PRELIMINARY OFFICIAL STATEMENT DATED JUNE 2, 2020

NEW ISSUE | **RATING**
BOOK-ENTRY ONLY | **S&P: ___**

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

In the opinion of Aleshire & Wynder, LLP, Irvine, California ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions and assuming compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes but is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

$108,055,000*
CITY OF CARSON
2020 TAXABLE PENSION OBLIGATION BONDS

Dated: Date of Delivery | **Due: January 15 as shown on the inside front cover page**

The City of Carson (the "City") is issuing its 2020 Taxable Pension Obligation Bonds (the "Bonds") pursuant to Articles 10 and 11 (commencing with Section 53750) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and a Trust Agreement, dated as of June 1, 2020 (the "Trust Agreement")., between the City and The Bank of New York Mellon Trust Company, N. A., as trustee (the "Trustee").

The Bonds are being issued to pay the City's currently unamortized, unfunded accrued actuarial liability ("Unfunded Liability") to the California Public Employees' Retirement System ("CalPERS") for the benefit of City employees, and pay the costs of issuing the Bonds. Pursuant to the Retirement Law (as defined herein), the City Council is required to make the appropriations to pay the amounts required to be paid by the City pursuant to the Retirement Law, including the portion of the Unfunded Liability evidenced by the Bonds. The Bonds are payable from any legally available funds of the City. See "SOURCE OF PAYMENT FOR THE BONDS" and "RISK FACTORS" herein.

Interest on the Bonds is payable semiannually on January 15 and July 15 of each year, commencing January 15, 2021, until maturity or earlier redemption. See "THE BONDS - General Provisions" and "THE BONDS - Redemption" herein.

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 do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. The Bonds do not constitute an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

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 upon for the City by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel, and by Aleshire & Wynder, LLP, Irvine, California, as City Attorney. Certain matters will be passed upon for the Underwriter by Quint & Thimmig LLP, Larkspur, California. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about June 18, 2020 (see "APPENDIX E - THE BOOK-ENTRY SYSTEM" herein).

The date of the Official Statement is ____________, 2020.

Cabrera Capital Markets, LLC | PIPER | SANDLER

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* Preliminary, subject to change.

$108,055,000*
CITY OF CARSON
2020 TAXABLE PENSION OBLIGATION BONDS

MATURITY SCHEDULE

(Base CUSIP®† __________)

Maturity Date January 15	Principal Amount	Interest Rate	Reoffering Yield	Reoffering Price	CUSIP®†

* 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 City, the Municipal Advisors or the Underwriter and are included solely for the convenience of the owners of the Bonds. None of the City, the Municipal Advisors or the Underwriter 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 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 City or the Municipal Advisors. 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 Trust Agreement 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 Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does 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 City, any press release and any oral statement made with the approval of an authorized officer of 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. As described herein under the caption "COVID-19 Impacts" the COVID-19 Pandemic, as defined herein, is expected to materially adversely impact the City's financial condition. Historical information set forth in the Official Statement is not intended to be predictive of future results.

Stabilization of and Changes to Offering Prices. In connection with this offering, the Underwriter 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 Underwriter 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 Underwriter.

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*
Jim Dear, *Mayor Pro Tem*
Lula Davis-Holmes, *Council Member*
Cedric L. Hicks, Sr., *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
Aleshire & Wynder, LLP
Irvine, California

Disclosure Counsel
Nixon Peabody LLP
Los Angeles, California

Municipal Advisors
Harrell & Company Advisors, LLC
Orange, California

Kosmont Transactions Services, Inc.
Manhattan Beach, California

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

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OFFICIAL STATEMENT

$108,055,000*
CITY OF CARSON
2020 TAXABLE PENSION OBLIGATION BONDS

This Official Statement which includes the cover page, the inside front cover page and appendices (the "Official Statement"), is provided to furnish certain information concerning the sale of the City of Carson 2020 Taxable Pension Obligation Bonds (the "Bonds"), in the aggregate principal amount of $108,055,000*.

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 TRUST AGREEMENT" herein.

The City

The City was incorporated in 1968 and became a charter city on January 1, 2019. The City encompasses approximately 19.2 square miles in southern Los Angeles County (the "County") in an 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).

Purpose

The Bonds are being issued to pay the City's currently unamortized, unfunded accrued liability to the California Public Employees' Retirement System ("CalPERS") for the benefit of City employees and pay the costs of issuing the Bonds.

Security and Sources of Repayment

The Bonds are secured under a Trust Agreement, dated as of June 1, 2020 (the "Trust Agreement") by and between the City 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 TRUST AGREEMENT" herein).

For the purpose of paying the principal of and interest on the Bonds, the City Council is obligated, under the Trust Agreement, to take such actions annually as are necessary or appropriate to cause the debt service on the Bonds due in any fiscal year to be included in the budget for such fiscal year and to make the necessary appropriations therefor from any legally available funds, including the General Fund, to ensure that sufficient sums are available to pay the annual principal of and interest on the Bonds as the same become due. See "SOURCE OF PAYMENT FOR THE BONDS" herein.

For a summary of the Trust Agreement, see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" herein. Certain capitalized terms used in this Official Statement and not otherwise defined have the meanings given them in "APPENDIX A."

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* Preliminary, subject to change.

Limited Obligation

The obligation of the City to pay the Bonds 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 the Bonds 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.

COVID-19 Pandemic

The COVID-19 pandemic (the "Pandemic") has had a material adverse impact on the City's finances. See "FINANCIAL INFORMATION – COVID-19 Impacts" and "RISK FACTORS - COVID-19 Pandemic" for a discussion of certain risks associated with an investment in the Bonds, including the impacts and potential impacts of the COVID-19 pandemic on the City's operations and finances.

No Debt Service Reserve Fund

The City will not fund a debt service reserve fund for the Bonds.

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 upon for the City by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel, and by Aleshire & Wynder, LLP, Irvine, California, as City Attorney. Certain matters will be passed upon for the Underwriter by Quint & Thimmig LLP, Larkspur, California.

Offering of the Bonds

Authority for Issuance and Delivery. The Bonds are to be issued pursuant to Articles 10 and 11 (commencing with Section 53750) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law"), the Trust Agreement, Resolution No. 20-015_ of the City adopted on January 14, 2020 and default judgment entered on April 30, 2020 by the Superior Court for the County of Los Angeles. See "THE FINANCING PLAN" herein.

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 June 18, 2020 through the facilities of The Depository Trust Company. See "APPENDIX E - THE BOOK-ENTRY SYSTEM."

Summaries Not Definitive

The summaries and references contained herein with respect to the Trust Agreement, the Bonds, the Retirement Law 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 Trust Agreement. 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.

THE FINANCING PLAN

The City is a member of CalPERS and, as such, is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"), and the contract between the Board of Administration of CalPERS and the City Council of the City, dated April 30, 1969, as amended (the "CalPERS Contract"), to make contributions to CalPERS to (a) fund pension benefits for City employees who are members of CalPERS, (b) amortize the unfunded accrued actuarial liability (the "Unfunded Liability") with respect to such pension benefits, and (c) appropriate funds for the purposes described in (a) and (b).

Pursuant to the Retirement Law, the City Council is required to make the appropriations to pay the amounts required to be paid by the City pursuant to the Retirement Law, including the Unfunded Liability that is evidenced by the Bonds. See "SOURCE OF PAYMENT FOR THE BONDS."

On January 29, 2020, the City, acting pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure and Government Code Sections 53511 and 53589.5, filed a complaint in the Superior Court of the State of California for the County of Los Angeles seeking judicial validation of the proceedings and transactions relating to the issuance of the Bonds and certain other matters. On April 30, 2020, the court entered a default judgment (the "Validation Judgment") to the effect, among other things, that the Bonds are valid legal and binding obligations of the City in conformity with all applicable provisions of law and that the Bonds are exempt from and not subject to the debt limitations set forth in Article XVI, Section 18, of the California Constitution. See the section entitled "VALIDATION" for additional information regarding the legal effects of the Validation Judgment.

In August 2019, CalPERS notified the City as to the amount of the Unfunded Liability for the City's Miscellaneous Plan (the "Plan") based on the actuarial valuation reports as of June 30, 2018 (the "2018 CalPERS Reports"), which is the most recent actuarial valuation routinely performed by CalPERS.

The Bonds are being issued under the Trust Agreement to fund 100% of the City's June 30, 2018 Unfunded Liability for the Plan, as of June 18, 2020*. Upon the issuance of the Bonds, the City will pay $106,871,128* to CalPERS for deposit to the CalPERS Payment Fund. This amount represents the June 30, 2018 Unfunded Liability for the Plan, rolled forward to June 18, 2020* and taking into account payments made during Fiscal Year 2018-19 and Fiscal Year 2019-20. The Unfunded Liability is different from the Net Pension Liability shown in "FINANCIAL INFORMATION - Retirement Plans" herein due to the calculation methodology required by Governmental Accounting Standard Board Statement No. 68 for financial statement presentation.

The City expects a new Unfunded Liability will be created as of June 30, 2019, which is not included in the 2018 CalPERS Reports, based on an actual investment return of 6.7% for the fiscal year ending June 30, 2019. The City expects a significant Unfunded Liability will be created as of June 30, 2020, which is also not included in the 2018 CalPERS Reports, based on actual investment returns for the fiscal year ending June 30, 2020.

As of March 31, 2020, CalPERS estimated that the rate of return for its investment portfolio for the fiscal year-to-date was a negative 4%. There is no guarantee that CalPERS will achieve a better rate of return for the full fiscal year and it may be worse. Investment returns below 7% create additional liabilities for public agencies, including the City. Any increase in the unfunded actuarial liability created by the Fiscal Year 2019-20 rate of return will begin affecting the City's UAL costs starting in Fiscal Year 2021-22. Pursuant to CalPERS methodology, the amounts payable will increase annually during the first five years and then level out for the remaining 15 years over which to amortize investment losses. See "FINANCIAL INFORMATION - COVID-19 Impacts" and "RISK FACTORS – Risks related to COVID-19" herein.

* Preliminary, subject to change.

The amount of the new Unfunded Liability for each year will not be known until an updated actuarial study is received by the City, expected in July or August of 2020 for the Fiscal Year 2018-19 and July or August of 2021 for the Fiscal Year 2019-20, respectively. With respect to the new Unfunded Liability for the Plan the City could choose to pay a lump sum amount or in installments when due to CalPERS, or the City could choose to issue additional pension obligation bonds. Other factors could generate additional Unfunded Liabilities for the City, including failure by CalPERS to achieve its target investment returns, reduction the discount rate, future amendments to the CalPERS Contract, or changes in assumptions such as inflation, mortality, salary trend, or retirement timing. The City could potentially issue additional pension bonds to pay for part or all of any such additional Unfunded Liabilities.

Estimated Sources and Uses of Funds

Under the provisions of the Trust Agreement, the Trustee will receive the $___________ proceeds from the sale of the Bonds (the par amount of the Bonds) and will apply them as follows:

Transfers to CalPERS Payment Fund
Underwriter's Discount
Costs of Issuance Fund [(1)]
Total Uses of Funds

(1) Expenses include fees and expenses of Bond Counsel, Municipal Advisors, Disclosure Counsel and Trustee, rating fees, costs of printing the Official Statement, and other costs of issuance of the Bonds.

THE BONDS

General Provisions

Payment of the Bonds. The Bonds are issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. The Bonds will be dated as of the Closing Date and will mature on January 15 in the years and in the respective principal amounts and bear interest at the respective rates per annum (calculated on the basis of a year of 360 days comprised of twelve 30-day months) set forth on the inside front cover page hereof. Interest on the Bonds is payable on each January 15 and July 15, commencing January 15, 2021, (each, an "Interest Payment Date") until maturity or earlier redemption.

Interest on each Bond shall accrue from the Interest Payment Date next preceding the date of authentication and delivery thereof, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date; or (iii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon shall be payable from the Closing Date; provided, however, that if at the time of authentication of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the Closing Date "Record Date" means the fifteenth day of each calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

Principal, premium, if any, and interest on the Bonds shall be payable in currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Payments of interest on any of the Bonds will be made on each Interest Payment Date by check of the Trustee sent by Mail, or by wire transfer to any Holder of $1,000,000 or more of Bonds, to the account specified by such Owner in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the Owner thereof on the Record Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Trustee which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. Payment of the principal of the Bonds upon redemption or maturity will be made upon presentation and surrender of each such Bond, at the Principal 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 maturing on or after January 15, 20___ may be redeemed at the option of the City from any source of funds on any date on or after January 15, ___ in whole or in part from such maturities as are selected by the City and by lot within a maturity at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

Sinking Account Redemption*. The Bonds maturing January 15, 20__ (the "20__ Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (January 15)	Principal Amount
(maturity)	

The Bonds maturing January 15, 20__ (the "20__ Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (January 15)	Principal Amount
(maturity)	

* Preliminary, subject to change.

