNING OF YEAR	(2,067,793)	(2,067,793)	(2,067,793)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ (14,224,584)	$ (4,781,805)	$ (1,491,505)	$ 3,290,300

See note to required supplementary information.

NOTE 1 - BUDGETARY CONTROL AND ACCOUNTING

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

- Early in the calendar year, the Directors prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget.

- The City Manager submits the proposed budget to the City Council for the subsequent fiscal year. The operating budget includes both the sources and types of funds for the proposed expenditures. The City Council and staff meet in budget workshops in order to relate requests with available resources.

- Public hearings are conducted to obtain taxpayer comments on the proposed budget being adopted. Pursuant to provisions of the Carson Municipal Code, the General Fund budget must be adopted no later than July 20 of the new fiscal year. The budget is legally enacted through passage of a resolution.

- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council. The budget is generally amended during the fiscal year to reflect adjustments, as authorized by the City Council. Expenditures may not legally exceed appropriations at the fund level.

- Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts are recorded during the year as encumbrances in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are treated as a reservation of fund balance since they do not constitute expenditures or liabilities.

- It is the practice of the City to give Finance staff some discretion with respect to budget amounts for year-end purposes.

Budgeted amounts are reported on the same basis of accounting as the fund types they relate to (modified-accrual) and adopted on a basis consistent with accounting principles generally accepted in the United States of America. All unexpended appropriations expire at year-end and if warranted are reappropriated in the next budget cycle. Annual budgets are prepared for all governmental fund types expected to have activity during the fiscal year. No budgets were adopted for the Asset Forfeiture Special Revenue Fund, the Proposition 1B Special Revenue Fund, the HOME Grant Special Revenue Fund, the Development Impact Fees Special Revenue Fund, and the SB1 Special Revenue Fund.

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SUPPLEMENTARY INFORMATION

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON, CALIFORNIA
INCORPORATED FEB 20, 1968
FUTURE UNLIMITED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The **State Grant Funds** represent four funds used for specific community programs. The Beverage Container Recycling Fund is used for the effective disposal of recyclable containers while preserving the environment. The State COPS Grant Fund is used to provide a Community Oriented Policing program. The Used Oil State Grant Fund is used to increase public awareness of the benefits of recycling oil. The Proposition 1 B passed in 2006, is also dedicated to the reduction of traffic congestion and increase in traffic safety.

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

The Building Plan Retention Fund accounts for building plan maintenance and retention fees imposed by the County. The fees must be used to maintain an official copy of plans for every building in the City, during the life of the building.

The Facility Maintenance Fund accounts for the 10% surcharge on the Community Center and Park Facility rental fees.

The Load Shed Program Fund accounts for revenues received by the City from Southern California Edison for participating on the Load Shed Program. As part of the Load Shed Program Southern California Edison will notify the City of peak usage times and the City will turn off lights for 1 hour during peak usage.

The Public Education and Government Access (PEG) Fund accounts for fees that are restricted to broadcasting.

The Raised Median In-Lieu Fund accounts for fees collected from development in-lieu and is restricted for construction of raised medians.

The Development Impact Fees Fund accounts for the revenues collected from the various development impact fees. Fees are levied against new development within the City in order to pay for construction or improvement of public facilities as a result of City growth.

The Utility Underground In-Lieu Fund accounts for undergrounding of utility lines funded by a development in-lieu fee.

The SB1 Fund accounts for revenues and expenditures of the Road Maintenance and Rehabilitation Account under the SB1 Road Repair and accountability Act of 2017.

The State Local Transportation funded by federal and/or California Department of Transportation (CalTrans) accounts for revenues and expenditures of projects that provide safe, sustainable, and efficient transportation needs (carpools, bike lanes, etc.).

The Measure M Fund accounts for the half-cent sales tax and continued half-cent relief tax partially distributed to cities approved by the Los Angeles County voters in November 2017 to fund transportation needs.

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CITY OF CARSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

June 30, 2018

	Asset Forfeiture Fund	State Gas Tax Fund	TDA Article 3 Fund	Proposition A Local Return Fund	Proposition C Local Return Fund
ASSETS					
Cash and investments	$ 78	$ 812,812	$ -	$ 153,620	$ 1,228,193
Receivables:					
Loans, net of allowance	-	-	-	-	-
Due from other funds	-	5,050	-	-	-
Due from government agencies	-	-	-	201,251	-
TOTAL ASSETS	$ 78	$ 817,862	$ -	$ 354,871	$ 1,228,193
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	$ -	$ 310,978	$ -	$ 215,803	$ 804,400
Accrued payroll	-	8,019	-	16,484	1,296
Due to other funds	-	-	-	-	-
Due to government agencies	-	-	-	-	-
Retentions payable	-	-	-	4,142	-
TOTAL LIABILITIES	-	318,997	-	236,429	805,696
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	-	-	-	-	-
FUND BALANCES (DEFICIT):					
Restricted	78	498,865	-	118,442	422,497
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	78	498,865	-	118,442	422,497
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 78	$ 817,862	$ -	$ 354,871	$ 1,228,193

Air Quality Improvement Fund	Capital Asset Replacement Fund	Measure R Fund	Restricted Administrative Tow Fee Fund	Youth Services Program Fund	City Special Events Fund
$ 502,666	$ 939,185	$ 2,123,096	$ 118,008	$ 51,232	$ 176,262
-	-	-	-	-	-
-	-	-	-	-	-
30,840	-	-	3,200	-	-
$ 533,506	$ 939,185	$ 2,123,096	$ 121,208	$ 51,232	$ 176,262
$ 117	$ 5,961	$ 1,484	$ 20,728	$ -	$ 7,148
-	-	218	-	-	12,392
-	-	189,349	-	-	-
-	-	-	-	-	-
-	-	330	-	-	-
117	5,961	191,381	20,728	-	19,540
-	-	-	-	-	-
533,389	933,224	1,931,715	100,480	51,232	156,722
-	-	-	-	-	-
533,389	933,224	1,931,715	100,480	51,232	156,722
$ 533,506	$ 939,185	$ 2,123,096	$ 121,208	$ 51,232	$ 176,262

(Continued)

CITY OF CARSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)

June 30, 2018

	MTA Call for Projects Fund	Park Development Fund	Los Angeles County Park District Fund	Beverage Container Recycling Fund	State COPS Grant Fund
ASSETS					
Cash and investments	$ 1,388,417	$ 841,012	$ -	$ 42,609	$ 104,252
Receivables:					
Loans, net of allowance	-	-	-	-	-
Due from other funds	-	703	-	-	-
Due from government agencies	224,734	-	716,527	-	-
TOTAL ASSETS	$ 1,613,151	$ 841,715	$ 716,527	$ 42,609	$ 104,252
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	$ -	$ 92,585	$ 77,465	$ 14,836	$ -
Accrued payroll	-	-	-	-	-
Due to other funds	768,454	-	584,252	-	-
Due to government agencies	-	-	-	-	-
Retentions payable	612	-	1	-	-
TOTAL LIABILITIES	769,066	92,585	661,718	14,836	-
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	31,376	-	716,527	-	-
FUND BALANCES (DEFICIT):					
Restricted	812,709	749,130	-	27,773	104,252
Unassigned	-	-	(661,718)	-	-
TOTAL FUND BALANCES (DEFICIT)	812,709	749,130	(661,718)	27,773	104,252
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,613,151	$ 841,715	$ 716,527	$ 42,609	$ 104,252

Used Oil State Grant Fund	Proposition 1B Fund	Family Support Grant Fund	HOME Grant Fund	Community Development Block Grant Fund	Federal Highway Planning Grant Fund	Workforce Investment Act (WIA) Grant Fund
$ 32,460	$ -	$ -	$ -	$ -	$ 603,509	$ 954
-	-	-	371,546	-	-	-
-	-	-	-	243	-	-
-	-	13,541	-	552,903	6,042	-
$ 32,460	$ -	$ 13,541	$ 371,546	$ 553,146	$ 609,551	$ 954
$ 3,100	$ -	$ -	$ -	$ 358,500	$ -	$ -
-	-	2,448	-	6,411	-	138
-	3,574	5,997	1,053	42,616	662,656	717
-	-	-	371,546	-	-	-
-	-	-	-	-	-	-
3,100	3,574	8,445	372,599	407,527	662,656	855
-	-	-	-	552,903	-	-
29,360	-	5,096	-	-	-	99
-	(3,574)	-	(1,053)	(407,284)	(53,105)	-
29,360	(3,574)	5,096	(1,053)	(407,284)	(53,105)	99
$ 32,460	$ -	$ 13,541	$ 371,546	$ 553,146	$ 609,551	$ 954

(Continued)

CITY OF CARSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)

June 30, 2018

	Neighborhood Stabilization Grant Fund	Building Plan Retention Fund	Facility Maintenance Fund	Load Shed Program Fund	Public Education and Government Access (PEG) Fund
ASSETS					
Cash and investments	$ 316,216	$ 253,061	$ 24,907	$ 302,155	$ 610,489
Receivables:					
Loans, net of allowance	165,000	-	-	-	-
Due from other funds	-	-	-	-	-
Due from government agencies	-	-	-	-	-
TOTAL ASSETS	$ 481,216	$ 253,061	$ 24,907	$ 302,155	$ 610,489
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	$ -	$ -	$ 4	$ -	$ 90,226
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to government agencies	165,000	-	-	-	-
Retentions payable	-	-	-	-	-
TOTAL LIABILITIES	165,000	-	4	-	90,226
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	-	-	-	-	-
FUND BALANCES (DEFICIT):					
Restricted	316,216	253,061	24,903	302,155	520,263
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	316,216	253,061	24,903	302,155	520,263
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 481,216	$ 253,061	$ 24,907	$ 302,155	$ 610,489

Raised Median In-Lieu Fund	Development Impact Fees Fund	Utility Underground In-Lieu Fund	SB1 Fund	State Local Transportation Fund	Measure M Fund	Total Nonmajor Governmental Funds
$ 233,114	$ 1,688,872	$ 1,327,790	$ 350,347	$ -	$ 943,435	$ 15,168,751
-	-	-	-	-	-	536,546
-	-	-	-	-	-	5,996
-	-	-	198,571	-	-	1,947,609
$ 233,114	$ 1,688,872	$ 1,327,790	$ 548,918	$ -	$ 943,435	$ 17,658,902
$ -	$ -	$ -	$ 496,973	$ -	$ 52,321	$ 2,552,629
-	-	-	-	-	3,184	50,590
-	-	-	-	-	-	2,258,668
-	-	-	-	-	-	536,546
-	-	-	-	-	-	5,085
-	-	-	496,973	-	55,505	5,403,518
-	-	-	-	-	-	1,300,806
233,114	1,688,872	1,327,790	51,945	-	887,930	12,081,312
-	-	-	-	-	-	(1,126,734)
233,114	1,688,872	1,327,790	51,945	-	887,930	10,954,578
$ 233,114	$ 1,688,872	$ 1,327,790	$ 548,918	$ -	$ 943,435	$ 17,658,902