The Bonds maturing January 15, 20__ (the "20__ Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (January 15)	**Principal Amount**
(maturity)	

On or before each November 30 next preceding any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption pro-rata from all Term Bonds subject to mandatory sinking fund redemption at that time, an aggregate principal amount of such Term Bonds equal to the amount for such year as set forth in the tables above and shall call such Term Bonds or portions thereof for redemption. At the option of the City, to be exercised by delivery of a written certificate to the Trustee on or before November 30 next preceding any mandatory sinking fund redemption date, it may (a) deliver to the Trustee for cancellation Term Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption or (b) specify a principal amount of such Term Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed and cancelled by the Trustee at the request of the City and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. If City elects to notify the Trustee on or before November 30 based on the foregoing sentence, then the City shall provide the Trustee with a revised sinking fund schedule. Each such Term Bonds or portion thereof so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount of the Term Bonds so delivered to the Trustee by the City against the obligation of the City on such mandatory sinking fund redemption date.

Notice of Redemption. Notice of redemption shall be given by the Trustee, not less than 30 nor more than 60 days prior to the redemption date: (i) in the case of Bonds not registered in the name of a Securities Depository or its nominee, to the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) in the case of Bonds registered in the name of a Securities Depository or its nominee, to such Securities Depository for such Bonds; and (iii) to the Information Services. Notice of redemption to the Holders pursuant to (i) above shall be given by mail at their addresses appearing on the registration books of the Trustee, or any other method agreed upon by such Holder and the Trustee. Notice of redemption to the Securities Depositories pursuant to (ii) above and the Information Services pursuant to (iii) above shall be given by electronically secure means, or any other method agreed upon by such entities and the Trustee.

Each notice of redemption shall state the Bonds or designated portions thereof to be redeemed, the date of redemption, the place of redemption, the redemption price, the CUSIP number (if any) of the Bonds to be redeemed, the distinctive numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or part. Each such notice shall also state that on said date there will become due and payable on each of the Bonds to be redeemed the redemption price, and redemption premium, if any, thereof, and that from and after such redemption date interest thereon shall cease to accrue.

Failure to give the notices described in the Trust Agreement or any defect therein shall not in any manner affect the redemption of any Bonds. Any notice sent as provided in the Trust Agreement will be conclusively presumed to have been given whether or not actually received by the addressee.

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."

Right to Rescind Notice of Redemption. The City shall have the right to rescind any notice of optional redemption. Any such notice of rescission shall be sent in the same manner as the notice of redemption. Neither the City nor the Trustee shall incur any liability, to Bond Owners, DTC, or otherwise, as a result of a rescission of a notice of redemption.

Partial Redemption of Bonds. Bonds are subject to redemption pro rata within a maturity. Upon surrender of a Bond to be redeemed in part, the Trustee will authenticate for the registered owner a new Bond or Bonds of the same maturity and tenor equal in principal amount to the unredeemed portion of the Bond surrendered.

Effect of Redemption. Upon surrender to the Trustee or the Trustee's agent, Bonds called for redemption shall be paid at the redemption price stated in the notice, plus interest accrued to the redemption date. On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Trust Agreement relating to such Bonds as are to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, the Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Bonds shall cease to accrue, such Bonds shall cease to be entitled to any lien, benefit or security under the Trust Agreement and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price and accrued interest to the redemption date.

Additional Bonds

From time to time, the City may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more agreements supplementing and/or amending the Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Bonds or to refund all or any portion of any Unfunded Liability under the CalPERS Contract arising subsequent to the issuance of the Bonds or any other obligations due to CalPERS. Such Additional Bonds may be issued on a parity with the Bonds.

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Scheduled Debt Service on the Bonds

The following is a schedule of annualized debt service on the Bonds, assuming no optional redemptions are made.

Period Ending January 15	Principal	Interest	Annual Debt Service
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
Total			

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SOURCE OF PAYMENT FOR THE BONDS

General

The Bonds shall be obligations of the City payable from any lawfully available funds and shall not be limited as to payment to any special source of funds of the City. The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligation of the City to make payments on the Bonds constitute an indebtedness of the City, the State of California, or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction.

The Trust Agreement requires the City to pay debt service payments to the Trustee at least 3 Business Days preceding each Interest Payment Date. The Trust Agreement secures the payment of the Bonds and obligates the Trustee to hold all the amounts on deposit in the Revenue Fund and its accounts in trust for the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Trust Agreement.

Revenue Fund

The Trust Agreement creates a fund to be held by the Trustee designated "City of Carson 2020 Taxable Pension Obligation Bonds Revenue Fund" (the "Revenue Fund"), and within the Revenue Fund, two separate accounts designated the "Bond Interest Account" and "the Bond Principal Account."

All amounts received by the Trustee from the City in respect of interest payments on the Bonds shall be deposited in the Bond Interest Account and shall be disbursed to pay interest on the Bonds. All amounts held at any time in the Bond Interest Account shall be held for the security and payment of interest on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the City shall promptly deposit funds to such Account to cure such deficiency. On January 16 of each year beginning in 2021, so long as no Event of Default has occurred and is continuing, the Trustee shall transfer all amounts on deposit in the Bond Interest Account to the City to be used for any lawful purpose.

All amounts received by the Trustee from the City in respect of principal payments on the Bonds shall be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the City shall promptly deposit funds to such Account to cure such deficiency.

The moneys in such Funds and Accounts shall be held by the Trustee in trust and applied as provided above and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and Outstanding under the Trust Agreement and for the further security of such holders until paid out or transferred as provided in the Trust Agreement.

As described herein, the City may issue Additional Bonds under the Trust Agreement. In the event the City issues Additional Bonds under the Trust Agreement, amounts on deposit in the Revenue Fund and the accounts therein will secure the Bonds and such Additional Bonds on a parity basis.

No Debt Service Reserve Fund

The City will not fund a debt service reserve fund for the Bonds.

CITY OF CARSON

General Information

The City encompasses approximately 19.2 square miles in southern Los Angeles County in an 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.

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 and other elected officials are set forth below.

CITY COUNCIL

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

CHIEF 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 2019-20 budget provided for 326 full-time equivalent positions under the direction of the City Manager, including the public safety employees.

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 and the County between 2015 and 2019.

TABLE NO. 1
CHANGE IN POPULATION
CITY OF CARSON AND LOS ANGELES COUNTY
2015 – 2019

	CARSON		**LOS ANGELES COUNTY**	
As of January 1 Year	**Population**	**Percentage Change**	**Population**	**Percentage 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.

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Per Capita Personal Income

The most recent available per capita personal income information from the U.S. Department of Commerce, Bureau of Economic Analysis as of March 2020, for the County, the State of California and the United States are summarized in the following table.

TABLE NO. 2
PER CAPITA PERSONAL INCOME LOS ANGELES COUNTY, STATE OF CALIFORNIA AND UNITED STATES
2014 – 2018

Year	Los Angeles County [(1)]	State of California [(1)]	United States [(1)]
2014	$52,233	$52,324	$47,058
2015	55,470	55,758	48,978
2016	57,127	57,739	49,870
2017	59,058	60,156	51,885
2018	62,224	63,557	54,446

(1) For Los Angeles County, State of California and United States, per capita personal income was computed using Census Bureau midyear population estimates.

Note: All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Employment and Industry

As of March 2020, the civilian labor force for the City was approximately 45,200, of whom 42,200 were employed. The unadjusted unemployment rate as of March 2020 was 6.7% for the City as compared to 6.4% for the County and 5.6% for the State. Civilian labor force, employment and unemployment statistics for the City, County, the State and the nation, for the years 2015 through 2019 are shown in the following table. As a result of the COVID-19 Pandemic, the unemployment rate in California has increased to nearly 20% as of April 30, 2020. The City does not have information on the employment rate in the City, but the City anticipates that the unemployment rate in the City, County, State and nation will increase significantly above the levels shown in Table No. 3.

TABLE NO. 3
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2015				
City of Carson	46,200	42,200	3,900	8.5%
Los Angeles County	4,980,300	4,650,700	329,600	6.6%
California	18,828,800	17,660,700	1,168,100	6.2%
United States	157,130,000	148,834,000	8,296,000	5.3%
2016				
City of Carson	45,800	43,200	2,600	5.7%
Los Angeles County	5,030,500	4,765,900	264,600	5.3%
California	19,021,200	17,980,100	1,041,100	5.5%
United States	159,187,000	151,436,000	7,751,000	4.9%
2017				
City of Carson	46,000	43,700	2,300	5.0%
Los Angeles County	5,084,000	4,841,900	242,200	4.8%
California	19,176,400	18,257,100	919,300	4.8%
United States	160,320,000	153,337,000	6,982,000	4.4%
2018				
City of Carson	46,000	43,800	2,200	4.9%
Los Angeles County	5,095,500	4,860,300	235,200	4.6%
California	19,280,800	18,460,700	820,100	4.3%
United States	162,075,000	155,761,000	6,314,000	3.9%
2019				
City of Carson	46,300	44,100	2,200	4.8%
Los Angeles County	5,121,600	4,894,300	227,300	4.4%
California	19,411,600	18,627,400	784,200	4.0%
United States	163,539,000	157,538,000	6,001,000	3.7%

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

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

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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 March for the years 2016 through 2020 are shown in the following table.

TABLE NO. 4
LOS ANGELES-LONG BEACH-GLENDALE METROPOLITAN DIVISION
WAGE AND SALARY WORKERS BY INDUSTRY [(1)]
(in thousands)

Industry	2016	2017	2018	2019	2020
Government	583.8	594.2	596.7	600.7	610.2
Other Services	151.2	154.1	157.9	156.9	153.9
Leisure and Hospitality	495.6	514.6	527.8	537.8	523.7
Educational and Health Services	769.1	798.4	823.3	839.0	867.6
Professional and Business Services	593.4	605.0	615.9	641.2	644.9
Financial Activities	218.3	219.3	222.2	222.8	226.5
Information	229.4	212.9	225.9	225.6	238.6
Transportation, Warehousing and Utilities	183.9	195.3	199.4	208.4	215.4
Service Producing					
Retail Trade	417.8	418.9	421.4	412.7	414.7
Wholesale Trade	221.0	220.7	222.5	221.5	215.4
Manufacturing					
Nondurable Goods	158.9	150.3	143.2	139.9	134.5
Durable Goods	205.7	201.6	200.3	200.6	200.7
Goods Producing					
Construction	131.5	135.3	143.1	146.9	149.1
Mining and Logging	2.6	2.0	1.9	1.9	2.0
Total Nonfarm	4,362.2	4,422.6	4,501.5	4,555.9	4,597.2
Farm	5.4	5.7	4.3	4.3	4.5
Total (all industries)	4,367.6	4,428.3	4,505.8	4,560.2	4,601.7

(1) Annually, as of March.

Source: State of California Employment Development Department, Labor Market Information Division, "*Industry Employment & Labor Force - by month March 2020 Benchmark.*"

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TABLE NO. 5
MAJOR EMPLOYERS

The major employers within the City and their respective number of employees as of June 30, 2019 were as follows:

Name of Company	Employment	Percent of Total	Type of Business/Service
Tesoro Refining & Marketing Company	1,164	2.70%	Refinery
Marathon Refining Logistics Services	1,124	2.60%	Refinery
Lakeshore Learning	485	1.12%	Teacher Supply Distributor
See's Candy Shops Inc.	442	1.02%	Candy Distributor
Prime Wheel Corporation	433	1.00%	Aftermarket and OEM Auto Wheel Manufacturer
Select Staffing	391	0.91%	Employment Search
Mag Aerospace Industries	384	0.89%	Aircraft Parts Manufacturer
Los Angeles Chargers	375	0.87%	Sports Team
Huck International Inc.	362	0.84%	Aerospace Parts Manufacturer
Yusen Logistics America Inc.	358	0.83%	Distributor
Total Ten Largest Employers	5,518	12.78%	
Total City Employment	43,189		

Source: City of Carson.

The Los Angeles Chargers will be hosting their NFL games at a different stadium next season. At this time, the City is not aware of any other significant changes in its largest employers since June 2019. However, some of the businesses listed may have been impacted by the stay at home orders, in effect beginning March 19, 2020, and the City cannot guarantee that all of these largest businesses will continue to operate in the City.

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Commercial Activity

Taxable transactions by type of business for the City are summarized below for 2015 through 2018. Taxable transactions for the calendar year 2019 are not yet available from the California Department of Tax and Fee Administration.

TABLE NO. 6
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
(in thousands)
2015 – 2019

	2015	**2016**	**2017**	**2018**
Motor Vehicle and Parts Dealers	$ 514,837	$ 545,106	$ 545,692	$ 578,230
Home Furnishings and Appliance Stores	118,252	121,054	110,502	98,239
Building Material and Garden Equipment and Supplies Dealers	80,565	83,349	86,170	90,740
Food and Beverage Stores	34,853	37,026	38,050	40,480
Gasoline Stations	153,029	139,759	169,924	344,276
Clothing and Clothing Accessories Stores	29,023	33,168	34,882	37,172
General Merchandise Stores	129,506	122,950	117,544	119,302
Food Services and Drinking Places	162,941	175,563	193,954	202,802
Other Retail Group	178,128	161,612	149,215	150,261
Total Retail and Food Services	**1,401,134**	**1,419,587**	**1,445,933**	**1,661,502**
All Other Outlets	641,727	676,960	697,931	712,564
Total All Outlets	**$2,042,861**	**$2,096,547**	**$2,143,864**	**$2,374,066**

Note: Detail may not compute to total due to rounding.

Source: California Department of Tax and Fee Administration, "*Taxable Sales - Cities by Type of Business*".

Taxable sales have been impacted by the stay at home orders, in effect beginning March 19, 2020. On Friday May 8, 2020, the Governor of the State (the "Governor") authorized opening of certain businesses, known as "Stage 2." See "FINANCIAL INFORMATION – COVID-19 Impacts" and "RISK FACTORS - COVID-19 Pandemic" herein.

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Building Activity

The following table summarizes building activity valuations for the City for the five Fiscal Years 2014-15 through 2018-19.

TABLE NO. 7
BUILDING ACTIVITY AND VALUATION
2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
Estimated Valuation [(1)]	$64,289,825	$86,525,714	$96,321,597	$170,992,146	$233,194,059
Building Permits Issued [(1)]	1,715	1,926	1,738	1,404	1,564

(1) Includes additions and remodels.

Source: City of Carson

Building activity may be impacted by the stay at home orders, in effect beginning March 19, 2020. See "FINANCIAL INFORMATION – COVID-19 Impacts" and "RISK FACTORS - COVID-19 Pandemic" herein.

FINANCIAL INFORMATION

Fiscal Policies

The City Council adopted Resolution No. 12-014 establishing a number of financial policies relating to balanced budgeting, funding operating expenditures with operating revenue, infrastructure replacement, and cost recovery. The policies also include establishing a General Fund Reserve for economic uncertainties equal to 20% of the General Fund budget. As of June 30, 2020, the City expects to have approximately $36 million in unrestricted reserves, which equals 41% of the General Fund estimated expenditures for Fiscal Year 2019-20. See Table No. 15 herein. As a result of the Pandemic, the City expect to draw from its reserves to balance its budget for Fiscal Year 2020-21. See "COVID-19 Impact" below.

In addition, the City has separately adopted a Debt Management Policy and an Investment Policy.

Budgetary Process and Administration

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, and the Development Impact Fees Special Revenue Fund.

The annual budget includes a 5-Year General Fund projection of revenues, expenditures and fund balance. The projection includes the current budget structure and various assumptions for the future. The results of the projection provides a mid-term outlook and indicators of where structural budget adjustments may be needed.

The annual budget also includes a 5-Year estimate of capital improvement projects and the proposed method of their funding.

Quarterly and mid-year budget updates are provided to the City Council comparing the budget with actual revenues and expenditures, together with proposed budget adjustments, if any.

Comparative General Fund Revenues and Expenditures

The City's General Fund Budget includes programs which are provided on a largely city-wide basis. The programs and services are financed primarily by the City's share of property tax, sales tax, revenues from the State, and charges for services provided, as described below.

Budget and Actual Comparisons

A comparison of the General Fund actual revenues and expenditures for Fiscal Years 2016-17, 2017-18 and 2018-19, and the Fiscal Year 2019-20 Budget is shown in Table No. 8.

Table No. 9 presents the Fiscal Year 2019-20 adopted Budget and the estimated actual revenues and expenditures for Fiscal Year 2019-20 as revised to include the City's estimate of the financial impact of COVID-19. A discussion of the potential financial impacts of the COVID-19 pandemic on City operations and finances are discussed under the caption "COVID-19 Impacts" below. See also "RISK FACTORS – Risks related to COVID-19" herein.

Historical General Fund activity is shown in Table Nos. 17 and 18.

Revenues

Revenues in Table Nos. 8 and 9 are categorized as:

- **Taxes.** Taxes are detailed in "TABLE NO. 13 - TAX REVENUES BY SOURCE," and include general property tax (and property tax in lieu of vehicle license fees), sales tax, business license tax, franchise tax, transient occupancy tax, and other taxes.

- **Licenses and Permits.** These revenues consist primarily of building construction permit fees, and other development related fees.

- **Intergovernmental Revenues.** These revenues consist primarily of state payments from the Supplemental Law Enforcement Services Fund and reimbursement for other State-mandated costs.

- **Fines and Forfeitures.** These revenues are generated from vehicle code fines, parking and truck parking citations and code enforcement citations.

- **Use of Money and Property.** These revenues consist primarily of investment earnings and facility rental income.

- **Charges for Services.** The City charges fees for plan checking, building inspection and other municipal services. In addition, the City collects fees for its recreation programs.

- **Other Revenue.** This category consists generally of sale of property and other miscellaneous revenues.

The largest components of Fiscal Year 2019-20 General Fund estimated revenues are sales tax (24.5%) and property tax, including property tax in-lieu of motor vehicle license fees (18.9%).

Expenditures

The expenditures in Table Nos. 8 and 9 are categorized by governmental function. Each function generally includes salaries and benefits, materials and supplies, and capital outlay, if any.

Salaries and Benefits include direct personnel costs, benefits, health insurance costs and workers' compensation and unemployment insurance costs. Materials and supplies include non-personnel operating costs and contract professional services.

Public safety expenditures represent approximately 28% of the total General Fund estimated expenditures for Fiscal Year 2019-20.

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TABLE NO. 8
CITY OF CARSON
GENERAL FUND REVENUES AND EXPENDITURES

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Adopted Budget (2)
Revenues:				
Taxes	$57,099,495	$61,164,249	$68,919,788	$65,136,396
Licenses and permits	7,253,603	11,277,101	9,465,400	11,277,101
Fines and forfeitures	1,821,718	1,710,330	1,542,202	1,710,330
Intergovernmental	260,032	122,550	104,854	122,550
Charges for services	3,722,573	3,127,469	3,367,010	3,127,469
Investment Income	1,805,097	1,890,644	1,844,324	1,844,870
Miscellaneous	5,019,810	15,209,674	7,564,937	3,701,100
Sale of land	-	-	402,738	-
Transfers in	150,697	4,222	9,354	20,301
Total Revenues	77,133,025	94,506,239	93,220,607	86,940,117
Expenditures:				
General government	40,263,034	24,204,302	27,530,697	25,826,550
Public safety	-	21,265,535	22,635,739	24,578,395
Community development	4,610,699	4,773,761	4,109,743	7,131,688
Public works	15,365,345	14,788,704	16,545,258	17,237,015
Community services	13,362,962	11,938,353	11,921,448	14,026,165
Capital improvement programs	15,849	527,150	187,779	-
Transfers out	3,262,569	751,467	338,500	460,000
Total Expenditures	76,880,458	78,249,272	83,269,164	89,259,813
Net Change in Fund Balance	252,567	16,256,967	9,951,443	(2,319,696)
Beginning Fund Balance	18,710,435	18,963,002	35,219,969	45,171,412
Ending Fund Balance	$ 18,963,002	$35,219,969	$45,171,412	$42,851,716
Fund Balance:				
Nonspendable/Reserved	$ 517,772	$ 490,436	$ 997,095	$ 997,095
Committed/Assigned	16,324,165	16,324,165	16,324,165	18,757,058
Unassigned	2,121,065	18,405,368	27,850,152	23,097,563
Total Fund Balance	$18,963,002	$35,219,969	$45,171,412	$42,851,716

(1) See "Major Variances" herein for a description of significant year-to-year changes.

(2) Does not incorporate mid-year budget amendments or the impacts of the COVID-19 Pandemic. See Table No. 9 and "COVID-19 Impacts" below.

Source: City of Carson.

Major Variances

The following describes significant year-to-year changes in revenues and expenditures through the Fiscal Year 2019-20 adopted budget, as shown in Table No. 8 above and Table No. 13 below:

Utility Users Tax. This tax is based on the price of natural gas and utility usage, and is subject to fluctuations and reductions if more users switch to solar power.

Property Tax. Assessed value in the City increased 5.1% in Fiscal Year 2018-19 due to new construction.

Sales Tax. There was also a one-time payment in Fiscal Year 2018-19 for monies received in Fiscal Year 2017-18 but delayed due to implementation of a new sales tax system at the California Department of Tax and Fee Administration.

Oil Industry Business Tax. A new tax approved in November 2018 and implemented in 2019.

License and Permits. There was a significant increase in building permit revenue in Fiscal 2017-18 relating to new construction.

Miscellaneous. In Fiscal Year 2017-18, the City received (1) a one-time non-refundable payment from Macerich, (2) $2.625 million from Tesoro Refinery pursuant to new mitigation agreement to pay $24 million over 15 years and (3) dismissal of litigation resulting in reversal of $7.9 million expense accrued in 2016. In Fiscal Year 2018-19, the City sold 2 properties for $2.3 million.

General Government Expenditures. The City contracts with the County Sheriff department to provide police protection. Until Fiscal Year 2016-17, the contract with the County Sheriff was categorized as General Government expenditures.

Transfers Out. In Fiscal Year 2016-17, the City transferred $1 million to a capital asset replacement fund and $1.1 million to an utility underground in-lieu fund.

COVID-19 Impacts

The COVID-19 Pandemic is expected to materially adversely impact the City's financial condition.

Fiscal Year 2019-20. Based on current projections the City expects a projected approximately 7.7% decrease in General Fund revenues (approximately $8.7 million) for the remainder of Fiscal Year 2019-20 as a result of the COVID-19 Pandemic. Such projections include:

- an approximate 14.3% ($3.5 million) reduction in sales tax revenues compared to the Fiscal Year 2019-20 budget, followed by a 10% increase in Fiscal Year 2020-21,
- an approximate 10% ($1 million) reduction in franchise tax revenues compared to the Fiscal Year 2019-20 budget, followed by a 1% increase in Fiscal Year 2020-21,
- an approximate 35% ($752,500) decrease in transient occupancy tax compared to the Fiscal Year 2019-20 budget, followed by an increase in Fiscal Year 2020-21 bringing the net change to 10% decline from the Fiscal Year 2019-20 budget,
- an approximate 18.4% ($2 million) reduction in license and permit revenue, and
- an approximate 23% ($724,000) reduction in charges for services from revenue loss of community services fees and rentals compared to the Fiscal Year 2019-20 budget, increasing to a loss of $1 million in Fiscal Year 2020-21.

The reduction in sales tax revenues for Fiscal Year 2019-20 shown in Table No. 13 includes an $885,000 deferral of certain sales tax to a future date. See "RISK FACTORS - Certain Risks Associated with Sales Tax and Other Local Tax Revenues" herein.

The City is projecting some decrease in taxes that are not based on consumer or business spending (such as the oil industry business tax) in Fiscal Year 2019-20 from what was originally budgeted, but no immediate decrease in property tax for Fiscal Year 2019-20.

The City had budgeted use of $2.3 million of unassigned fund balance in Fiscal Year 2019-20, before the COVID-19 Pandemic. The City expects to balance its Fiscal Year 2019-20 Post-COVID-19 budget by drawing down another $5.8 million from its committed and unassigned fund balance as after reducing operating expenses by $2.9 million.

In its Fiscal Year 2019-20 budget, the City included a 5-year estimate of General Fund operating results. Prior to the COVID-19 Pandemic, the City was expecting an approximate $6.8 million reduction in fund balance to pay for operations over that 5 year period unless some expenditure reductions were implemented. As a result of the COVID-19 Pandemic, that 5 year estimate is currently $18.4 million.

Fiscal Year 2020-21. City staff expects to present the Fiscal Year 2020-21 budget to the City Council in June 2020 for their approval. The City has already conducted 3 budget workshops. The City staff had developed 3 scenarios for expenditure reductions for City Council consideration:

- Hiring freeze scenarios vary: 6 months, 9 months or 12 months;
- Professional development expenditure freeze;
- Events budget is reduced at 50% (scenario 1), 75% (scenario 2) and 100% (scenario 3); and
- Non-personnel budget reduction scenarios are 5%, 10% and 15%.

The expenditure savings under the 3 scenarios ranged from $2.9 million to $6.5 million.