CITY OF CARSON

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

For the year ended June 30, 2018

	Asset Forfeiture Fund	State Gas Tax Fund	TDA Article 3 Fund	Proposition A Local Return Fund	Proposition C Local Return Fund
REVENUES:					
Taxes	$ -	$ 1,958,778	$ -	$ 1,753,276	$ 1,451,160
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	22,749	200,796	-
Charges for services	-	-	-	-	-
Investment income	-	3,239	-	667	4,846
Developer impact fee	-	-	-	-	-
Miscellaneous	-	117,082	-	119,512	57,880
TOTAL REVENUES	-	2,079,099	22,749	2,074,251	1,513,886
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Public works	-	-	-	-	-
Community services	-	-	-	2,016,088	1,320,219
Capital improvement programs	-	2,077,089	6,915	-	546,570
TOTAL EXPENDITURES	-	2,077,089	6,915	2,016,088	1,866,789
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	2,010	15,834	58,163	(352,903)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	2,010	15,834	58,163	(352,903)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	78	496,855	(15,834)	60,279	775,400
FUND BALANCES (DEFICIT) - END OF YEAR	$ 78	$ 498,865	$ -	$ 118,442	$ 422,497

Air Quality Improvement Fund	Capital Asset Replacement Fund	Measure R Fund	Restricted Administrative Tow Fee Fund	Youth Services Program Fund	City Special Events Fund
$ -	$ -	$ 1,089,253	$ -	$ -	$ -
-	-	-	43,840	-	-
120,356	-	-	-	-	-
-	-	-	-	-	241,285
1,982	-	12,875	465	-	-
-	-	-	-	-	-
-	-	-	-	-	15,719
122,338	-	1,102,128	44,305	-	257,004
-	-	-	1,901	-	478,017
-	-	-	-	-	-
-	-	14,310	-	-	-
29,132	-	-	42,359	-	-
-	248,762	1,142,719	-	-	-
29,132	248,762	1,157,029	44,260	-	478,017
93,206	(248,762)	(54,901)	45	-	(221,013)
-	-	-	-	-	503,029
-	-	-	-	-	-
-	-	-	-	-	503,029
93,206	(248,762)	(54,901)	45	-	282,016
440,183	1,181,986	1,986,616	100,435	51,232	(125,294)
$ 533,389	$ 933,224	$ 1,931,715	$ 100,480	$ 51,232	$ 156,722

(Continued)

CITY OF CARSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

For the year ended June 30, 2018

	MTA Call for Projects Fund	Park Development Fund	Los Angeles County Park District Fund	Beverage Container Recycling Fund
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,853,492	-	-	-
Charges for services	-	-	-	-
Investment income	-	3,315	-	168
Developer impact fee	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	1,853,492	3,315	-	168
EXPENDITURES:				
Current:				
General government	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	31,488
Community services	-	-	-	-
Capital improvement programs	705,743	106,945	77,464	-
TOTAL EXPENDITURES	705,743	106,945	77,464	31,488
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,147,749	(103,630)	(77,464)	(31,320)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	1,147,749	(103,630)	(77,464)	(31,320)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	(335,040)	852,760	(584,254)	59,093
FUND BALANCES (DEFICIT) - END OF YEAR	$ 812,709	$ 749,130	$ (661,718)	$ 27,773

State COPS Grant Fund	Used Oil State Grant Fund	Proposition 1B Fund	Family Support Grant Fund	HOME Grant Fund	Community Development Block Grant Fund	Federal Highway Planning Grant Fund	Workforce Investment Act (WIA) Grant Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
143,322	25,239	21,636	63,888	-	225,171	974,174	64,965
-	-	-	-	-	-	-	-
411	128	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-		-	-	-	122,057	-	-
143,733	25,367	21,636	63,888	-	347,228	974,174	64,965
-	-	-	-	-	-	-	-
-	-	-	-	1,053	1,197,606	-	-
-	14,194	-	-	-	-	-	-
144,999	-	-	65,345	-	-	-	64,967
-	-	75	-	-	-	685,468	-
144,999	14,194	75	65,345	1,053	1,197,606	685,468	64,967
(1,266)	11,173	21,561	(1,457)	(1,053)	(850,378)	288,706	(2)
-	372	-	-	-	-	36,386	-
-	(4,222)	-	-	-	-	(141,177)	-
-	(3,850)	-	-	-	-	(104,791)	-
(1,266)	7,323	21,561	(1,457)	(1,053)	(850,378)	183,915	(2)
105,518	22,037	(25,135)	6,553	-	443,094	(237,020)	101
$ 104,252	$ 29,360	$ (3,574)	$ 5,096	$ (1,053)	$ (407,284)	$ (53,105)	$ 99

(Continued)

CITY OF CARSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

For the year ended June 30, 2018

	Neighborhood Stabilization Grant Fund	Building Plan Retention Fund	Facility Maintenance Fund	Load Shed Program Fund
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	24,903	-
Investment income	1,247	-	-	-
Developer impact fee	-	-	-	-
Miscellaneous	-	11,203	-	70,635
TOTAL REVENUES	1,247	11,203	24,903	70,635
EXPENDITURES:				
Current:				
General government	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Community services	-	-	-	-
Capital improvement programs	-	-	-	122,047
TOTAL EXPENDITURES	-	-	-	122,047
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,247	11,203	24,903	(51,412)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	1,247	11,203	24,903	(51,412)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	314,969	241,858	-	353,567
FUND BALANCES (DEFICIT) - END OF YEAR	$ 316,216	$ 253,061	$ 24,903	$ 302,155

Public Education and Government Access (PEG) Fund	Raised Median In-Lieu Fund	Development Impact Fees Fund	Utility Underground In-Lieu Fund	SB1 Fund	State Local Transportation Fund	Measure M Fund	Total Nonmajor Governmental Funds
$ 92,695	$ -	$ -	$ -	$ 548,918	$ -	$ 987,112	$ 7,881,192
-	-	-	-	-	-	-	43,840
-	-	-	-	-	-	-	3,715,788
-	-	-	-	-	58,340	-	324,528
-	-	-	-	-	-	3,770	33,113
-	-	1,688,872	-	-	-	-	1,688,872
-	-	-	-	-	-	-	514,088
92,695	-	1,688,872	-	548,918	58,340	990,882	14,201,421
18,779	-	-	-	-	-	-	498,697
-	-	-	-	-	-	-	1,198,659
-	-	-	-	-	58,340	50,285	168,617
-	-	-	-	-	-	-	3,683,109
95,489	-	-	-	496,973	-	52,667	6,364,926
114,268	-	-	-	496,973	58,340	102,952	11,914,008
(21,573)	-	1,688,872	-	51,945	-	887,930	2,287,413
-	-	-	211,680	-	-	-	751,467
-	-	-	-	-	-	-	(145,399)
-	-	-	211,680	-	-	-	606,068
(21,573)	-	1,688,872	211,680	51,945	-	887,930	2,893,481
541,836	233,114	-	1,116,110	-	-	-	8,061,097
$ 520,263	$ 233,114	$ 1,688,872	$ 1,327,790	$ 51,945	$ -	$ 887,930	$ 10,954,578

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 2,620,226	$ 1,970,648	$ 1,958,778	$ (11,870)
Investment income	-	-	3,239	3,239
Miscellaneous	-	-	117,082	117,082
TOTAL REVENUES	2,620,226	1,970,648	2,079,099	108,451
EXPENDITURES:				
Capital improvement programs	2,558,903	2,438,903	2,077,089	361,814
TOTAL EXPENDITURES	2,558,903	2,438,903	2,077,089	361,814
NET CHANGE IN FUND BALANCE	61,323	(468,255)	2,010	470,265
FUND BALANCE - BEGINNING OF YEAR	496,855	496,855	496,855	-
FUND BALANCE - END OF YEAR	$ 558,178	$ 28,600	$ 498,865	$ 470,265

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 61,054	$ 61,054	$ 22,749	$ (38,305)
TOTAL REVENUES	61,054	61,054	22,749	(38,305)
EXPENDITURES:				
Capital improvement programs	-	-	6,915	(6,915)
TOTAL EXPENDITURES	-	-	6,915	(6,915)
NET CHANGE IN FUND BALANCE	61,054	61,054	15,834	(45,220)
FUND BALANCE - BEGINNING OF YEAR	(15,834)	(15,834)	(15,834)	-
FUND BALANCE - END OF YEAR	$ 45,220	$ 45,220	$ -	$ (45,220)

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 1,743,783	$ 1,743,783	$ 1,753,276	$ 9,493
Intergovernmental	209,398	209,398	200,796	(8,602)
Investment income	1,677	1,677	667	(1,010)
Miscellaneous	128,719	128,719	119,512	(9,207)
TOTAL REVENUES	2,083,577	2,083,577	2,074,251	(9,326)
EXPENDITURES:				
Current:				
Community services	2,198,427	2,173,427	2,016,088	157,339
Capital improvement programs	30,000	-	-	-
TOTAL EXPENDITURES	2,228,427	2,173,427	2,016,088	157,339
NET CHANGE IN FUND BALANCE	(144,850)	(89,850)	58,163	148,013
FUND BALANCE - BEGINNING OF YEAR	60,279	60,279	60,279	-
FUND BALANCE - END OF YEAR	$ (84,571)	$ (29,571)	$ 118,442	$ 148,013

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 1,446,422	$ 1,446,422	$ 1,451,160	$ 4,738
Investment income	5,189	5,189	4,846	(343)
Miscellaneous	46,100	46,100	57,880	11,780
TOTAL REVENUES	1,497,711	1,497,711	1,513,886	16,175
EXPENDITURES:				
Current:				
Community services	1,292,724	1,142,724	1,320,219	(177,495)
Capital improvement programs	590,000	-	546,570	(546,570)
TOTAL EXPENDITURES	1,882,724	1,142,724	1,866,789	(724,065)
NET CHANGE IN FUND BALANCE	(385,013)	354,987	(352,903)	(707,890)
FUND BALANCE - BEGINNING OF YEAR	775,400	775,400	775,400	-
FUND BALANCE - END OF YEAR	$ 390,387	$ 1,130,387	$ 422,497	$ (707,890)

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 116,000	$ 116,000	$ 120,356	$ 4,356
Investment income	477	477	1,982	1,505
TOTAL REVENUES	116,477	116,477	122,338	5,861
EXPENDITURES:				
Current:				
Community services	28,500	28,500	29,132	(632)
Capital improvement programs	302,975	150,000	-	150,000
TOTAL EXPENDITURES	331,475	178,500	29,132	149,368
NET CHANGE IN FUND BALANCE	(214,998)	(62,023)	93,206	155,229
FUND BALANCE - BEGINNING OF YEAR	440,183	440,183	440,183	-
FUND BALANCE - END OF YEAR	$ 225,185	$ 378,160	$ 533,389	$ 155,229

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 8,820	$ 8,820	$ -	$ (8,820)
Miscellaneous	17,000	17,000	-	(17,000)
TOTAL REVENUES	25,820	25,820	-	(25,820)
EXPENDITURES:				
Capital improvement programs	1,017,026	662,109	248,762	413,347
TOTAL EXPENDITURES	1,017,026	662,109	248,762	413,347
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(991,206)	(636,289)	(248,762)	387,527
NET CHANGE IN FUND BALANCE	(991,206)	(636,289)	(248,762)	387,527
FUND BALANCE - BEGINNING OF YEAR	1,181,986	1,181,986	1,181,986	-
FUND BALANCE - END OF YEAR	$ 190,780	$ 545,697	$ 933,224	$ 387,527

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 1,084,839	$ 1,084,839	$ 1,089,253	$ 4,414
Investment income	1,144	1,144	12,875	11,731
TOTAL REVENUES	1,085,983	1,085,983	1,102,128	16,145
EXPENDITURES:				
Current:				
Public works	164,010	164,010	14,310	149,700
Capital improvement programs	2,633,112	1,155,233	1,142,719	12,514
TOTAL EXPENDITURES	2,797,122	1,319,243	1,157,029	162,214
NET CHANGE IN FUND BALANCE	(1,711,139)	(233,260)	(54,901)	178,359
FUND BALANCE - BEGINNING OF YEAR	1,986,616	1,986,616	1,986,616	-
FUND BALANCE - END OF YEAR	$ 275,477	$ 1,753,356	$ 1,931,715	$ 178,359

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Licenses and permits	$ 39,132	$ 39,132	$ 43,840	$ 4,708
Investment income	580	580	465	(115)
TOTAL REVENUES	39,712	39,712	44,305	4,593
EXPENDITURES:				
Current:				
General government	-	-	1,901	(1,901)
Community services	26,600	18,100	42,359	(24,259)
Capital improvement programs	10,000	-	-	-
TOTAL EXPENDITURES	36,600	18,100	44,260	(26,160)
NET CHANGE IN FUND BALANCE	3,112	21,612	45	(21,567)
FUND BALANCE - BEGINNING OF YEAR	100,435	100,435	100,435	-
FUND BALANCE - END OF YEAR	$ 103,547	$ 122,047	$ 100,480	$ (21,567)

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Charges for services	$ 300	$ 300	$ -	$ (300)
TOTAL REVENUES	300	300	-	(300)
NET CHANGE IN FUND BALANCE	300	300	-	(300)
FUND BALANCE - BEGINNING OF YEAR	51,232	51,232	51,232	-
FUND BALANCE - END OF YEAR	$ 51,532	$ 51,532	$ 51,232	$ (300)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CITY SPECIAL EVENTS SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Charges for services	$ 125,000	$ 125,000	$ 241,285	$ 116,285
Investment income	414	414	-	(414)
Miscellaneous	7,000	7,000	15,719	8,719
TOTAL REVENUES	132,414	132,414	257,004	124,590
EXPENDITURES:				
Current:				
General government	427,080	422,080	478,017	(55,937)
Capital improvement programs	1,017,026	-	-	-
TOTAL EXPENDITURES	1,444,106	422,080	478,017	(55,937)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,311,692)	(289,666)	(221,013)	68,653
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	503,029	503,029
TOTAL OTHER FINANCING SOURCES (USES)	-	-	503,029	503,029
NET CHANGE IN FUND BALANCE	(1,311,692)	(289,666)	282,016	571,682
FUND BALANCE - BEGINNING OF YEAR	(125,294)	(125,294)	(125,294)	-
FUND BALANCE - END OF YEAR	$ (1,436,986)	$ (414,960)	$ 156,722	$ 571,682

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ -	$ -	$ 1,853,492	$ 1,853,492
Investment income	14	14	-	(14)
TOTAL REVENUES	14	14	1,853,492	1,853,478
EXPENDITURES:				
Capital improvement programs	2,832,426	1,378,639	705,743	672,896
TOTAL EXPENDITURES	2,832,426	1,378,639	705,743	672,896
NET CHANGE IN FUND BALANCE	(2,832,412)	(1,378,625)	1,147,749	2,526,374
FUND BALANCE - BEGINNING OF YEAR	(335,040)	(335,040)	(335,040)	-
FUND BALANCE - END OF YEAR	$ (3,167,452)	$ (1,713,665)	$ 812,709	$ 2,526,374

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 1,466	$ 1,466	$ 3,315	$ 1,849
TOTAL REVENUES	1,466	1,466	3,315	1,849
EXPENDITURES:				
Capital improvement programs	531,507	81,507	106,945	(25,438)
TOTAL EXPENDITURES	531,507	81,507	106,945	(25,438)
NET CHANGE IN FUND BALANCE	(530,041)	(80,041)	(103,630)	(23,589)
FUND BALANCE - BEGINNING OF YEAR	852,760	852,760	852,760	-
FUND BALANCE - END OF YEAR	$ 322,719	$ 772,719	$ 749,130	$ (23,589)

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 430,000	$ 430,000	$ -	$ (430,000)
Investment income	246	246	-	(246)
TOTAL REVENUES	430,246	430,246	-	(430,246)
EXPENDITURES:				
Capital improvement programs	460,000	-	77,464	(77,464)
TOTAL EXPENDITURES	460,000	-	77,464	(77,464)
NET CHANGE IN FUND BALANCE	(29,754)	430,246	(77,464)	(507,710)
FUND BALANCE (DEFICIT) - BEGINNING OF YI	(584,254)	(584,254)	(584,254)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ (614,008)	$ (154,008)	$ (661,718)	$ (507,710)

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 241	$ 241	$ 168	$ (73)
TOTAL REVENUES	241	241	168	(73)
EXPENDITURES:				
Current:				
Public works	8,000	8,000	31,488	(23,488)
TOTAL EXPENDITURES	8,000	8,000	31,488	(23,488)
NET CHANGE IN FUND BALANCE	(7,759)	(7,759)	(31,320)	(23,561)
FUND BALANCE - BEGINNING OF YEAR	59,093	59,093	59,093	-
FUND BALANCE - END OF YEAR	$ 51,334	$ 51,334	$ 27,773	$ (23,561)

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 145,000	$ 145,000	$ 143,322	$ (1,678)
Investment income	172	172	411	239
TOTAL REVENUES	145,172	145,172	143,733	(1,439)
EXPENDITURES:				
Current:				
Community services	145,000	145,000	144,999	1
TOTAL EXPENDITURES	145,000	145,000	144,999	1
NET CHANGE IN FUND BALANCE	172	172	(1,266)	(1,438)
FUND BALANCE - BEGINNING OF YEAR	105,518	105,518	105,518	-
FUND BALANCE - END OF YEAR	$ 105,690	$ 105,690	$ 104,252	$ (1,438)

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 26,105	$ 26,105	$ 25,239	$ (866)
Investment income	123	123	128	5
TOTAL REVENUES	26,228	26,228	25,367	(861)
EXPENDITURES:				
Current:				
Public works	-	-	14,194	(14,194)
TOTAL EXPENDITURES	-	-	14,194	(14,194)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	26,228	26,228	11,173	(15,055)
OTHER FINANCING USES:				
Transfers in	-	-	372	372
Transfers out	(10,461)	(10,461)	(4,222)	6,239
TOTAL OTHER FINANCING USES	(10,461)	(10,461)	(3,850)	6,611
NET CHANGE IN FUND BALANCE	15,767	15,767	7,323	(8,444)
FUND BALANCE - BEGINNING OF YEAR	22,037	22,037	22,037	-
FUND BALANCE - END OF YEAR	$ 37,804	$ 37,804	$ 29,360	$ (8,444)

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ -	$ 55,200	$ 63,888	$ 8,688
Investment income	-	194	-	(194)
TOTAL REVENUES	-	55,394	63,888	8,494
EXPENDITURES:				
Current:				
Community services	66,501	66,501	65,345	1,156
TOTAL EXPENDITURES	66,501	66,501	65,345	1,156
NET CHANGE IN FUND BALANCE	(66,501)	(11,107)	(1,457)	9,650
FUND BALANCE - BEGINNING OF YEAR	6,553	6,553	6,553	-
FUND BALANCE - END OF YEAR	$ (59,948)	$ (4,554)	$ 5,096	$ 9,650

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 781,656	$ 781,656	$ 225,171	$ (556,485)
Investment income	4,787	4,787	-	(4,787)
Miscellaneous	-	-	122,057	122,057
TOTAL REVENUES	786,443	786,443	347,228	(439,215)
EXPENDITURES:				
Current:				
Community development	1,281,702	1,088,781	1,197,606	(108,825)
Capital improvement programs	159,000	-	-	-
TOTAL EXPENDITURES	1,440,702	1,088,781	1,197,606	(108,825)
NET CHANGE IN FUND BALANCE	(654,259)	(302,338)	(850,378)	(548,040)
FUND BALANCE - BEGINNING OF YEAR	443,094	443,094	443,094	-
FUND BALANCE - END OF YEAR	$ (211,165)	$ 140,756	$ (407,284)	$ (548,040)