At its third budget workshop on May 19, 2020, staff recommended (1) non-personnel budget reductions of 15% (with the exception of certain public works projects), (2) cancellation of the City's large scale special events through the end of December, 2020, (3) suspension of the City programs that were previously cost neutral that may become financially unfeasible because of size restrictions and (4) a limited hiring freeze to help reduce the Fiscal Year 2020-2021 personnel budget (approximately 9% vacancy rate compared to current vacancy rate of 12%). The City expects that it will use $3.5 million of its unassigned fund balance to fund the Fiscal Year 2020-21 budget, however, the economic uncertainties fund balance reserve is projected to remain at its 20% policy level.

A history of the City's General Fund reserves are shown in Table No. 15 under the caption "Financial Statements" below.

As noted above, Table No. 9 presents the Fiscal Year 2019-20 adopted Budget, the budget adjustments to reflect estimated actual revenues and expenditures for Fiscal Year 2019-20 as impacted by COVID-19 stay at home orders and preliminary estimates for Fiscal Year 2020-21. See "RISK FACTORS – Risks related to COVID-19" herein. The City will adopt a budget for Fiscal Year 2020-21 that is based on the best information available, sets targets that give flexibility if the economy does better or worse than projected, and includes cuts to be evaluated on a frequent basis during Fiscal Year 2020-21 as new information is available.

Currently the City is budgeting for a rebound in transient occupancy tax from the impacted revenue amount in Fiscal Year 2019-20, resulting in an overall 10% decrease in Fiscal Year 2020-21 for its transient occupancy tax compared to the Fiscal Year 2019-20 budget. The oil industry business tax is expected to decline 5% from Fiscal Year 2019-20 budget and as further 5% in Fiscal Year 2020-21. A 1% decrease in utility users tax is projected in Fiscal Year 2020-21. Only a small decline in franchise taxes is anticipated compared to Fiscal Year 2019-20 expected franchise tax revenue. Property tax is expected to decrease due to certain refinery assessed values that are based on the price of oil. See "- Local Taxes" below.

The City is expecting to receive a net $5.1 million in Fiscal Year 2020-21 upon completion of a land swap of the City's corporate yard with certain land and facilities owned by Prologis, a national logistics corporation. The net revenue from this transaction has not been included in the Fiscal Year 2020-21 budget.

Phase 2 of the State's Resilience Roadmap. On May 8, 2020, the State entered into Phase 2 of lifting Shelter-in-Place restrictions ("Phase 2"), a phase of the State's Resilience Roadmap, which allows for many retail stores to open and other forms of manufacturing and construction to resume, provided individual counties adhere to certain attestation processes concerning the local spread of COVID-19. The County is now in the advanced stages of Phase 2. The City has also moved into Phase 2. On May 11, 2020 the Carson Disaster Council ("Disaster Council") took a number of actions, the first of which was approving an Order for the partial use of closed city parks for walking, jogging and running. To ease regulations on restaurants and stores as they adapt their operations to curbside service, the Disaster Council authorized curbside service subject only to ADA compliance and red curb restrictions during Carson's Declaration of Emergency.

To help businesses advertise that they are re-opening, the Disaster Council authorized, for the period of the City's emergency declaration, a waiver of the City's sign provisions, allowing the placement of banners and other temporary signs on the property of the business, next to the business or in the shopping center in which the business is located, subject to ADA requirements.

Recognizing that restaurants will need to expand their space to accommodate social distancing requirements, the Disaster Council authorized the City's Community Development Director to administratively approve applications for businesses to expand onto public sidewalks and into adjacent off-street parking during the period of the City's emergency declaration.

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TABLE NO. 9
GENERAL FUND REVENUES AND EXPENDITURES

	2019-20 Adopted Budget	COVID-19 Adjustments	2019-20 Estimated Actual	2020-21 Preliminary Estimated
Revenues:				
Taxes	$65,136,396	(5,538,693)	$59,597,703	$60,866,270
Licenses and permits	11,277,101	(2,083,852)	9,193,249	9,621,144
Fines and forfeitures	1,710,330	(19,654)	1,690,676	1,694,712
Intergovernmental	122,550	-	122,550	127,452
Charges for services	3,127,469	(872,915)	2,254,554	2,480,482
Investment Income	1,844,870	-	1,844,870	1,844,870
Miscellaneous	3,701,100	(206,192)	3,494,908	3,537,247
Sale of land	-	-	-	-[(1)]
Transfers in	20,301	-	20,301	15,201
Total Revenues	86,940,117	(8,721,306)	78,218,811	80,187,378
Expenditures:				
General government	25,826,550	(1,537,000)	24,289,550	23,414,621
Public safety	24,578,395	(174,000)	24,404,395	25,598,395
Community development	7,131,688	(261,000)	6,870,688	7,773,540
Public works	17,237,015	(522,000)	16,715,015	14,912,763
Community services	14,026,165	(406,000)	13,620,165	11,922,240
Capital improvement programs	-	-	-	-
Transfers out	460,000	(25,300)	434,700	23,000
Total Expenditures	89,259,813	(2,925,300)	86,334,513	83,644,559
Net Change in Fund Balance	(2,319,696)	(5,796,006)	(8,115,702)	(3,457,181)
Beginning Fund Balance	45,171,412		45,171,412	37,055,710
Ending Fund Balance	$42,851,716		37,055,710	33,598,529
Fund Balance:				
Nonspendable/Reserved	$ 997,095		$ 908,879	$ 908,879
Committed/Assigned	18,757,058		17,097,562	17,097,562
Unassigned	23,097,563		19,049,269	15,592,088
Total Fund Balance	$42,851,716		$37,055,710	$33,598,529

(1) Does not include expected $5.1 million net proceeds to be received upon completion of a land swap of the City's corporate yard with certain land and facilities owned by Prologis, a national logistics corporation.

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment in addition to a $10 cost on the second installment. On July 1 of each fiscal year any property which is delinquent will become defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of l½% per month to the time of redemption, together with any other charges permitted by law. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Due to the financial impact of the COVID-19 pandemic, the County announced a waiver of any penalties associated with non-payment of the installment of property taxes that became delinquent if not paid by April 10, 2020. The City's property taxes are not paid on the Teeter Plan, so this may affect the amount of property taxes paid to the City. See "COVID-19 Impacts" above and "RISK FACTORS – Risks related to COVID-19" herein. The City can make no assurance that the County will not announce similar waivers with respect to future property tax amounts.

Property taxes on the unsecured roll become delinquent, if unpaid after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of l½% per month begins to accrue on November 1 of the fiscal year. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Taxable Property and Assessed Valuation. Set forth in Table No. 10 are historical assessed valuations for secured and unsecured property within the City. Article XIIIA of the California Constitution (commonly known as "Proposition 13") prescribes the method for determining the full cash value of real property and the maximum ad valorem tax on real property. The full cash value, once established, is subject to annual adjustment to reflect inflation at a rate not to exceed 2% or a reduction in the California Consumer Price Index. There may also be declines in valuations if the California Consumer Price Index is negative.

An initiative measure (the "Split Roll Initiative") to amend Article XIIIA has qualified for the State's November 2020 ballot. See "RISK FACTORS - Constitutional Limitation on Taxes and Expenditures - Article XIIIA" herein.

Proposition 8 provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The City experienced Proposition 8 reductions in property values during the recent recession, which declined by approximately 2% between 2009 and 2012, although assessed value increased to pre-recession levels by 2015. See "RISK FACTORS - Constitutional Limitation on Taxes and Expenditures - Article XIIIA" and "- Proposition 8 Adjustments" herein. In future years, the number of Proposition 8 adjustments may increase as a result of the COVID-19 impact on the economy. See "COVID-19 Impacts" above and "RISK FACTORS – Risks related to COVID-19" herein.

In addition, certain refinery assessed values are affected by the price of oil. The City anticipates that reductions in assessed value as a result may be seen as early as Fiscal Year 2020-21. See Table No. 11 – Largest Taxpayers" below.

TABLE NO. 10
CITY OF CARSON
GROSS AND NET ASSESSED VALUE OF ALL TAXABLE PROPERTY
(in Thousands)

Fiscal Year	Total Value	% Change in Total Value
2009-10	$13,333,770	
2010-11	13,242,223	(0.7%)
2011-12	13,091,009	(1.1%)
2012-13	13,078,250	(0.1%)
2013-14	13,091,424	0.1%
2014-15	13,394,567	2.3%
2015-16	13,922,185	3.9%
2016-17	14,038,978	0.8%
2017-18	14,413,483	2.7%
2018-19	15,145,551	5.1%
2019-20	15,723,597	3.8%

Source: County of Los Angeles Auditor-Controller.

Largest Taxpayers. The largest property taxpayers for Fiscal Year 2018-19 are as shown in Table No. 11.

TABLE NO. 11
CITY OF CARSON
LARGEST PROPERTY TAXPAYERS

Taxpayer	Assessed Valuation	Percent of Total Value
Tesoro Refining and Marketing Co.	$1,441,189,482	9.46%
Phillips 66	614,274,400	4.03%
Watson Land Co	545,941,259	3.58%
Gatx Tank Storage Terminals Corp.	303,329,301	1.99%
Prologis USLV NEWCA LLC	250,146,564	1.64%
Watson Cogeneration Co.	247,842,659	1.63%
Anschutz So. Cal. Sports Complex	141,844,423	0.93%
Equilon Enterprises LLC	135,597,449	0.89%
Ineos Polypropylene LLC	130,989,601	0.86%
Carson Dominguez Properties LP	124,517,851	0.82%
Total	$ 3,935,672,989	25.84%

Source: City of Carson.

Specialized property such as oil refineries are reappraised annually even though subject to Proposition 13. Certain assessed values for refineries and storage facilities are based on their economic value (if less than the factored Proposition 13 assessed value), which is affected by the price of oil, and future assessed value for these businesses may be reduced as a result. Another specialized property that is appraised annually and is not subject to Proposition 13 is the manufacture of polypropylene, such as the property owned by Ineos Polypropylene LLC. Future assessed value for this taxpayer may also be reduced.

Property Tax Collections. A five-year history of secured property tax levies and collections for the City are set forth in Table No. 12. As noted above, delinquency rates are generally higher during a recession, and the City anticipates that the delinquency rates may be higher than recent delinquency rates in future years depending on the length of time it takes for the economy to recover from COVID-19 impacts. See "COVID-19 Impacts" above and "RISK FACTORS – Risks related to COVID-19" herein.

TABLE NO. 12
CITY OF CARSON
SECURED PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year Ended June 30	Tax Levy for Fiscal Year[1]	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Tax Collections	Percentage of Levy
		Amount	Percentage of Levy			
2015	$36,104,610	$35,622,156	98.66%	$482,454	$36,104,610	100.0%
2016	28,869,646	28,368,269	98.26%	501,377	28,869,646	100.0%
2017	41,886,952	41,297,617	98.59%	589,335	41,886,952	100.0%
2018	42,672,136	41,977,300	98.37%	694,836	42,672,136	100.0%
2019	46,915,395	46,483,736	99.08%	431,659	46,915,395	100.0%

(1) 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: City of Carson and Los Angeles County Auditor-Controller.

Redevelopment - Related Property Tax Considerations. The California Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State) authorized the redevelopment agency of any city or county to receive an allocation of tax revenues resulting from increases in assessed values of properties within designated redevelopment project areas (the "incremental value") occurring after the year the project area was formed. In effect, local taxing authorities, such as the City, realized tax revenues only on the assessed value of such property at the time the redevelopment project was created for the duration of such redevelopment project. Although Assembly Bill No. 26, enacted on June 29, 2011 as Chapter 5 of Statutes of 2011, statutorily dissolved redevelopment agencies as of February 1, 2012, the enforceable obligations of dissolved redevelopment agencies continue to be paid from property taxes derived from such incremental value until the enforceable obligations are paid in full in accordance with Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as such statutory provisions may be amended from time to time the "Dissolution Act").

There were four active redevelopment projects in the City when the Dissolution Act was enacted (the "Project Areas"), which had been merged into one consolidated project area.

In the first year after redevelopment agencies were statutorily dissolved, the Dissolution Act established a process for determining the liquid assets that redevelopment agencies should have shifted to their successor agencies when they were dissolved, and the amount that should be available for remittance by the successor agencies to their respective county auditor-controller for distribution to affected taxing entities within the project areas of the former redevelopment agencies. This determination process is commonly known as the "due diligence review process" and was required to be completed through the final step (review by the State Department of Finance) by November 9, 2012 with respect to affordable housing funds and by April 1, 2013 with respect to non-housing funds. Generally, redevelopment agencies were required to remit to their respective county auditor-controller the amount of unobligated balances determined by the State Department of Finance. In turn, such remitted unobligated balances were distributed to taxing entities within the applicable redevelopment project area (including the City with respect to its redevelopment project) in proportion to such taxing entity's share of property tax revenues in the tax rate area for the applicable fiscal year.