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 1,592,000	$ 1,592,000	$ 974,174	$ (617,826)
TOTAL REVENUES	1,592,000	1,592,000	974,174	(617,826)
EXPENDITURES:				
Capital improvement programs	7,757,179	4,814,979	685,468	4,129,511
TOTAL EXPENDITURES	7,757,179	4,814,979	685,468	4,129,511
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,165,179)	(3,222,979)	288,706	3,511,685
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	36,386	36,386
Transfers out	-	-	(141,177)	(141,177)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(104,791)	(104,791)
NET CHANGE IN FUND BALANCE	(6,165,179)	(3,222,979)	183,915	3,406,894
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(237,020)	(237,020)	(237,020)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ (6,402,199)	$ (3,459,999)	$ (53,105)	$ 3,406,894

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 627,000	$ 627,000	$ 64,965	$ (562,035)
TOTAL REVENUES	627,000	627,000	64,965	(562,035)
EXPENDITURES:				
Current:				
Community development	542,323	542,323	64,967	477,356
TOTAL EXPENDITURES	542,323	542,323	64,967	477,356
NET CHANGE IN FUND BALANCE	84,677	84,677	(2)	(84,679)
FUND BALANCE - BEGINNING OF YEAR	101	101	101	-
FUND BALANCE - END OF YEAR	$ 84,778	$ 84,778	$ 99	$ (84,679)

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 2,128	$ 2,128	$ 1,247	$ (881)
TOTAL REVENUES	2,128	2,128	1,247	(881)
EXPENDITURES:				
Current:				
Community development	23,000	23,000	-	23,000
TOTAL EXPENDITURES	23,000	23,000	-	23,000
NET CHANGE IN FUND BALANCE	(20,872)	(20,872)	1,247	22,119
FUND BALANCE - BEGINNING OF YEAR	314,969	314,969	314,969	-
FUND BALANCE - END OF YEAR	$ 294,097	$ 294,097	$ 316,216	$ 22,119

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING PLAN RETENTION SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 391	$ 391	$ -	$ (391)
TOTAL REVENUES	391	391	11,203	10,812
EXPENDITURES:				
Current:				
Capital improvement programs	199,222	199,222	-	199,222
TOTAL EXPENDITURES	199,222	199,222	-	199,222
NET CHANGE IN FUND BALANCE	(198,831)	(198,831)	11,203	210,034
FUND BALANCE - BEGINNING OF YEAR	241,858	241,858	241,858	-
FUND BALANCE - END OF YEAR	$ 43,027	$ 43,027	$ 253,061	$ 210,034

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FACILITIES MAINTENANCE FEES SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Charges for services	$ 55,000	$ 55,000	$ 24,903	$ (30,097)
TOTAL REVENUES	55,000	55,000	24,903	(30,097)
EXPENDITURES:				
Capital improvement programs	55,000	55,000	-	55,000
TOTAL EXPENDITURES	55,000	55,000	-	55,000
NET CHANGE IN FUND BALANCE	-	-	24,903	24,903
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ 24,903	$ 24,903

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 2,249	$ 2,249	$ -	$ (2,249)
Miscellaneous	285,642	285,642	70,635	(215,007)
TOTAL REVENUES	287,891	287,891	70,635	(217,256)
EXPENDITURES:				
Capital improvement programs	259,000	194,000	122,047	71,953
TOTAL EXPENDITURES	259,000	194,000	122,047	71,953
NET CHANGE IN FUND BALANCE	28,891	93,891	(51,412)	(145,303)
FUND BALANCE - BEGINNING OF YEAR	353,567	353,567	353,567	-
FUND BALANCE - END OF YEAR	$ 382,458	$ 447,458	$ 302,155	$ (145,303)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC EDUCATION AND GOVERNMENT ACCESS (PEG) SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 122,123	$ 122,123	$ 92,695	$ (29,428)
Investment income	3,474	3,474	-	(3,474)
TOTAL REVENUES	125,597	125,597	92,695	(32,902)
EXPENDITURES:				
Current:				
General government	22,000	22,000	18,779	3,221
Public works	22,000	22,000	-	22,000
Capital improvement programs	100,000	100,000	95,489	4,511
TOTAL EXPENDITURES	144,000	144,000	114,268	29,732
NET CHANGE IN FUND BALANCE	(18,403)	(18,403)	(21,573)	(3,170)
FUND BALANCE - BEGINNING OF YEAR	541,836	541,836	541,836	-
FUND BALANCE - END OF YEAR	$ 523,433	$ 523,433	$ 520,263	$ (3,170)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RAISED MEDIAN IN-LIEU SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 2,321	$ 2,321	$ -	$ (2,321)
TOTAL REVENUES	2,321	2,321	-	(2,321)
NET CHANGE IN FUND BALANCE	2,321	2,321	-	(2,321)
FUND BALANCE - BEGINNING OF YEAR	233,114	233,114	233,114	-
FUND BALANCE - END OF YEAR	$ 235,435	$ 235,435	$ 233,114	$ (2,321)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
UTILITY UNDERGROUND IN-LIEU SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 5,337	$ 5,337	$ -	$ (5,337)
TOTAL REVENUES	5,337	5,337	-	(5,337)
EXPENDITURES:				
Capital improvement programs	1,017,026	-	-	-
TOTAL EXPENDITURES	1,017,026	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,011,689)	5,337	-	(5,337)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	211,680	211,680
TOTAL OTHER FINANCING SOURCES (USES)	-	-	211,680	211,680
NET CHANGE IN FUND BALANCE	(1,011,689)	5,337	211,680	206,343
FUND BALANCE - BEGINNING OF YEAR	1,116,110	1,116,110	1,116,110	-
FUND BALANCE - END OF YEAR	$ 104,421	$ 1,121,447	$ 1,327,790	$ 206,343

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Charges for services	$ 150,000	$ 150,000	$ 58,340	$ (91,660)
TOTAL REVENUES	150,000	150,000	58,340	(91,660)
EXPENDITURES:				
Current:				
Public works	-	-	58,340	(58,340)
TOTAL EXPENDITURES	-	-	58,340	(58,340)
NET CHANGE IN FUND BALANCE	150,000	150,000	-	(150,000)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	$ 150,000	$ 150,000	$ -	$ (150,000)

CITY OF CARSON

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

For the year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 1,107,504	$ 1,107,504	$ 987,112	$ (120,392)
Investment income	-	-	3,770	3,770
TOTAL REVENUES	1,107,504	1,107,504	990,882	(116,622)
EXPENDITURES:				
Current:				
Public works	614,711	130,684	50,285	80,399
Capital improvement programs	502,929	142,321	52,667	89,654
TOTAL EXPENDITURES	1,117,640	273,005	102,952	170,053
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,136)	834,499	887,930	53,431
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	$ (10,136)	$ 834,499	$ 887,930	$ 53,431

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

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

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

The **Wilmington Assessment District Fund** is used to account for the $2.2 million Assessment District Limited Obligation Refunding Improvement Bonds, Series 1995. The bonds were used to finance the installations and construction of certain public improvements within the boundaries of the District. The City is in no way liable for the repayment of the bonds but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings for the benefit of the bondholders.

The **Sepulveda Boulevard Assessment District Fund** is used to account for the $13.1 million Limited Obligation Improvement Bonds, Series 1992. The bonds were used to finance the cost of certain street improvements. The City is in no way liable for repayment of the bonds but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings for the benefit of the bondholders.

The **Dominquez Technology Center West Assessment District Fund** is used to account for the $32.2 million Limited Obligation Improvement Bonds, Series 2001. The bonds were used to finance the acquisition costs for improvements within the Assessment District, to establish the Reserve Fund and to pay the cost of issuing the bonds. The City is in no way liable for repayment of the bonds but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings for the benefit of the bondholders.

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CITY OF CARSON

FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES

June 30, 2018

	Trust and Agency	Wilmington Avenue Assessment District	Sepulveda Boulevard Assessment District	Dominquez Tech Center Assessment District	Total Agency Funds
ASSETS:					
Cash and investments	$ 2,404,259	$ 750,673	$ 922,590	$ 1,136,700	$ 5,214,222
Cash and investments with fiscal agents	-	-	-	2,556,961	2,556,961
Taxes receivable	-	-	-	1,092,919	1,092,919
Due from other governments	24,056	-	-	-	24,056
TOTAL ASSETS	$ 2,428,315	$ 750,673	$ 922,590	$ 4,786,580	$ 8,888,158
LIABILITIES:					
Accounts payable and accrued liabilities	$ 46,205	$ -	$ -	$ -	$ 46,205
Refundable deposits	2,382,110	-	-	-	2,382,110
Due to assessed parties	-	750,673	-	-	750,673
Due to bondholders	-	-	922,590	4,786,580	5,709,170
TOTAL LIABILITIES	$ 2,428,315	$ 750,673	$ 922,590	$ 4,786,580	$ 8,888,158

CITY OF CARSON

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
TRUST AND AGENCY				
ASSETS:				
Cash and investments	$ 3,514,749	$ 946,539	$ (2,057,029)	$ 2,404,259
Due from other governments	-	48,112	(24,056)	24,056
TOTAL ASSETS	$ 3,514,749	$ 994,651	$ (2,081,085)	$ 2,428,315
LIABILITIES:				
Accounts payable and accrued liabilities	$ 372,517	$ 418,722	$ (745,034)	$ 46,205
Refundable deposits	3,142,232	2,395,458	(3,155,580)	2,382,110
TOTAL LIABILITIES	$ 3,514,749	$ 2,814,180	$ (3,900,614)	$ 2,428,315
WILMINGTON AVENUE ASSESSMENT DISTRICT				
ASSETS:				
Cash and investments	$ 747,714	$ 2,959	$ -	$ 750,673
TOTAL ASSETS	$ 747,714	$ 2,959	$ -	$ 750,673
LIABILITIES:				
Due to assessed parties	$ 747,714	$ 2,959	$ -	$ 750,673
TOTAL LIABILITIES	$ 747,714	$ 2,959	$ -	$ 750,673
SEPULVEDA BOULEVARD ASSESSMENT DISTRICT				
ASSETS:				
Cash and investments	$ 1,047,465	$ 132,149	$ (257,024)	$ 922,590
TOTAL ASSETS	$ 1,047,465	$ 132,149	$ (257,024)	$ 922,590
LIABILITIES:				
Due to bondholders	$ 1,047,465	$ 132,149	$ (257,024)	$ 922,590
TOTAL LIABILITIES	$ 1,047,465	$ 132,149	$ (257,024)	$ 922,590

(Continued)

CITY OF CARSON

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

For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
DOMINGUEZ TECH CENTER ASSESSMENT DISTRICT				
ASSETS:				
Cash and investments	$ 2,196,696	$ 1,068,959	$ (2,128,955)	$ 1,136,700
Cash and investments with fiscal agent	2,536,472	35,429	(14,940)	2,556,961
Taxes receivable	-	1,092,919	-	1,092,919
TOTAL ASSETS	$ 4,733,168	$ 2,197,307	$ (2,143,895)	$ 4,786,580
LIABILITIES:				
Due to bondholders	$ 4,733,168	$ 2,149,778	$ (2,096,366)	$ 4,786,580
TOTAL LIABILITIES	$ 4,733,168	$ 2,149,778	$ (2,096,366)	$ 4,786,580
TOTAL ALL FIDUCIARY FUNDS				
ASSETS:				
Cash and investments	$ 7,506,624	$ 2,150,606	$ (4,443,008)	$ 5,214,222
Cash and investments with fiscal agent	2,536,472	35,429	(14,940)	2,556,961
Taxes receivable	-	1,092,919	-	1,092,919
Due from other governments	-	48,112	(24,056)	24,056
TOTAL ASSETS	$ 10,043,096	$ 3,327,066	$ (4,482,004)	$ 8,888,158
LIABILITIES:				
Accounts payable and accrued liabilities	$ 372,517	$ 418,722	$ (745,034)	$ 46,205
Refundable deposits	3,142,232	2,395,458	(3,155,580)	2,382,110
Due to assessed parties	747,714	2,959	-	750,673
Due to bondholders	5,780,633	2,281,927	(2,353,390)	5,709,170
TOTAL LIABILITIES	$ 10,043,096	$ 5,099,066	$ (6,254,004)	$ 8,888,158

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STATISTICAL SECTION

(Not covered by Independent Auditors' Report)

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON, CALIFORNIA
INCORPORATED FEB 20, 1968
FUTURE UNLIMITED

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

TABLE 1

CITY OF CARSON, CALIFORNIA

Net Assets by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of accumulated depreciation and related debt	$ 343,401,921	$ 339,117,408	$ 339,193,971	$ 302,392,752	$ 296,900,646	$ 293,712,678	$ 295,848,031	$ 369,068,436	$ 380,935,329	$ 385,341,066
Restricted for:										
Economic development	66,747,912	58,194,306	21,030,464	207,323	-	-	-	-	758,063	460,782
Development services	5,163,559	6,218,413	5,462,293	4,606,521	3,379,453	4,396,352	2,021,219	2,397,487	7,273,415	11,822,412
Low and moderate income housing	57,703,840	56,547,299	33,212,090	47,104,277	56,811,390	52,696,178	51,058,195	33,115,931	23,595,980	10,646,958
Public services	365,563	437,501	1,351,533	6,228,534	1,874,973	3,259,542	42,495,631	28,535,274	11,096,410	3,698,916
Unrestricted	(13,874,931)	(41,228,567)	(20,605,772)	2,571,341	12,357,782	10,281,994	(64,190,834)	(75,486,338)	(82,118,193)	(111,097,624)
Total governmental activities net assets	$ 459,507,864	$ 419,286,360	$ 379,644,579	$ 363,110,748	$ 371,324,244	$ 364,346,744	$ 327,232,242	$ 357,630,790	$ 341,541,004	$ 300,872,510

Source: City of Carson

N/A - Not Available. The city implemented GASB 34 reporting for the fiscal year ended June 30, 2003.

TABLE 2

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	$ 27,028,260	$ 20,353,648	$ 20,578,498	$ 22,940,199	$ 22,049,082	$ 23,721,702	$ 21,573,509	$ 35,319,096	$ 49,415,055	$ 37,566,169
Public safety	-	-	-	-	-	-	-	-	-	21,265,535
Community services	40,435,251	42,720,043	36,479,106	41,684,670	35,247,843	37,689,223	38,696,281	42,477,759	19,633,718	23,131,014
Public works	13,221,772	16,439,029	11,742,451	14,060,876	15,799,718	18,736,498	22,492,218	19,819,103	20,204,915	19,520,884
Community development	70,810,907	56,847,899	53,957,318	14,469,115	32,878,975	19,125,990	11,951,040	12,330,080	21,436,486	17,823,301
Interest and other charges	6,429,807	7,858,690	15,535,108	5,350,108	-	-	-	-	-	-
Capital maintenance programs	-	-	2,921,050	-	2,031,237	-	301,315	-	-	-
Interfund reimbursement	-	-	8,615,980	-	-	-	-	-	-	-
Total governmental activities/ primary government expenses	157,925,997	144,219,309	149,829,511	98,504,968	108,006,855	99,273,413	95,014,363	109,946,038	110,690,174	119,306,903
Program Revenues:										
Governmental activities:										
Charges for services	11,976,952	12,061,204	15,100,971	14,690,950	12,137,769	13,040,956	13,876,288	13,725,032	14,425,776	19,617,597
Operating contributions and grants	7,767,632	12,193,258	10,963,981	13,483,809	12,895,134	13,096,789	13,457,894	11,159,230	13,900,254	12,939,593
Capital contributions and grants	1,890,354	4,067,208	5,322,016	3,148,874	489,800	1,871,566	2,733,035	1,335,164	255,576	1,199,345
Total governmental activities/primary government program revenues	21,634,938	28,321,670	31,386,968	31,323,633	25,522,703	28,009,311	30,067,217	26,219,426	28,581,606	33,756,535
Net (Expenses) Revenues										
Governmental activities/Primary government	$ (136,291,059)	$ (115,897,639)	$ (118,442,543)	$ (67,181,335)	$ (82,484,152)	$ (71,264,102)	$ (64,947,146)	$ (83,726,612)	$ (82,108,568)	$ (85,550,368)

(Continued)

TABLE 2

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	$ 34,892,648	$ 32,874,557	$ 32,977,590	$ 28,206,102	$ 19,247,084	$ 17,381,673	$ 14,720,272	$ 15,128,210	$ 15,026,130	$ 15,702,099
Sales taxes	19,262,212	15,051,658	17,195,450	20,688,872	25,187,734	23,668,795	21,820,128	25,364,057	24,721,304	24,439,171
Transient occupancy taxes	1,244,543	1,121,092	1,197,800	1,307,732	1,462,174	1,598,037	1,812,310	2,138,378	2,225,416	2,242,192
Franchise taxes	9,686,804	6,876,484	7,483,227	7,746,907	7,090,887	7,933,064	8,274,908	8,587,698	8,094,969	9,094,861
Utility users tax	1,028	6,722,319	7,439,521	8,016,141	7,495,997	9,284,071	8,135,144	6,754,075	7,030,672	8,129,186
Oil industry business tax	-	-	-	-	-	-	-	-	-	2,331,338
Admissions Tax	105,019	362,105	266,446	390,600	463,116	315,511	458,117	256,343	-	-
Motor vehicle in lieu	7,235,463	2,153,876	7,104,861	-	-	-	-	-	-	-
Motor vehicle license fee, unrestricted	334,137	288,398	242,811	256,016	50,405	41,716	40,296	37,584	42,108	49,309
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-	-
Investment income	8,488,288	4,842,082	3,062,757	1,763,424	2,568,878	3,295,319	748,051	1,199,856	1,326,385	1,102,793
Transfer from Successor Agency	-	-	-	-	-	-	40,271,017	-	-	-
Other revenue	638,428	5,212,274	1,830,299	195,425	938,422	768,416	2,161,737	3,699,275	7,551,798	15,217,121
Total governmental activities/primary government	81,888,570	75,504,845	78,800,762	68,571,219	64,504,697	64,286,602	98,441,980	63,165,476	66,018,782	78,308,070
Change in Net Position										
Governmental activities/primary government	$ (54,402,489)	$ (40,392,794)	$ (39,641,781)	$ 1,389,884	$ (17,979,455)	$ (6,977,500)	$ 33,494,834	$ (20,561,136)	$ (16,089,786)	$ (7,242,298)

Source: City of Carson

TABLE 3

CITY OF CARSON, CALIFORNIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	$ 3,114,747	$ 944,838								
Unreserved, reported in:										
Designated for special purpose	1,269,181	1,245,972								
Undesignated	16,405,465	15,991,314								
Total general fund	20,789,393	18,182,124								
Special Revenue										
Reserved	17,073,294	17,526,281								
Unreserved, reported in:										
Designated	6,724,222	7,045,587								
Undesignated	-	-								
State local transportation fund										
Unreserved, reported in:										
Special revenue funds	-	-								
Total special revenue fund	23,797,516	24,571,868								
Capital projects										
Reserved	79,754,221	51,338,721								
Unreserved, reported in:										
Designated	116,298,202	109,182,006								
Undesignated	-	-								
Total capital projects	196,052,423	160,520,727								
Debt service*										
Reserved	-	-								
Total debt service	-	-								
Total governmental funds	$ 240,639,332	$ 203,274,719								

(Continued)

TABLE 3

CITY OF CARSON, CALIFORNIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Nonspendable			$ 677,922	$ 739,877	$ 1,632,266	$ 2,507,687	$ 375,759	$ 342,432	$ 267,772	$ 240,436
Restricted			2,321,416	2,410,033	2,484,398	1,760,551	1,760,710	1,431,403	250,000	250,000
Committed			6,198,067	6,705,685	20,409,123	20,957,808	18,583,716	16,710,504	15,324,165	15,234,165
Assigned			3,712,276	3,792,000	5,102,225	5,276,764	5,071,211	226,096	1,000,000	1,000,000
Unassigned			10,591,610	15,971,310	6,739,998	5,875,509	1,775,796	-	2,121,065	18,405,368
			23,501,291	29,618,905	36,368,010	36,378,319	27,567,192	18,710,435	18,963,002	35,129,969
Housing Authority										
Nonspendable			7,650,948	16,218,201	8,146,939	6,640,174	8,046,694	-	-	-
Restricted			51,868,370	8,832,728	28,598,803	25,928,500	22,665,356	33,115,931	23,595,980	10,646,958
			59,519,318	25,050,929	36,745,742	32,568,674	30,712,050	33,115,931	23,595,980	10,646,958
Cooperation Agreement Bond Proceeds Fund										
Restricted			-	-	-	-	40,092,461	24,870,947	9,400,111	2,279,182
Capital projects										
Nonspendable			24,660,162	-	-	-	-	-	-	-
Restricted			99,021,335	-	-	-	-	-	-	-
			123,681,497	-	-	-	-	-	-	-
Proposition C Local Return Fund										
Restricted			-	134,090	-	-	-	-	-	-
Federal Highway Planning Grant Fund										
Unassigned			-	(549,702)	-	-	-	-	-	-
State CIP Grants Special Revenue Fund										
Unassigned			-	-	-	-	-	-	(2,067,793)	(1,491,505)
Nonmajor government funds										
Restricted			28,208,276	6,221,890	5,206,026	7,655,894	4,424,361	6,403,356	9,048,634	12,081,312
Assigned			589,883	608,662	1,015,107	693,941	494,123	-	-	-
Unassigned			(3,363,044)	(540,012)	(81,767)	(343,282)	(204,620)	(611,104)	(987,537)	(1,126,734)
			25,435,115	6,290,540	6,139,366	8,006,553	4,713,864	5,792,252	8,061,097	10,954,578
Total government funds			$ 232,137,221	$ 60,544,762	$ 79,253,118	$ 76,953,546	$ 103,085,567	$ 82,489,565	$ 57,952,397	$ 57,519,182