The Dissolution Act also provides for proceeds of the sale of land owned by redevelopment agencies at the time of their statutory dissolution to be remitted to the applicable county auditor-controller for distribution to the affected taxing entities within the applicable redevelopment project area (including the City with respect to its redevelopment project) in proportion to such taxing entity's share of property tax revenues in the tax rate area for the applicable fiscal year.

Further, under the Dissolution Act, taxing entities within the City's Project Areas, such as the City, are to receive distributions (in proportion to such taxing entity's share of property tax revenues in the tax rate area for the applicable fiscal year) of residual amounts of property taxes attributable to incremental value of such redevelopment project on each June 1 and January 2, after payment of: (i) tax sharing obligations established previously pursuant to the Community Redevelopment Law, (ii) enforceable obligations of the successor agency to the former redevelopment agency, and (iii) an administrative cost allowance to such successor agency. The City's approximate share of the residual amounts is 6.7%. As enforceable obligations of the former redevelopment agency and its successor agency are paid and retired, residual amounts of property tax revenues attributable to redevelopment project area incremental value are expected to increase over time. Currently, the City receives approximately $1.2 million in residual property tax, which is included in the property tax shown in Table No. 13 below.

Property Taxes in Lieu of Motor Vehicle License Fees. The motor vehicle license fee ("VLF") is an annual fee on the ownership of a registered vehicle in California. The City received a portion of VLF collected state-wide, until State budget changes altered the payment from a distribution of VLF to a payment of property taxes in lieu of VLF. The total amount budgeted for Fiscal Year 2019-20 is approximately $7.9 million and is included in the property tax shown Table No. 13.

Local Taxes

In addition to ad valorem taxes on real property, the City receives the following non-real estate local taxes (see "RISK FACTORS - Constitutional Limitation on Taxes and Expenditures - Proposition 218" herein):

Sales and Use Taxes. Sales tax is collected and distributed by the California Department of Tax and Fee Administration. Each local jurisdiction receives an amount equal to 1% of taxable sales within their jurisdiction.

Franchise Taxes. The City levies a franchise fee on its gas, electric, water and waste disposal companies operating within the City. There is also a franchise fee levied on pipelines.

Utility User Tax. The City is authorized to levy a user tax on natural gas and electric usage. The current authorization to levy the tax by voters expires in 2023. Sixty percent of the tax is generated by natural gas usage.

Transient Occupancy Tax. The City levies a transient occupancy tax on hotel and motel bills. The City's current transient occupancy tax resolution provides for a rate of 9%.

Business License Taxes. The City levies a business license tax based on fixed fee based on type of business.

Oil Industry Business Tax. A tax approved by voters to levy a tax equal to 0.25% of gross receipts for businesses operating an oil refinery or facility that stores petroleum products. The tax does not apply to gas stations.

There is no expiration date for the City's authorization to levy and collect the franchise tax, transient occupancy tax, business license tax or oil industry business tax. See "RISK FACTORS - Constitutional Limitation on Taxes and Expenditures - Proposition 218" herein.

A history of actual tax revenue by source are shown in Table No. 13, together with the budgeted amounts for Fiscal Year 2019-20. Table No. 13 also includes the City's estimate of taxes for Fiscal Years 2019-20 and 2020-21 taking into account the COVID-19 Pandemic impacts the local economy. The sales tax shown below for Fiscal Year 2019-20 will experience significant declines. Such declines are expected to reverse somewhat in Fiscal Year 2020-21. The negative impact of COVID-19 Pandemic into fiscal years beyond Fiscal Year 2020-21 is uncertain and may continue to be significant.

The COVID-19 impact on property tax is likely to be seen in Fiscal Year 2020-21 and in future years through reduced property values, specifically the possessory interest values that are based on oil prices (due to a number of refineries in the City) and increased delinquencies, similar to or more severe than 2008 recession. See "COVID-19 Impacts" above and "RISK FACTORS – Risks related to COVID-19" herein.

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TABLE NO. 13
CITY OF CARSON
TAX REVENUES BY SOURCE

	2016-17	2017-18	2018-19	Budget 2019-20	Estimated 2019-20 [1]	% of 2019-20 Revenue	Preliminary 2020-21 [1]
Sales and use tax	$24,721,304	$24,439,171	$28,554,425	$24,672,756	$21,138,838[2]	24.5%	$23,203,365
Franchise tax	8,095,973	9,094,861	9,810,903	9,948,750	8,953,875	11.5%	9,053,875
Property tax	14,720,541	15,331,160	16,042,132	16,344,890	16,344,890	18.9%	15,255,631
Transient occupancy tax	2,225,416	2,242,192	2,245,576	2,150,000	1,397,500	2.5%	1,935,000
Utility users tax [3]	7,030,672	8,129,186	7,892,486	7,000,000	7,000,000	8.1%	6,900,399
Real property transfer tax	305,589	370,939	343,541	320,000	297,600	0.4%	288,000
Oil industry business tax	-	1,556,740	4,030,725	4,700,000	4,465,000	5.4%	4,230,000
Total	$57,099,495	$61,164,249	$68,919,788	$65,136,396	$59,597,703	71.4%	$60,866,270

(1) As discussed under the caption "COVID-19 Impacts" above, the City expects an approximate $6.75 million reduction in total revenues in Fiscal Year 2020-21 compared to the Fiscal Year 2019-20 Adopted Budget. See also "RISK FACTORS – Risks Related to COVID-19" herein.

(2) In addition to the expected reduction in sales tax related to auto sales, business to business sales and consumer goods, the Governor's order allows small businesses to defer payment of sales and use taxes of up to $50,000 for up to twelve months, which will negatively impact municipalities in California unless the Governor proposes a plan to backfill those lost revenues for California cities. The City estimates that the impact from Governor's sales tax deferral to small businesses will be approximately $885,000. See "RISK FACTORS – Certain Risks Associated with Sales Tax and Other Local Tax Revenues" herein.

(3) Utility users tax will sunset in 2023.

Source: City of Carson.

Employee Relations and Collective Bargaining

City employees are represented by 3 labor bargaining units. All employees are covered by negotiated agreements. The negotiated agreement with the largest employee group is effective through June 30, 2020. The City has begun negotiating with this bargaining unit.

Retirement Plans

Defined Benefit Plan

This caption contains certain information relating to the California Public Employees Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and its actuaries. The City has not independently verified the information provided by CalPERS and makes no representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.

Plan Description. The City provides retirement benefits, disability benefits, periodic cost-of-living adjustments, and death benefits to plan members and beneficiaries (the "Plan"). The Plan is part of CalPERS, an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State. Benefit provisions are established by State statute and by City contracts with employee bargaining groups. The Plan as described herein covers the employee group known as "Miscellaneous."

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), which made changes to CalPERS Plans, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For non-safety CalPERS participants hired after the Implementation Date, PEPRA changed the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increased the eligibility requirement for the maximum age factor of 2.5% to age 67.

PEPRA also: (i) requires all new participants enrolled in CalPERS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary to a maximum of 8% of salary, (ii) requires CalPERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date, and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for members not participating in Social Security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

Benefit Tiers. Due to PEPRA, the City added a benefit tier for employees hired after January 1, 2013 and subject to PEPRA ("PEPRA Tier"). Ultimately, PEPRA is expected to reduce the City's long-term pension obligation as existing employees retire and new employees are hired to replace them. The City also added a benefit tier for employees hired after May 6, 2011 and before the effective date of PEPRA. Employees hired prior to the effective date of PEPRA are in what is referred to as the Tier 1 or Tier 2.

The Plan provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous Plan		
	Tier 1*	Tier 2*	PEPRA Tier 3
Hire date	Prior to May 6, 2011	On May 6, 2011 and prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.426% to 2.418%	1.00% to 2.50%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates (b)	10.627%	10.627%	6.25%

* Closed to new entrants.

(b) Normal cost rate, excluding UAL payment.

Funding Policy. Active members in the Plan are required to contribute a percent of their annual covered salary as shown in the chart above. As of Fiscal Year 2019-20, all employees pay their own employee contributions towards retirement.

Contributions. Section 20814 (c) of the Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Employer Contribution to the Plan for the last three fiscal years are as follows:

2016-17	$6,899,003
2017-18	7,293,749
2018-19	8,354,811

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Actuarial Methods and Assumptions Used to Determine Total Pension Liability. The total pension liabilities in the CalPERS June 30, 2017 actuarial valuations, rolled forward to June 30, 2018, using standard update procedures, were determined using the following actuarial assumptions:

Valuation Date/Measurement Date	June 30, 2017/June 30, 2018
Actuarial Cost Method	Entry-Age Normal
Asset Valuation Method:	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by entry age and service
Mortality Rate Table [(1)]	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

[(1)] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on the table, please refer to the 2014 experience study report.

Source: California Public Employees' Retirement System.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study ("Experience Study") for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website under "Forms and Publications."

Changes in Actuarial Assumptions. Changes in actuarial assumptions generally take two years to affect the City's contribution rate due to the time required by CalPERS to calculate and implement the change. For example, a change made effective for Fiscal Year 2018-19 will be reflected in the City's contribution rates (normal cost or unfunded liability) for Fiscal Year 2020-21.

The CalPERS Board of Administration has made numerous changes that are reflected in the calculation of the pension liability and the annual contribution toward the unfunded pension liability. The most significant change was a reduction over a period of three years to reduce the discount rate from 7.5% to 7.0%. The reduced rate is fully reflected in the CalPERS June 30, 2018 actuarial valuation and subsequent calculated contributions.

Other assumption changes include a reduction in the payroll growth and inflation and, beginning with the June 30, 2019 calculation, changing the amortization of investment gains or losses to 20 years from 30 years. Also beginning with the June 30, 2019 calculation of Unfunded Liability amortization, new amortizations of gains and losses will be amortized on a level dollar basis. Investment gains and losses will have a 5 year ramp up and no ramp down. Other gains and losses will have no ramp up or ramp down. CalPERS' Chief Actuary stated that the revised approach provides a single measure of funded status and unfunded liabilities, less rate volatility in extreme years, a faster path to full funding and more transparency to employers about future contribution rates. When compared with prior policies, these changes accelerate the repayment of unfunded liabilities of the City's Plan.

In 2015, the CalPERS Board of Administration also adopted a funding risk mitigation policy intended to incrementally lower its discount rate. The funding risk mitigation policy was revised in 2017 and the CalPERS Board of Administration suspended implementation of the policy for the June 30, 2020 valuation.

The City anticipates the policy will result in a lowering of the discount rate in the future, but cannot guarantee when the discount rate will be lowered and at what rate. According to a November 2019 CalPERS Finance and Administration Committee report, "The policy had been suspended during the period over which the discount rate was being reduced to 7.0 percent. The policy is once again effective, meaning, for example, an investment return of 9 percent or higher for the fiscal year ending June 30, 2020 will trigger a risk mitigation event [discount rate reduction]."

As of March 31, 2020, CalPERS estimated that the rate of return for its investment portfolio for the fiscal year-to-date was a negative 4%. There is no guarantee that CalPERS will achieve a better rate of return for the full fiscal year and it may be worse. Investment returns below 7% create additional liabilities for public agencies, including the City. Any increase in the unfunded actuarial liability created by the Fiscal Year 2019-20 rate of return will begin affecting the City's UAL costs starting in Fiscal Year 2021-22. Pursuant to CalPERS methodology, the amounts payable will increase annually during the first five years and then level out for the remaining 15 years over which to amortize investment losses. See "COVID-19 Impacts" above and "RISK FACTORS – Risks related to COVID-19" herein.

Contribution Rates. The contribution requirements of Plan members and the City are established by CalPERS. CalPERS modified the calculation of the contribution rates beginning in Fiscal Year 2017-18. CalPERS now represents only the employer's normal cost as a percentage of payroll, and includes a dollar amount for the amortization of the unfunded actuarial liability ("UAL"). Shown in Table No. 14 are the actual or CalPERS projections of the normal cost and amortization of the UAL for the City.

TABLE NO. 14
PROJECTED EMPLOYER RETIREMENT CONTRIBUTIONS

Fiscal Year	Normal Cost	Amortize UAL
2017-18	10.627%	$5,048,701
2018-19	11.143	5,982,446
2019-20	11.766	6,974,023
2020-21 (1)	12.335	7,800,842
2021-22 (1)	12.300	8,619,000
2022-23 (1)	12.300	9,284,000
2023-24 (1)	12.300	9,670,000

(1) Projected by CalPERS based on various assumptions used in the June 30, 2018 actuarial valuation; does not take issuance of Bonds to fund UAL into account or investment rates of return since June 30, 2018, and particularly the expected loss on investments in Fiscal Year 2019-20 described above.

Source: California Public Employees' Retirement System.