Source: City of Carson

TABLE 4

CITY OF CARSON, CALIFORNIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	$ 80,907,303	$ 74,168,970	$ 79,015,236	$ 68,978,607	$ 63,743,453	$ 63,049,509	$ 58,206,650	$ 63,052,429	$ 62,101,246	$ 69,045,441
Licenses and permits	5,643,875	4,766,767	6,472,150	6,240,419	5,733,199	6,157,526	6,306,253	7,273,620	7,295,475	11,321,941
Fines and forfeitures	1,701,748	1,789,500	2,187,730	2,789,268	2,013,571	1,976,961	1,987,718	1,588,678	1,821,718	1,710,330
Intergovernmental	5,443,708	13,027,869	10,746,260	8,361,928	7,794,867	10,688,245	11,729,825	3,461,862	3,839,798	7,140,768
Charges for services	2,559,121	2,662,335	3,062,757	8,967,821	2,907,197	3,070,807	3,338,706	2,285,175	2,523,923	3,451,997
Investment income	10,557,318	4,604,809	3,184,744	1,763,424	2,259,942	2,950,912	3,043,620	7,397,268	5,649,775	2,182,063
Charges to other funds	32,697	145,057	-	-	567,509	646,647	6,600	-	-	-
Developer impact fee	-	-	-	-	-	-	-	-	-	1,688,872
Miscellaneous	1,304,603	6,450,369	2,180,221	2,729,580	4,698,626	3,755,306	3,618,808	4,341,491	7,749,126	15,845,145
Total revenues	108,150,373	107,615,676	106,849,098	99,831,047	89,718,364	92,295,913	88,238,180	89,400,523	90,981,061	112,386,557
Expenditures										
General government	20,139,083	20,686,885	18,136,954	20,690,955	20,120,174	22,042,126	21,922,895	29,956,664	40,582,675	24,702,999
Public safety	-	-	-	-	-	-	-	-	-	21,265,535
Community development	67,156,790	27,037,959	15,249,106	27,466,234	23,606,994	15,139,783	8,472,904	25,284,113	17,508,039	19,294,115
Public Works	12,786,280	13,695,643	14,145,645	16,711,058	14,294,060	16,701,191	21,126,233	15,626,079	15,435,447	14,957,321
Community services	36,577,270	36,679,991	34,477,002	36,366,232	33,994,074	35,461,405	37,126,200	37,723,099	17,640,065	15,621,462
Debt Service										
Bond principal	3,610,000	3,765,000	4,390,000	5,735,000	-	-	-	-	-	-
Bond interest	5,985,058	7,181,131	8,592,640	5,096,767	-	-	-	-	-	-
Other bond financing costs	234,980	334,120	577,740	-	-	-	-	-	-	-
Capital improvement programs	32,557,557	51,262,569	27,221,615	17,402,989	5,187,757	5,250,980	11,612,457	6,698,272	24,352,003	16,888,340
Interfund reimbursement	(3,995,295)	(3,770,394)	(3,464,606)	(5,198,738)	-	-	-	-	-	-
Total expenditures	175,051,723	156,872,904	119,326,096	124,270,497	97,203,059	94,595,485	100,260,689	115,288,227	115,518,229	112,729,772
Excess (deficiency) of revenues over (under) expenditures	(66,901,350)	(49,257,228)	(12,476,998)	(24,439,450)	(7,484,695)	(2,299,572)	(12,022,509)	(25,887,704)	(24,537,168)	(343,215)
Other financing sources (uses)										
Transfers in	26,673,638	18,589,935	22,838,526	25,766,146	1,566,581	1,063,673	43,249,253	145,757	3,554,443	896,866
Transfers out	(26,673,638)	(18,589,935)	(22,838,526)	(25,766,146)	(1,566,581)	(1,063,673)	(2,978,236)	(145,757)	(3,554,443)	(896,866)
Loan Proceeds	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	22,810,000	12,165,000	40,560,000	-	-	-	-	-	-	-
Payment to escrow agent	(390,683)	(272,385)	-	-	-	-	-	-	-	-
Loss on sale of land	-	-	779,500	-	-	-	-	-	-	-
Total other financing sources (uses)	22,419,317	11,892,615	41,339,500	-	-	-	40,271,017	-	-	-
Net change in fund balances	$ (44,482,033)	$ (37,364,613)	$ 28,862,502	$ (24,439,450)	$ (7,484,695)	$ (2,299,572)	$ 28,248,508	$ (25,887,704)	$ (24,537,168)	$ (343,215)
Debt service as a percentage of noncapital expenditures	7.19%	11.50%	16.54%	10.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

TABLE 5

CITY OF CARSON, CALIFORNIA

General Governmental Revenues by Source

Last Ten Fiscal Years

Year Ended 30-Jun	Property Tax	Sales Tax	Franchise Tax	Investments Income	Building Construction Permits	Business License Fees	Federal Grants	Motor Vehicle License Fees	Utility Users Tax
2009	$ 47,831,937 *	$ 19,262,212 **	$ 9,686,804	$ 8,347,727	$ 2,422,053	$ 2,681,222	$ 1,597,640	$ 334,137	$ -
2010	$ 41,519,865 *	$ 15,051,658 **	$ 6,876,484	$ 2,849,583	$ 1,901,201	$ 2,282,081	$ 12,607,160	$ 288,398	$ 6,722,319
2011	$ 42,753,339 *	$ 17,195,450 **	$ 7,483,227	$ 1,808,934	$ 3,053,450	$ 2,650,060	$ 5,769,445	$ 242,811	$ 7,439,521
2012	$ 19,355,360	$ 20,688,872 **	$ 7,746,907	$ 937,338	$ 2,789,592	$ 2,649,097	$ 2,056,551	$ 256,016	$ 7,980,683
2013	$ 15,611,394	$ 25,187,734 **	$ 7,090,887	$ 341,557	$ 2,379,027	$ 2,628,905	$ 3,043,040	$ 50,405	$ 7,495,997
2014	$ 14,182,112	$ 23,668,796	$ 7,933,064	$ 716,643	$ 2,899,460	$ 2,546,608	$ 3,269,370	$ 41,716	$ 9,284,071
2015	$ 14,720,272	$ 21,820,128	$ 8,274,908	$ 748,051	$ 2,903,621	$ 2,698,782	$ 3,944,432	$ 40,296	$ 8,135,144
2016	$ 15,128,210	$ 25,364,057	$ 8,587,699	$ 1,199,856	$ 3,835,990	$ 2,791,431	$ 2,773,613	$ 37,584	$ 6,754,075
2017	$ 15,026,130	$ 24,721,304	$ 8,094,969	$ 1,326,385	$ 3,399,219	$ 2,765,967	$ 1,651,906	$ 42,108	$ 7,030,672
2018	$ 15,702,099	$ 24,439,171	$ 9,094,861	$ 1,102,793	$ 6,926,822	$ 2,915,618	$ 1,328,198	$ 49,309	$ 8,129,186

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

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

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

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

Source: City of Carson

TABLE 6

CITY OF CARSON, CALIFORNIA

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended June 30	Entire City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2009	12,037,843	1,544,502	(95,059)	13,487,286	3,386,534	642,531	(15,853)	4,013,211	1.000%
2010	11,949,059	1,480,135	(95,424)	13,333,770	3,436,787	649,248	(16,065)	4,069,970	1.000%
2011	11,897,501	1,439,918	(95,196)	13,242,223	3,405,081	632,562	(16,197)	4,021,446	1.000%
2012	11,857,196	1,327,723	(93,911)	13,091,009	3,451,606	562,904	(16,037)	3,998,473	1.000%
2013	11,959,163	1,211,622	(92,535)	13,078,250	3,496,537	578,477	(16,017)	4,058,997	1.000%
2014	11,973,053	1,210,090	(91,719)	13,091,424	3,655,473	565,268	(15,913)	4,204,829	1.000%
2015	12,197,821	1,287,142	(90,395)	13,394,567	3,729,983	589,858	(15,825)	4,304,015	1.000%
2016	12,797,251	1,214,303	(89,369)	13,922,185	3,871,550	590,427	(15,651)	4,446,327	1.000%
2017	12,891,308	1,235,484	(87,813)	14,038,978	4,065,057	578,066	(15,351)	4,627,772	1.000%
2018	13,222,623	1,277,667	(86,807)	14,413,483	4,301,309	573,759	(15,254)	4,859,813	1.000%

Note:

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

Source: Los Angeles County Assessor's Office

TABLE 7

CITY OF CARSON, CALIFORNIA

Direct and Overlapping Property Tax Rates

(Rate per $100 of assessed value)

Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Direct Rates:										
City basic rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total City Direct Rate	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Overlapping Rates:										
County of Los Angeles	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Community College	0.0221	0.0231	0.0403	0.0353	0.0488	0.0445	0.0402	0.0358	0.0279	0.0460
Unified Schools	0.1248	0.1518	0.1870	0.1682	0.1756	0.1464	0.1469	0.1297	0.1310	0.1222
Flood Control	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Metropolitan Water District	0.0043	0.0043	0.0037	0.0037	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
Total Direct Rate	1.1512	1.1792	1.2310	1.2072	1.2279	1.1944	1.1906	1.1690	1.1624	1.1717

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

Source: Los Angeles County Assessor's Office

TABLE 8

CITY OF CARSON, CALIFORNIA

Principal Property Tax Payers

Current Year and Ten Years Ago

Taxpayer	2018 Taxable Assessed Value*	2018 Percent of Total City Taxable Assessed Value	2009 Taxable Assessed Value	2009 Percent of Total City Taxable Assessed Value
Tesoro Refining and Marketing Co.	$ 1,322,322,740	9.12%	$ 98,851,130	0.73%
Phillips 66	593,717,776	4.09%	-	0.00%
Watson Land Co	536,687,852	3.70%	317,271,583	2.34%
Gatx Tank Storage Terminals Corp.	302,255,153	2.08%	168,117,701	1.24%
Watson Cogeneration Co.	247,842,659	1.71%	561,065,726	4.13%
Equilon Enterprises LLC	138,253,008	0.95%	-	0.00%
Home Depot Center Anschutz So. Cal. Sports	133,230,994	0.92%	127,136,686	0.94%
General Mills Operations Inc.	116,772,389	0.81%	94,750,294	0.70%
Carson Dominguez Properties LP	122,076,343	0.84%	113,877,678	0.84%
Prologis USLV NEWCA LLC	128,512,372	0.89%	-	0.00%
BP West Coast Products	-	0.00%	2,341,410,206	17.24%
ConocoPhillips Co	-	0.00%	437,680,943	3.22%
Ineos Polupropylene LLC	-	0.00%	182,179,288	1.34%
	$ 3,641,671,286	25.11%	$ 4,442,341,235	32.71%
Total City Taxable Assessed Value	$ 14,500,289,372		$ 13,582,345,107	

*The amounts shown include assessed value data for both the City and the Redevelopment Agency.

Source: Los Angeles County Assessor's Office

N/A - Not Available

Data from HdL Property Data Report

TABLE 9

CITY OF CARSON, CALIFORNIA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2009	$ 34,030,650	$ 31,368,244	92.18%	$ 2,662,406	$ 34,030,650	100.00%
2010	$ 33,890,362	$ 31,630,105	93.33%	$ 2,260,257	$ 33,890,362	100.00%
2011	$ 33,155,535	$ 30,977,690	93.43%	$ 2,177,845	$ 33,155,535	100.00%
2012	$ 33,313,250	$ 31,337,722	94.07%	$ 1,975,528	$ 33,313,250	100.00%
2013	$ 33,825,963	$ 32,062,885	94.79%	$ 1,763,078	$ 33,825,963	100.00%
2014	$ 35,269,741	$ 33,567,707	95.17%	$ 1,702,032	$ 35,269,740	100.00%
2015	$ 36,104,610	$ 35,622,156	98.66%	$ 482,454	$ 36,104,610	100.00%
2016	$ 28,869,646	$ 28,368,269	98.26%	$ 501,377	$ 28,869,646	100.00%
2017	$ 41,886,952	$ 41,297,617	98.59%	$ 589,335	$ 41,886,952	100.00%
2018	$ 42,672,136	$ 41,977,300	98.37%	$ 694,836	$ 42,672,136	100.00%

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

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

TABLE 10

CITY OF CARSON, CALIFORNIA

Direct and Overlapping Government Activities Debt

June 30, 2018

	Gross Bonded Debt	Exclusions	Net Bonded Debt City Share
Direct Debt			
City of Carson - 1915 Act Bonds	$ 23,745,000	$ 23,745,000	$ -
Carson Redevelopment Agency	187,410,863	187,410,863	-
Total Direct Debt	$ 211,155,863	$ 211,155,863	$ -
Overlapping Debt-Repaid with Property Taxes			
Tax and Assessment Debt			$ 313,752,818
General Fund Debt (Net)			28,848,789
Total Overlapping Debt-Repaid with Property Taxes			342,601,607
Total Direct and Overlapping Debt			$ 342,601,607

Notes:

(1) Direct debt exclusions represent bonds which are not general obligation bonds of the city and do not represent a claim against the General Fund revenues of the city.

(2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The net bonded debt estimates the portion of the outstanding debt of the overlapping governments that is borne by the residents and businesses of the city.

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

TABLE 11

CITY OF CARSON, CALIFORNIA

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit - 15% of Total Assessed Value	$ 2,052,719,396	$ 2,029,465,128	$ 30,098,162	$ 30,512,290	$ 31,678,465	$ 33,626,990	$ 32,690,204	$ 32,351,561	$ 30,377,472	$ 2,195,617,201
Amount of debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	2,052,719,396	2,029,465,128	30,098,162	30,512,290	31,678,465	33,626,990	32,690,204	32,351,561	30,377,472	2,195,617,201
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation										
Assessed value	13,487,285,911	13,333,770,032	10	10	10	10	10	10	10	14,413,482,816
Add back: exempt real property	197,510,065	195,997,487	200,654,403	203,415,257	211,189,755	224,179,924	217,934,686	215,677,060	202,516,469	223,965,192
Total assessed value	13,684,795,976	13,529,767,519	200,654,413	203,415,267	211,189,765	224,179,934	217,934,696	215,677,070	202,516,479	14,637,448,008
Debt limit (15% of total assessed value)	2,052,719,396	2,029,465,128	30,098,162	30,512,290	31,678,465	33,626,990	32,690,204	32,351,561	30,377,472	2,195,617,201
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount set aside for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 2,052,719,396	$ 2,029,465,128	$ 30,098,162	$ 30,512,290	$ 31,678,465	$ 33,626,990	$ 32,690,204	$ 32,351,561	$ 30,377,472	$ 2,195,617,201

Note:

The City of Carson has no bonded debt. The Carson Redevelopment Agency has bonded debt (Tax Allocation)	$ 147,770,863	$ 156,170,863	$ 192,340,863	$ 186,605,863	$ 180,870,863	$ 172,352,100	$ 165,799,234	$ 211,804,234	$ 204,552,229	$ 193,647,229

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

TABLE 12

CITY OF CARSON, CALIFORNIA

Pledged-Revenue Coverage

Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross tax increment	$ 33,249,076	$ 28,706,556	$ 28,307,079	$ 24,310,311	$ 31,286,630	$ 32,204,166	$ 31,827,881	$ 33,543,626	$ 31,287,260	$ 36,644,470
Less Mandatory Costs:										
Admin & Pass-Thru	2,761,636	1,989,657	1,715,027	6,023,672	10,961,661	14,721,942	21,699,942	10,897,192	9,966,670	16,626,144
20% Housing Set aside	6,649,815	5,741,311	5,661,416	-	-	-	-	-	-	-
Total	9,411,451	7,730,968	7,376,443	6,023,672	10,961,661	14,721,942	21,699,942	10,897,192	9,966,670	16,626,144
Net tax increment	$ 23,837,625	$ 20,975,588	$ 20,930,635	$ 18,286,639	$ 20,324,969	$ 17,482,224	$ 10,127,939	$ 22,646,434	$ 21,320,590	20,018,326
Debt service										
Principal	$ 3,610,000	$ 3,765,000	$ 4,390,000	$ 5,735,000	$ 5,735,000	$ 6,405,000	$ 7,090,000	$ 6,915,000	$ 10,500,000	$ 10,905,000
Interest	5,848,966	7,175,236	8,394,118	9,320,356	9,083,631	8,813,997	8,119,584	7,909,443	8,900,444	$ 8,077,198
	$ 9,458,966	$ 10,940,236	$ 12,784,118	$ 15,055,356	$ 14,818,631	$ 15,218,997	$ 15,209,584	$ 14,824,443	$ 19,400,444	$ 18,982,198
Coverage	3.52	2.62	2.21	1.61	2.11	2.12	2.09	2.26	1.61	1.93

Note: The pledged tax increment revenues and the debt service payments refer to the City of Carson Redevelopment Agency.

Source: City of Carson

TABLE 13

CITY OF CARSON, CALIFORNIA

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2009	98,159	$ 411,492,352	$ 42,043	11.7%
2010	98,047	$ 424,813,015	$ 43,234	12.8%
2011	91,548	$ 454,935,533	$ 45,969	12.4%
2012	91,828	$ 486,733,508	$ 48,818	9.4%
2013	92,196	$ 483,578,594	$ 48,140	7.7%
2014	92,636	$ 512,846,779	$ 50,730	10.6%
2015	93,148	$ 544,324,900	$ 53,521	8.6%
2016	93,993	$ 563,907,868	$ 55,624	6.8%
2017	93,455	N/A	N/A	N/A
2018	93,453	N/A	N/A	N/A

Sources: (1) State Department of Finance
(2) U.S. Bureau of Economic Analysis (data shown is for Los Angeles, CA)
(3) State of California Employment Development Department

N/A - Not Available

TABLE 14

CITY OF CARSON, CALIFORNIA

Principal Employers

Current Year and Ten Years Ago

Employer	2018 Number of Employees (1)	2018 Rank	2018 Percent of Total City Employment	2009 Number of Employees (1)	2009 Rank	2009 Percent of Total City Employment
Tesoro Refining & Marketing Company LLC	1,158	1	2.78%	1,207	1	2.77%
Cedarlane Natural Foods Inc.	465	2	1.20%			
Select Staffing	448	3	1.15%			
Prime Wheel Corporation	433	4	1.04%			
See's Candy Shops Inc.	426	5	1.10%	522	5	1.20%
Lakeshore Learning	420	6	1.08%			
Monogram Systems	395	7	1.02%			
Huck International Inc.	353	8	0.91%			
Mag Aerospace Industries	-		0.00%			
Pacific Bell	288	9	0.74%	388	9	0.89%
The Pepsi Bottling Group	284	10	0.73%	408	8	0.94%
Northrup Grumman				1,126	2	2.59%
Golden Wheel Corp.				899	3	2.07%
Lakeshore Equipment Co. Inc.	-			765	4	1.76%
Target Corporation				518	6	1.19%
Leiner Health Products				440	7	1.01%
Canon Business Solutions				355	10	0.82%
Total	4,670		11.75%	6,628		15.24%
Total City Employment [1]	38,861					

Sources: (1) City of Carson
(2) State of California Employment Development Department
(data shown is not seasonally adjusted - 38,270)