Pension Liabilities. The City's net pension liability for the each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of each June 30, using the annual actuarial valuation as of the prior June 30 rolled forward using standard update procedures. The City's changes in net pension liability for the Plan for the last 5 years as reported by CalPERS is shown below.

The Total Pension Liability, Fiduciary Net Assets, and Net Pension Liability calculations and sensitivity of the Net Pension Liability to Changes in the Discount Rate that follow are prepared using the requirements in GASB Statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 ("GASB No. 68"). The plan fiduciary net position pursuant to the GASB No. 68 accounting valuation report may differ from the plan assets reported in the annual actuarial valuation report due to several reasons. For example, for the accounting valuations, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the actuarial valuation.

NET PENSION LIABILITY

Measurement period	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Total Pension Liability:					
Service Cost	$ 4,634,164	$ 4,326,829	$ 4,558,044	$ 4,806,568	$ 4,901,075
Interest on total pension liability	16,199,814	17,550,999	18,605,765	19,276,794	19,821,114
Changes in assumptions	-	(4,237,527)	-	15,778,040	(1,676,966)
Differences between expected and actual experience	-	6,597,837	2,148,324	(923,400)	(1,748,992)
Benefit payments, including refunds of employee contributions	(9,448,777)	(9,777,863)	(10,930,075)	(12,569,527)	(13,614,042)
Net Change in Total Pension Liability	11,385,201	14,460,275	14,382,058	26,368,475	7,682,189
Total Pension Liability - Beginning of Year	218,404,819	229,790,020	244,250,295	258,632,353	285,000,828
Total Pension Liability - End of Year (a)	$229,790,020	$244,250,295	$258,632,353	$285,000,828	$292,683,017
Plan Fiduciary Net Position:					
Plan to plan resource movement	$ -	$ (228,538)	$ -	$ -	$ (447)
Contributions - employer	6,276,475	5,746,641	6,254,187	6,899,003	7,293,749
Contributions - employee	2,460,111	2,169,417	2,155,129	2,015,333	1,930,908
Net investment income	25,449,700	3,717,143	1,013,852	18,521,130	15,376,239
Benefit payments	(9,448,777)	(9,777,863)	(10,930,075)	(12,569,527)	(13,614,042)
Administrative expense	-	(191,232)	(103,489)	(248,333)	(284,877)
Other miscellaneous income/(expense)	-	-	-	-	(540,987)
Net Change in Fiduciary Net Position	24,737,509	1,435,568	(1,610,396)	14,617,606	10,160,543
Plan Fiduciary Net Position - Beginning of Year	143,635,495	168,373,004	169,808,572	168,198,176	182,815,782
Plan Fiduciary Net Position - End of Year (b)	$168,373,004	$169,808,572	$168,198,176	$182,815,782	$192,976,325
Net Pension Liability - Ending (a)-(b)	$ 61,417,016	$ 74,441,723	$ 90,434,177	$102,185,046	$ 99,706,692
Plan fiduciary net position as a percentage of the total pension liability	73.27%	69.52%	65.03%	64.15%	65.93%
Covered - employee payroll	$ 23,683,572	$ 23,784,241	$ 25,529,537	$ 24,225,433	$ 25,068,155
Net pension liability as a percentage of covered - employee Payroll	259.32%	312.99%	354.23%	421.81%	397.74%

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshake).

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%. From Fiscal Year June 30, 2018 to June 30, 2019: Demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of each Plan as of June 30, 2018, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.15%) or 1% higher (8.15%) than the current rate.

	Discount Rate - 1% (6.15%)	Current Discount Rate – 1% (7.15%)	Discount Rate + 1% (8.15%)
Net Pension Liability	$137,858,263	$99,706,692	$68,005,525

Source: California Public Employees' Retirement System.

See Note 8 of the City's Comprehensive Annual Financial Report included in "APPENDIX B" for further information about the Plans.

Other Post Employment Benefits

Plan Description. The City offers a defined benefit OPEB plan ("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.

Contributions. The OPEB 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 Fiscal Year 2018-19. However, the City did directly pay retiree insurance premiums of $1,219,256 during Fiscal Year 2018-19 and the implicit rate subsidy for the OPEB Plan was $352,850 for that period. The City also received $1,000,000 of reimbursements from CERBT for retiree premium payments made. Net contributions for the measurement period ended June 30, 2018 totaled $572,106.

Funded Status and Funding Progress. The net OPEB liability as of June 30, 2018 is calculated as shown on the following page. The schedule of funding progress, included in the required supplementary information section of the City's Comprehensive Annual Financial Report, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Accrued Actuarial Liability for the benefits. However, since Fiscal Year 2017-18 is the first year of implementation of new GASB disclosures for OPEB liabilities, the Fiscal Year 2018-19 Comprehensive Annual Financial Report shows only two years of information.

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	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2018
Total OPEB Liability		
Service cost	$ 2,296,140	$ 2,393,726
Interest on the total OPEB liability	3,150,579	3,287,464
Changes in assumptions	-	(9,857,740)
Changes in benefit terms	-	-
Benefit payments	(2,074,858)	(2,572,106)
Net change in total OPEB liability	3,371,861	(6,748,656)
Total OPEB liability - beginning	72,872,563	76,244,424
Total OPEB liability - ending (a)	76,244,424	69,495,768
Plan Fiduciary Net Position		
Contributions – employer	1,409,106	1,572,106
Net investment income	1,757,999	1,395,100
Administrative expenses	(8,868)	(9,260)
Other income (expense)	-	(23,399)
Benefit payments	(2,074,858)	(2,572,106)
Net change in total Plan Fiduciary Net Position	1,083,379	362,441
Plan Fiduciary Net Position - beginning	16,602,739	17,686,118
Plan Fiduciary Net Position - ending (a)	17,686,118	18,048,559
Net OPEB Liability	$58,558,306	$51,447,209
Plan Fiduciary Net Position as a percent of total OPEB liability	23.20%	25.97%
Covered employee payroll	$22,132,875	$22,542,046
Net OPEB liability as a percentage of covered-employee payroll	264.58%	228.23%

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the June 30, 2018 actuarial valuation, the entry age normal actuarial cost method was used to value liabilities. Under the entry age normal cost method, an average age at hire and average retirement age are determined for eligible employees. The actuarial assumptions included (1) a 4.25% discount rate, (2) a 3.0% annual salary increase, (3) inflation of 2.75% and (4) medical plan premiums (cost) rate increase of 6.5% for year 2019, decreasing overtime to 5%.

Risk Management

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.

Changes in the claims and judgements liability balance for the Fiscal Years ended June 30, 2017, 2018 and 2019, including a provision for incurred but not reported claims, were as follows:

Fiscal Year	Beginning Balance	Changes in Estimates	Claim Payments	Ending Balance
2017	$3,932,663	977,141	1,839,933	$3,070,871
2018	3,070,871	748,689	1,565,717	2,253,843
2019	2,253,843	1,572,853	1,361,871	2,464,825

City Investment Policy and Portfolio

The City administers a pooled investment program, except for those funds which are managed separately by trustees appointed under bond indentures. This program enables the City to combine available cash from all funds and to invest cash that exceeds current needs. Under the City's current investment policy and in accordance with the Government Code, the City may invest in the following types of investments subject to certain limitations on maturity and amount:

United States Treasury Bills, Notes and Bonds
Obligations of Various Agencies of the Federal Government
Collateralized Time Deposits
Commercial Paper
Banker's Acceptance
Negotiable Certificates of Deposit
Certificates of Deposit – private placement
Local Agency Investment Fund
Money Market Funds or Mutual Funds
Medium-term Notes
State/Municipal Bonds

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As of April 30, 2020, the market value of the City Treasurer's investment portfolio (excluding funds deposited in checking accounts and held under bond indentures) was $56.4_million. The diversification of the City Treasurer's investment portfolio assets as of such date is shown in the following table.

Type of Investment	% of Combined Portfolio
Certificates of Deposit	21.0%
Local Agency Investment Fund	69.9
State/Municipal Bonds	1.1
Medium-term Notes	3.3
U.S. Agencies	4.7
	100.0%

Long-Term General Fund Obligations

Other than the Bonds to be issued, the net OPEB liability and self-insured claims payable, the City has no outstanding obligations payable from the General Fund.

Financial Statements

The City's accounting policies conform to generally accepted accounting principles and reporting standards set forth by the State Controller. The audited financial statements also conform to the principles and standards for public financial reporting established by the National Council of Government Accounting and the Governmental Accounting Standards Board ("GASB").

Basis of Accounting and Financial Statement Presentation. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The City retained the firm of White Nelson Diehl Evans LLP, Certified Public Accountants, Irvine, California, to examine the general purpose financial statements of the City as of and for the year ended June 30, 2019. The following Table Nos. 17 and 18 summarize the audited Balance Sheet and audited Statement of Revenues, Expenditures and Changes in Fund Balance of the City's General Fund for Fiscal Years 2014-15 through 2018-19.

See "APPENDIX B" hereto for the audited financial statements for the Fiscal Year ended June 30, 2019. The City has not requested, and the auditor has not provided, any review or update of such statements in connection with the inclusion in this Official Statement.

GASB Statement No. 54. GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition, establishes fund balance 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.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, which are amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact. GASB No. 54 also provides for additional classification as "restricted," "committed," "assigned," and "unassigned" based on the relative strength of the constraints that control how specific amounts can be spent.

The Table No. 15 on the following page shows General Fund "committed," "assigned" and "unassigned" fund balances as of June 30, 2016, 2017, 2018, 2019 and estimated for June 30, 2020.

GASB Statements Regarding Pension and OPEB Liabilities. GASB has issued various statements relating to the reporting of pension and other post-retirement benefit liabilities and expense, and most recently, new accounting and financial reporting requirements for OPEB plans. The required reporting of net pension liability was incorporated into the City's financial statements for the Fiscal Year ending June 30, 2015 and the required reporting of net OPEB liability was incorporated into the City's financial statements for the Fiscal Year ending June 30, 2019. The audited financial statements of the City for the Fiscal Year ended June 30, 2019 included in "APPENDIX B" contain additional information about the retirement plan liabilities and the OPEB liability.

See Note 1 in the City's audited financial statements attached in "APPENDIX B" for a discussion of additional accounting changes.

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TABLE NO. 15
GENERAL FUND RESERVES
(Excluding Nonspendable and Restricted Reserves)

	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	Budget June 30, 2020 (2)	Adjusted Budget June 30, 2020 (3)
Committed:						
Economic Uncertainties	$16,585,504	$15,274,165	$15,274,165	$15,274,165	$17,707,058	$16,047,562
Reward Funds	125,000	50,000	50,000	50,000	50,000	50,000
Total Committed	16,710,504	15,324,165	15,324,165	15,324,165	17,757,058	16,097,562
Assigned:						
Self-insurance	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Loan Shed Program	226,096	-	-	-	-	-
Total Assigned	226,096	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unassigned	-	2,121,065	18,405,368	27,850,152	23,097,563	19,049,269
Total Committed/Assigned/Unassigned	$16,939,600	$18,445,230	$34,729,533	$44,174,317	$41,854,621	$36,146,831

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TABLE NO. 16
CITY OF CARSON
GENERAL FUND BALANCE SHEET
As of June 30

	2015	2016	2017	2018	2019
Assets:					
Cash and investments	$24,324,155	$26,093,527	$27,413,069	$37,289,747	$49,990,676
Cash and investments with fiscal agents	4,486,228	-	-	-	-
Receivables:					
Taxes	4,712,553	9,402,352	5,949,102	4,509,870	5,844,264
Accounts	413,095	161,679	405,299	3,363,779	1,765,158
Accrued interest	8,886	16,883	21,215	39,613	-
Due from government agencies	347,355	69,111	214,983	246,689	-
Loans, net of allowance	31,746	27,362	28,960	23,701	20,132
Due from other funds	2,103,528	510,258	2,897,136	2,700,793	3,298,353
Due from Carson Reclamation Authority	-	-	-	55,750	-
Due from Successor Agency	822,426	18,317	60,446	438,309	500,633
Inventory	291,966	301,819	232,900	240,436	311,048
Prepaids and other assets	52,047	40,613	34,872	-	2,686
Total Assets	**$37,593,985**	**$36,641,921**	**$37,257,982**	**$48,908,687**	**$61,732,950**
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable and accrued liabilities	$ 7,934,057	$16,770,003	$16,417,126	$ 9,739,285	$14,144,045
Accrued payroll	1,032,286	1,019,804	1,630,222	1,471,027	1,669,198
Due to other funds	35,025	-	-	1,461,815	18,055
Due to Successor Agency	12,631	4,270	-	-	-
Due to government agencies	693	-	3	1,132	1,597
Retentions payable	16,386	17,249	34,941	-	84,037
Unearned revenue	177,924	120,160	212,688	240,861	644,606
Refundable deposits	22,236	-	-	-	-
Self insurance claims payable	795,555	-	-	-	-
Total Liabilities	**10,026,793**	**$17,931,486**	**18,294,980**	**12,914,120**	**16,561,538**
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	**774,598**	-
Fund Balance:					
Nonspendable	375,759	342,432	267,772	240,436	313,734
Restricted	1,760,710	1,431,403	250,000	250,000	683,361
Committed	14,380,711	16,710,504	15,324,165	15,324,165	15,324,165
Assigned	5,071,211	226,096	1,000,000	1,000,000	1,000,000
Unassigned	5,978,801	-	2,121,065	18,405,368	27,850,152
Total Fund Balance	**27,567,192**	**18,710,435**	**18,963,002**	**35,219,969**	**45,171,412**
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	**$37,593,985**	**$36,641,921**	**$37,257,982**	**$48,908,687**	**$61,732,950**

Source: City of Carson Comprehensive Annual Financial Reports.