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

TABLE 15

CITY OF CARSON, CALIFORNIA

Full-time-Equivalent City Government Employees

By Function/Workgroup

Last Ten Fiscal Years

	Full-time-Equivalent Employees as of June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Workgroup										
General government										
City Council	4.00	4.00	4.00	4.00	3.00	5.00	5.00	5.00	5.00	5.00
City Attorney	-	-	-	-	-	-	-	-	-	-
City Clerk	6.00	6.00	6.00	6.00	4.00	4.00	4.00	4.00	4.00	4.00
City Treasurer	5.00	5.00	5.00	4.94	5.00	5.00	5.00	5.00	5.00	4.00
City Manager	47.00	47.00	47.00	45.65	20.00	20.00	21.00	26.00	26.00	38.00
Human Resources								11.00	11.00	11.00
Administrative services	52.00	52.00	52.00	50.24	46.00	44.00	44.00	34.00	33.00	31.00
Public Works	95.80	82.00	82.00	71.15	136.00	131.00	133.00	130.00	131.00	114.00
Community Development	30.20	41.00	41.00	12.03	32.00	31.00	30.00	31.00	29.00	27.00
Community Services	158.00	158.00	158.00	154.00	84.00	88.00	88.00	88.00	82.00	63.00
Total	398.00	395.00	395.00	348.01	330.00	328.00	330.00	334.00	326.00	297.00

Source: City of Carson

Prior to 2016 Human Resources was listed with Administrative Services

TABLE 16

CITY OF CARSON, CALIFORNIA

Operating Indicators
by Work Group
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Economic Development										
Housing and Block Grant Division:										
Mobile home rehab grant applications received	49	38	55	21	35	23	30	29	24	30
Mobile home rehab grants (qualified)	17	24	32	18	23	20	21	20	11	9
Mobile home rehab grants (dollar value)	$85,000	$115,389	$137,705	$85,000	$172,500	$125,065	$166,710	$157,595	$ 102,434	$ 127,710
Single family rehab loan applications received	63	64	35	36	30	35	15	32	31	45
Single family rehab loans granted	16	2	22	13	20	23	8	24	18	37
Single family rehab loans granted (dollar value)	$125,000	$50,000	$139,185	$17,500	$230,000	$89,550	$139,275	$336,549	$ 261,024	$ 645,231
Mobile home rent control increases processed	11	11	13	9	11	7	6	7	-	12
Employment Development Division:										
Job applicants processed	1,545	1,274	16,810	18,442	25,232	35,035	35,261	5,883	N/A	N/A
Summer youth employees hired	181	100	27	11	13	125	120	95	N/A	N/A
Business Development Division:										
Business visitations conducted	25	60	280	140	12	30	25	12	N/A	N/A
Redevelopment Division:										
Development agreements negotiated	4	5	17	0	0	2	0	3	2	-
Public Services										
Graffiti Abatement Division:										
Service request completed	2,321	2,050	1,882	1,412	817	932	869	937	N/A	740
Square feet of graffiti removed by waterblast	69,293	43,013	49,996	14,343	26,156	23,243	19,862	21,256	N/A	17,540
Square feet of graffiti removed by painting over	553,654	646,754	291,507	85,768	153,734	178,017	179,445	206,895	N/A	163,396
Building and Landscape Maintenance Division:										
Service request completed	1,712	1,719	1,715	1,672	N/A	1,520	602	498	N/A	540
Vouchers issued	27	18	0	1	N/A	N/A	1	2	N/A	0

Source: City of Carson
N/A - Not Available

TABLE 17

CITY OF CARSON, CALIFORNIA

Capital Asset Statistics

by Function

Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Services:										
City square miles	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Parks acreage	147.8	147.8	147.8	147.8	147.8	147.8	147.8	147.8	147.8	147.8
Facilities square footage	320,004	320,004	320,004	320,004	320,004	320,004	320,004	320,004	320,004	320,004
Parks	12	12	12	12	12	12	12	12	12	12
Parks - mini	3	3	3	3	3	3	3	3	4	4
Sports Complex	1	1	1	1	1	1	1	1	1	1
Swimming pools	4	4	4	4	4	4	4	4	4	4
City Hall	1	1	1	1	1	1	1	1	1	1
Corporate yard	1	1	1	1	1	1	1	1	1	1
Public Safety Services Center	1	1	1	1	1	1	1	1	1	1
Gymnasiums	3	3	3	3	3	3	3	3	4	4
Tennis courts	18	18	18	18	18	18	18	18	18	18
Basketball courts	18	28	28	28	28	28	28	28	28	28
Racquetball courts	8	8	8	8	8	8	8	8	8	8
Volleyball courts	2	4	4	4	4	4	4	4	4	4
Snack bars	14	10	10	10	10	10	10	10	10	10
Ornamental fountains	3	3	3	3	3	3	3	3	3	3
Flagpoles	17	17	17	17	17	17	17	17	17	17
Wading pools	7	5	4	4	4	4	4	4	0	0
Splash pads									1	1
Parking lots	23	23	23	23	23	23	23	23	23	23

Source: City of Carson

N/A - Not Available.

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APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

$_____
CARSON PUBLIC FINANCING AUTHORITY
REVENUE BONDS, SERIES 2019
(MEASURE M & R LOCAL STREETS PROJECT)

This CONTINUING DISCLOSURE CERTIFICATE (this "**Disclosure Certificate**") is executed and delivered by the CITY OF CARSON (the "**City**") in connection with the execution and delivery of the bonds captioned above (the "**Bonds**"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2019 (the "**Indenture**"), by and between the Carson Public Financing Authority and The Bank of New York Mellon Trust Company, N.A., as trustee.

The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is seven months after the end of the City's fiscal year (currently February 1 based on the City's fiscal year end of June 30).

"*Dissemination Agent*" means Digital Assurance Certification, L.L.C., or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the City in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Piper Jaffray & Co. and Cabrera Capital Markets, LLC, the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing February 1, 2020, with the report for the 2018-19 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the

preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) An update of the information in Table Nos. 2, 3, 5 and 6 of the Official Statement;

(ii) An update of the information in Table No. 7 of the Official Statement except the information shall be for the preceding fiscal year; and

(ii) The principal amount and name of any Parity Obligations issued during the preceding fiscal year.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

(b) The City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement,

or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) The term financial obligation means a (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of (e)(1) or (e)(2). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the Dissemination Agent shall not be obligated to enter into any amendment increasing or affected its duties or obligations and further provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall be entitled to the protections and limitations afforded to the Trustee under the Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2019

CITY TO THE CARSON

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:
DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Carson Public Financing Authority

Name of Issue: Revenue Bonds, Series 2019
(Measure M & R Local Streets Project)

Date of Issuance: _____, 2019

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated _____, 2019, executed and delivered by the City in connection with the execution and delivery of the bonds captioned above. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

_____

By: _____
Its: _____

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

Date of Delivery

Carson Public Financing Authority
701 East Carson Street
Carson, California 90745

Re: Carson Public Financing Authority Revenue Bonds, Series 2019 (Measure M & R Local Streets Project)

Ladies and Gentlemen:

We have acted as bond counsel to the Carson Public Financing Authority (the "Authority") in connection with the issuance by the Authority of its Carson Public Financing Authority Revenue Bonds, Series 2019 (Measure M & R Local Streets Project) (the "Bonds") in the aggregate principal amount of $_____. The Bonds are being issued pursuant to the provisions Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Law"), an Indenture of Trust, dated as of October 1, 2019 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, and a resolution of the Authority adopted on March 19, 2019. The Bonds are secured by Revenues (as defined in the Indenture), including certain payments made by the City of Carson (the "City") under an installment sale agreement, dated as of October 1, 2019 (the "Installment Sale Agreement"), by and between the Authority and the City. The obligation of the City to make payments under the Installment Sale Agreement is, in all respects, on a parity, as to payment and security, with the City's obligations with respect to any parity obligations hereafter issued or incurred by the City (collectively, the "Parity Obligations"). The Bonds are being issued to in part to finance the design, acquisition, and construction of certain local roadway and street improvement projects in the City. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In our capacity as bond counsel, we have reviewed the Law, the Indenture, the Installment Sale Agreement, the Tax Certificate dated the date hereof (the "Tax Certificate") executed by the Authority, certifications of the City and the Authority, certified proceedings and such other documents, opinions and papers as we deemed necessary to render the opinions set forth herein.

We have assumed the genuineness of all documents and signatures presented to us and the due authorization and execution by parties other than the Authority and the City. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City contained in the Indenture, the Installment Sale Agreement and in certified proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation. We have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, dated the date hereof, including (without limitation) covenants and agreements, compliance with which is necessary to assure that future actions, omissions or

events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority is a joint powers authority duly organized and validly existing under the laws of the State of California, with the power, to adopt the resolution authorizing the issuance of the Bonds, enter into the Indenture, and perform the agreements on its part contained therein and issue the Bonds.

2. The Indenture and the Installment Sale Agreement have been duly approved by the Authority and constitute valid and binding obligations of the Authority enforceable against the Authority.

3. The Indenture establishes a valid first lien on and pledge of the Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

4. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from the Revenues provided therefor in the Indenture.

5. The City is a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California, with power to enter into the Installment Sale Agreement and to perform the agreements on its part contained therein. The Installment Sale Agreement has been duly approved by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

6. The Installment Sale Agreement establishes a valid first and exclusive lien on and pledge of "Measure M Receipts" and "Measure R Receipts" (being a portion of the revenues of the MTA allocable to the City derived from a retail transactions and use tax imposed by the County and approved by at least two-thirds of the electors of the County on July 24, 2008 and November 8, 2016, respectively), and other funds pledged thereby for the security of the Installment Sale Agreement, and any Parity Obligations, in accordance with the terms of the Installment Sale Agreement.

7. Assuming compliance with certain covenants discussed below, the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that such interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the

City have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

8. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Except as stated in the preceding two paragraphs, we express no opinion as to any federal or state tax consequences regarding ownership or disposition of the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. This opinion speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this opinion.

In addition, the rights and obligations under the Bonds, the Installment Sale Agreement and the Indenture and their enforceability may be subject to or limited by bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights or the availability of a particular remedy, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, reimbursement, contribution, choice of law, choice of forum, choice of venue, penalty (including any remedy deemed to constitute a penalty), non-exclusivity of remedies, waiver or severability provisions contained in the above documents. We undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto. We have not provided any financial advice.

We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result and our opinions are not binding on the Internal Revenue Service. Our opinions are based on our review of existing law we deem relevant and in reliance upon the representations and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof, and we do not undertake to advise you of any matters that may come to our attention subsequent to the date hereof that may affect our legal opinions expressed herein.

Respectfully submitted,

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APPENDIX E
THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange

Commission. More information about DTC can be found at www.dtcc.com. *The information contained on such Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds and distributions on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption

proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.