TABLE NO. 17
CITY OF CARSON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30

	2015	2016	2017	2018	2019
Revenues:					
Taxes	$55,220,879	$58,228,761	$57,099,495	$61,164,249	$68,919,788
Licenses and permits	6,306,253	7,111,989	7,253,603	11,277,101	9,465,400
Fines and forfeitures	1,779,226	1,588,678	1,821,718	1,710,330	1,542,202
Intergovernmental	577,075	342,461	260,032	122,550	104,854
Charges for services	2,411,556	2,445,836	3,722,573	3,127,469	3,367,010
Investment Income	2,017,184	1,782,338	1,805,097	1,890,644	1,844,324
Miscellaneous	3,093,676	2,676,687	5,019,810	15,209,674	7,564,937
Total Revenues	**71,405,849**	**74,176,750**	**76,982,328**	**94,502,017**	**92,808,515**
Expenditures					
Current:					
General government	21,922,895	29,956,664	40,263,034	24,204,302	27,530,697
Public safety	-	-	-	21,265,535	22,635,739
Community development	4,422,659	4,662,800	4,610,699	4,773,761	4,109,743
Public works	14,922,925	15,547,603	15,365,345	14,788,704	16,545,258
Capital improvement programs	5,779,786	529,861	15,849	527,150	187,779
Total Expenditures	**78,915,393**	**82,927,518**	**73,617,889**	**77,497,805**	**82,930,664**
Excess (deficiency) of revenues over (under) expenditures	(7,509,544)	(8,750,768)	3,364,439	17,004,212	9,877,851
Other Financing Sources (Uses):					
Proceeds from sale of land	-	-	-	-	402,738
Transfers in	1,833,964	19,884	150,697	4,222	9,354
Transfers out	(1,019,060)	(125,873)	(3,262,569)	(751,467)	(338,500)
Total Other Financing Sources (Uses)	814,904	(105,989)	(3,111,872)	(747,245)	73,592
Net Change in Fund Balance	**(6,694,640)**	**(8,856,757)**	**252,567**	**16,256,967**	**9,951,443**
Fund Balance:					
Beginning of year	34,261,832	27,567,192	18,710,435	18,963,002	35,219,969
End of year	$27,567,192	$18,710,435	$18,963,002	$35,219,969	$45,171,412

Note: See "Major Variances" for a discussion of significant year-to-year changes in revenues and expenditures.

Source: City of Carson Comprehensive Annual Financial Reports.

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.

Future Financial Condition

No representation is made as to the future financial condition of the City. Payment of the debt service payments on the Bonds is a General Fund obligation of the City and the ability of the City to make debt service payments on the Bonds may be adversely affected by its financial condition as of any particular time.

In the event the City's revenue sources are less than its total obligations, the City could choose to fund other services before paying debt service on the Bonds. The same result could occur if, because of State Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues (see "Constitutional Limitation on Taxes and Expenditures" below). To the extent these types of events or other events adversely affecting the funds available to the City occur in any year, the funds available to pay debt service may be decreased.

The City has unfunded liabilities relating to employee post-retirement health benefits and has also entered into other obligations which are payable from General Fund resources. The City may also enter into additional obligations in the future. To the extent that additional obligations are incurred by the City, the funds available to the City to pay debt service may be decreased (see "FINANCIAL INFORMATION - Other Post Employment Benefits" herein).

Limited Obligation of the City

The obligation of the City to pay debt service on the Bonds does not constitute an obligation of the City 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 debt service payments on the Bonds does not constitute a debt or indebtedness of the City, the State of California or any of its political subdivisions, in contravention of any constitutional or statutory debt limitation or restriction.

Natural Hazards

General. The City, like all southern California communities, may be subject to unpredictable seismic activity, fires or floods. In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the City.

Seismic. Southern California is a seismically active area, and the City is in one of the more seismically active portions of southern California. According to the Safety Element of the City's General Plan, the active faults within close proximity to the City include the Newport-Inglewood Fault Zone, the Avalon-Compton Fault Zone, the San Andreas Fault Zone, the Palos Verdes Fault Zone, the Santa Monica Fault Zone and the Whittier Fault Zone. Ground shaking and ground failure are the primary risks due to active faults. Because of the area's unstable sub-base of sandy soil, the City (as well as the entire South Bay area) is regarded as one of the most severe shock areas in the Los Angeles area in terms of ground shaking. Seismically induced ground failure includes liquefaction, differential compaction, ground lurching and ground cracking. A significant portion of the City has been designated as potential liquefaction area and geotechnical investigation reports are required as part of the environmental and building permit processes for most development within these areas. The potential for ground cracking exists especially in those areas of the City that have a moderate to high potential for liquefaction. The only active fault within the City limits is the Avalon-Compton structural zone, which is part of the Newport-Inglewood Fault Zone. Although the Newport-Inglewood structural zone is seismically active, surface faulting does not appear to be a significant potential hazard in the City.

A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. If an earthquake were to substantially damage or destroy taxable property within the City, a reduction in taxable values of property in the City and a reduction in revenues available to the General Fund to pay debt service on the Bonds would be likely to occur.

Flood. Flooding hazards may be considered in two categories: natural flooding and dam inundation. Historically, flooding problems in the City of Carson have occurred in low lying areas and in areas where slopes are very flat and peak storm flows are unable to be quickly conveyed into the storm water collection system. Although Carson is located relatively close to the Pacific Ocean, the City has not been vulnerable to storm surge inundation associated with hurricanes and/or tropical storms. The limits of the 100-year storm are limited to the Dominguez Channel. In the event of a 500-year storm, the entire City would be flooded. Areas outside the 100-year storm limits may also flood due to deficient storm water conveyance.

The Whittier Narrows Dam and Reservoir (the "Dam") is situated in a highly urbanized area of Los Angeles County. It is located on the San Gabriel River and Rio Hondo, approximately 11 miles east of downtown Los Angeles and approximately 7.5 miles downstream from the Santa Fe Dam. The reservoir portion of the Dam, with a capacity of 67,060 acre-feet, is surrounded by the cities of South El Monte (to the north), Industry (to the east), Pico Rivera (to the south), and Montebello (to the south). The combined drainage area of the San Gabriel River watershed and the Rio Hondo sub-watershed is 556 square miles. The City and many other cities, are located within this combined drainage area.

The Dam was constructed in 1957 and is operated by the U.S. Army Corps of Engineers ("USACE"). In May 2016, the USACE placed the Dam in the agency's highest risk category, "very high urgency," when it became clear three potential failure modes threatened the downstream population. The three failure modes are premature opening of the San Gabriel River Spillway gates, erosion resulting from water piping through the foundation of the earthen dam and overtopping during an extreme flood. While the first would result in downstream flooding as the levees were overtopped, the latter two could result in a catastrophic failure of the dam.

In 2019, the USACE awarded a $5-million contract to Metro Builders of California to complete construction on the spillway gates.

The modifications to prevent the earthen dam from eroding or failing if overtopped, include placing roller-compacted concrete on the crest and downstream slope of the embankment and improving the seepage control system with features like trench drains and graded filter/drainage blankets.

Now in the design phase, the USACE is working with its local and state partners to refine the modification plan and ensure the design meets requirements. The first construction contract for utility relocations is scheduled to be awarded in September 2021; the larger dam modification contract is scheduled to be awarded a year later. Construction of the project is expected to be completed by 2026, with environmental monitoring extending through 2031.

Significant flooding in the City as a result of overtopping or failure of the Dam could have materially adverse consequences for the City's finances and operations. If such a flood were to substantially damage or destroy taxable property within the City, a reduction in taxable values of property in the City and a reduction in revenues available to the General Fund to pay debt service on the Bonds would be likely to occur.

Fire. The City's commercial and industrial facilities increase the possibility of fires involving hazardous materials that could affect nearby residential areas. The City is also surrounded and bisected by major transportation networks and pipeline transfer systems that add further risk.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property, and therefore property tax revenue available to make debt service payments on the Bonds, would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the City be affected by a hazardous substance, could be to reduce the marketability and value of such property by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Hazardous substance liabilities may arise in the future with respect to any of the property in the City resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise from the method of handling such substance. These possibilities could significantly affect the value of a parcel and could result in substantial delays in completing planned development on parcels that are currently undeveloped.

According to the Safety Element of the City's General Plan, a number of freight trains traverse the City, hauling various types of hazardous and explosive materials including chlorine gas, and low pressure natural gas (LPG). Several fixed-site industrial firms require the use of potentially hazardous materials to operate their businesses. Finally, there are numerous underground pipelines within the City limits that carry flammable and hazardous liquids.

Oil Production, Storage and Transportation Hazards. Portions of the City of Carson are located within the Dominguez and Wilmington oil fields. Oil production hazards can include gas migration, soil contamination and blowouts.

There are several crude oil and petroleum product pipelines that transect the City and several petroleum handlers are located within the City. The Southern Pacific Pipeline transports an unlimited amount of various products through the City from several locations. If one of these pipes is broken, the local fire department is responsible for contacting the operator of the damaged pipeline and, in the case of fire or explosion, for fire suppression. The Los Angeles County Fire Department has the emergency, 24-hour telephone numbers of the operators of the hazardous pipelines that transect the City. In addition, the Fire Department has to report any pipe rupture, fire, or explosion to the State Office of Emergency Services. Although a release of crude oil and/or refined petroleum product would not pose as immediate a threat to the City residents as a toxic cloud would, the long-term environmental impacts of such an incident can be serious and costly. For example, if spilled crude oil and/or refined product leak into the ground, the shallow ground water could be contaminated, requiring ground water clean-up or remediation.

There has been numerous leaking underground storage tanks reported in the City. Several of these have been remediated or have remedial activities underway, while further site assessment/ investigation activities are reported for the remaining sites.

Superfund Sites. According to the Safety Element of the City's General Plan, a search of the EPA's database of Superfund Sites revealed a total eight hazardous waste sites in Carson; however none of the sites has been placed on the National Priorities List.

Closed and Inactive Landfills. In addition to commercial and industrial uses within the City of Carson, the City currently has 14 inactive sanitary landfills and no active landfills. Although none of these landfills currently accepts materials that decompose chemically or biologically, some of these sites had previous organic landfill activity and may be subject to decomposition and the production of landfill gases. Any future development proposed on or near these sites would be carefully studied and a landfill gas control plan and monitoring system might be required for safety.

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a Pandemic by the World Health Organization. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 4, 2020, the Governor proclaimed a state of emergency in California as a result of the threat of COVID-19. Under the California Emergency Services Act, during a state of emergency, the Governor has authority over all agencies of the state government and can exercise the State's police powers. His powers also include the power to promulgate, issue, and enforce orders and regulations as he deems necessary.

Since declaring the emergency, the Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include his March 19, 2020 Executive Order N-33-20, which orders all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of certain critical infrastructure sectors, as described in that order and later designations. The County had issued a similar order ("County Order") effective for its residents on March 17, 2020. Since that time, County personnel have spearheaded a strategic response to battling community spread of the COVID-19, taking action which substantially aligns, among other matters, with the Governor's order. These actions are focused on "social distancing," or limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and impacts enterprise operations and the economy.

The State, the County and the City are carefully moving into Phase 2. Phase 2 allows for gradual reopening of lower-risk workplaces with adaptations including bookstores, clothing stores, florists and sporting goods stores. On May 8, 2020, the County allowed certain types of businesses and public spaces in the County to reopen with safety precautions. Also on May 8, 2020, the Governor announced that the State can begin to move into Phase 2.The Governor issued Executive Orders N-29-20 and N-35-20 relaxing state and local agency open meeting laws to accommodate social distancing. The City has held, and expects to continue to hold, meetings of its City Council substantially unhindered by the Pandemic. As permitted under Executive Order N-33-20, certain of the City's employees may continue to come to work under designated exceptions for critical sectors and some of the City's employees are teleworking. The City's business operations were not materially curtailed by employee absences prompted by the stay-home order. However, the City offers no assurances that City Council member or employee absences due to COVID-19 illnesses in the future will not materially and adversely impact its operations.

The Pandemic has negatively affected travel, commerce, investment values, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the City. While federal and state governments (including California) have enacted legislation and taken executive actions seeking to mitigate the negative public health and economic impacts of the Pandemic, the City offers no assurances that these interventions will have the intended effects.

These negative economic impacts have reduced and negatively affected revenues to the City's General Fund. In addition, CalPERS' investments have reportedly lost significant value as a result of declines in the stock market, which could result in a significant increase in the City's future unfunded pension liability and future pension costs, after issuance of the Bonds to prepay the current UAL. The City cannot predict the magnitude of these impacts on revenues and costs, but the impacts are expected to be materially adverse.

As described under the caption "FINANCIAL INFORMATION – COVID-19 Impacts," COVID-19 has had a material adverse impact on the revenues and expenditures of the General Fund in Fiscal Year 2019-20 and that is expected to carry into Fiscal Year 2020-21 and future years. The financial and operating data contained in this Official Statement are the latest available. However, certain of the data is as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the City. The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the City. While the overall potential impact of the Pandemic on the City cannot be fully quantified at this time, the continued outbreak of COVID-19 could lead to additional or modified public health restrictions and have an adverse effect on the City's operations and financial condition, and the effect could be material. Prospective investors should assume that the current disruption to the national and global economies could increase over the near term if further outbreaks occur and recovery may be prolonged. Therefore, the associated impacts related to COVID-19 on the City's finances will be materially adverse. Furthermore, it is possible that there may be other outbreaks similar to COVID-19 in the future.

Recently, legislations have been introduced in order to assist various affected people and companies as a result of the COVID-19 Pandemic. For example, Senate Bill 939 would allow under certain circumstances a commercial tenant that is a small business or is an eating or drinking establishment, place of entertainment, or performance venue that meets specified financial criteria, including experiencing a specified decline in revenue after a Shelter-in-Place order took effect, to terminate a lease without any liability for future rent, fees, or costs that otherwise may have been due under the lease. Also, Senate Bill 1431 would expand the provisions allowing for reassessment of property. Under existing law, property may be reassessed for damage or destruction caused by one of 3 specified occurrences, including a major misfortune or calamity in an area or region subsequently proclaimed by the Governor to be in a state of disaster if the property was damaged or destroyed by the misfortune or calamity that caused the Governor to proclaim the region to be in a state of disaster. Senate Bill 1431 would specify that "damage" includes diminution in the value of property as a result of any law, order, rule, or regulation of the state or any city, county, or other political subdivisions providing tenant protections in response to the COVID-19 Pandemic and would also specify that the term "major misfortune or calamity" includes the COVID-19 Pandemic. It is unknown what net impact, if any, these legislations or other future similar legislations, if enacted, would have on the local economy or the finances of the City. Such net impact could be materially adverse.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

For Fiscal Year 2018-19, sales tax revenues were the largest source of revenue to the City's General Fund. Sales and use tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors. The Pandemic has already impacted sales tax revenues for Fiscal Year 2019-20 and will similarly impact sales tax revenues for Fiscal Year 2020-21 and possibly beyond. Even if the global, national, State and local economies recover from the Pandemic in a reasonably short period of time, before the final maturity of the Bonds the City may enter into another economic recession. In times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to also decline.

Further, the Governor's order allows small businesses to defer payment of sales and use taxes of up to $50,000 for up to twelve months, which will negatively impact municipalities in California unless the Governor provides a plan to backfill those lost revenues for California cities. The City estimates that the impact from Governor's sales tax deferral to small businesses will be $885,000 in Fiscal Year 2019-20.

Transient occupancy tax, which is based on hotel occupancy and room rates, may also be negatively affected by the Pandemic, and the impact may continue for some time. As with sales tax, in times of economic recession, hotel occupancy and room rates often decline, and such a decline would cause the transient occupancy tax revenues received by the City to also decline. The City has projected a 35% potential decrease in transient occupancy tax in Fiscal Year 2019-20, followed by an increase in Fiscal Year 2020-21, with a net change of 10% decline from the Fiscal Year 2019-20 budgeted revenue.

Changes to several other local taxes are anticipated. See "COVID-19 Pandemic" above and "FINANCIAL INFORMATION- COVID-19 Impacts" and "FINANCIAL INFORMATION- Local Taxes" herein.

State Budget

State Budget. Information regarding the State Budget is regularly available at various State-maintained websites. The 2019-20 State Budget and the Proposed 2020-21 State Budget further defined and described below may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Additionally, an impartial analysis of the State's Budgets is posted by the California Legislative Analyst's Office (the "LAO") at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City, the Underwriter and the Municipal Advisors take no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

According to the State Constitution, the Governor of the State (the "Governor") is required to propose a budget to the State Legislature (the "Legislature") by no later than January 10 of each year, and a final budget must be adopted by the vote of each house of the Legislature no later than January 155, although this deadline has been routinely breached in the past. The State budget becomes law upon the signature of the Governor, who may veto specific items of expenditure.

Prior to Fiscal Year 2010-11, the State budget had to be adopted by a two-thirds vote of each house of the Legislature. However, in November 2010, the voters of the State passed Proposition 25, which reduced the vote required to adopt a budget to a majority vote of each house and which provided that there would be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for members of the Legislature for the period during which the budget was presented late to the Governor.

Proposed 2020-21 State Budget. On January 10, 2020, Governor Newsom released California's Proposed Fiscal Year 2020-21 State Budget which reflected $153 billion in new spending from the State's general fund and tackled issues including climate change, particularly wildfires, as well as clean energy and homelessness in California.

Fiscal Update from Department of Finance. The State Department of Finance (the "DOF") released a fiscal update memorandum (the "Fiscal Update") on May 7, 2020 reflecting the economic forecast for the May revision to the Proposed 2020-21 Budget. The Fiscal Update makes it clear that the onset of COVID-19 has had a severe and immediate impact on the State's economy, including in excess of 4 million claims for State and federal unemployment benefits since mid-March 2020 and disproportionate job losses in lower-wage sectors of the economy. The DOF also projects that the 2020 unemployment rate will be as high as 18% and states that the May Revision economic forecast projects that COVID-19 will continue to cause economic losses in 2020, including a projected drop in State personal income by nearly 9% on an annual basis and a projected drop of 21% in permits for new housing construction, a key economic indicator. Consequently, compared to the projections included in the Proposed 2020-21 Budget, the State's three main revenues sources are projected to drop as follows: (i) personal income taxes by 25.5%, (ii) sales and use taxes by 27.2%, and (iii) corporation taxes by 22.7%. As a result, the DOF projects that State general fund revenues will decline by $41.2 billion from the projected level included in the Proposed 2020-21 Budget, including $9.7 billion allocable to fiscal year 2019-20 and $32.2 billion allocable to fiscal year 2020-21. This revenue decline would result in a reduction of the Proposition 98 minimum funding guarantee by $18.3 billion.

These revenue declines, together with $7.1 billion in caseload increases supporting health and human services programs and other expenditures of approximately $6.1 billion largely attributable to the COVID-19 outbreak, are projected to result in an overall State budget deficit of approximately $54.3 billion. Of this amount, $13.4 billion occurs in fiscal year 2019-20 and $40.9 billion would occur in fiscal year 2020-21. For additional information regarding the Fiscal Update, see the DOF website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

LAO Spring Fiscal Outlook Report. The LAO issued a fiscal perspective report on May 8, 2020 prior to the release of the May Revision (defined below) entitled "California's Spring Fiscal Outlook" estimating the economic disruptions caused by the COVID-19 Pandemic and advising the Legislature as to California's fiscal outlook going in to negotiaions around the May Revision. Key takeaways from the report are as follows:

- <u>Budget Problem of $18 Billion to $31 Billion.</u> Under optimistic U-shaped recession scenario assumptions the LAO projects that the state would have to address an $18 billion budget problem in the upcoming budget process. Under pessimistic L-shaped recession scenario assumptions the LAO projects that the state would face a budget problem of $31 billion.

- <u>Budget Deficits Persist for Years to Come.</u> The state's newly emergent fiscal challenges are unlikely to dissipate quickly and will extend well beyond the end of the public health crisis. Under economic scenarios involving both "L" shaped and "U" shape recessions, budget deficits persist until at least 2023-24. Over the entire multiyear period, deficits sum to $64 billion in the U-shaped recession and $126 billion in the L-shaped recession.

- <u>Reserves Are Insufficient to Cover Budget Problems.</u> The state has around $16 billion in total reserves. The state's overall reserve level will be inadequate to cover multiyear budget deficits. Unlike in past recessions when the state had virtually no reserves on hand and deep cuts were immediately necessary, California today has built a sizeable reserve, which will cushion the coming budget crunch.

- <u>Guidance for Addressing the Budget Problem.</u> The report concludes with guidance for the recommending the Legislature use a mix of the tools at its disposal in approaching the 2020-21 budget problem including using reserves, reducing expenditures, increasing revenues, and shifting costs. Second, given that multiyear budget deficits are likely to persist for years to come, ongoing solutions are necessary to bring the budget into structural alignment. Third, while programmatic reductions will be necessary, the LAO encourages the Legislature to mitigate actions that could worsen the public health crisis or compound personal economic challenges facing Californians. Finally, the LAO proposes that the Legislature to begin making these difficult, but necessary, decisions in June rather than waiting until future budget actions as delaying action could only increase the size of the ultimate budget problem and make some solutions more difficult to implement.

2020-21 May Revision. On May 14, 2020, the Governor submitted the May Revision to the 2020-21 Proposed State Budget (the "May Revision"). The May Revision reflects an anticipated $54.3 billion deficit reflecting disruptions related to the COVID-19 Pandemic and contemplates a $18.9 billion reduction in expenditures to help balance the budget. The state's general fund revenues are projected to decline by over $41 billion. The May Revision relies federal stimulus funds that have not yet materialized to minimize reductions.

The May Revision anticipates:

- Drawdown of the State's Rainy Day Fund. The May Revision anticipates drawing down approximately half of the state's $16.2 billion rainy day reserve to help balance the budget and borrowing or transferring approximately $4.1 billion from the state's special revenue funds to ease the impacts of spending cuts.

- Program Cancellations. The May Revision includes the cancellation of of $6.1 billion in program expansions and spending increases, including canceling or reducing a number of one-time expenditures included in the 2019 Budget Act including eliminating plans to extend Medi-Cal health care coverage to undocumented immigrants over age 65.

- Shifts Pension Contributions. The May Revision redirects $2.3 billion in extraordinary payments to the California Public Employees' Retirement System (CalPERS) and the California State Teachers Retirement System (CalSTRS) originally intended to help pay down the unfunded pension debt to temporarily offset the State's current year pension contributions obligations to CalPERS and CalSTRS.

- Limiting Tax Credits. The May Revision temporarily suspends net operating losses and temporarily limits to $5 million the amount of credits a taxpayer can use in any given tax year. These short-term limitations will generate new revenue of $4.4 billion to increase funding for schools and community colleges and maintain other core services.

- Cutting Pay For State Workers. The State will try to negotiate a 10% pay cut with its roughly 234,000 state employees through collective bargaining this summer.

- Public Transit Agencies. The May revision includes $3.6 billion allocated to public transit agencies to help offset lost fares and revenue from sudden loss of ridership.

The City cannot predict the impact that the 2019-20 State Budget, the 2020-21 State Budget, or subsequent budgets, will have on its own finances and operations. Additionally, the City cannot predict the accuracy of any projections made in the State's 2019-20 State Budget and 2020-21 Proposed State Budget.

No prediction can be made by the City as to whether the State will encounter budgetary problems in future fiscal years once recovered from the impacts of the Pandemic, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control, including, and particularly, the Pandemic.

State Legislative Shifts of Property Tax Allocation. From time to time, the State has realigned certain property tax revenue to deal with its budget problems. Since 1992-93, the State has required that local agencies including cities remit a portion of property taxes received to augment school funding. These funds are deposited in each county's Education Revenue Augmentation Fund ("ERAF"). These property taxes (approximately 17.5%) are permanently excluded from the City's property tax revenues.

On July 24, 2009, the Legislature approved amendments to the 2009-10 Budget to close its anticipated $26.3 billion budget shortfall. The approved amendments included borrowing from local governments by withholding of the equivalent of 8% of Fiscal Year 2008-09 property related tax revenues from cities' and counties' property tax collections under provisions of Proposition 1A (approved by the voters in 2004), which the State was required to repay with interest within three years. The first (and to date, only) shift occurred in Fiscal Year 2009-10. Fiscal Year 2012-13 was the first year that another shift was allowable, but the State has not implemented another borrowing yet.

On March 2, 2004, voters approved a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of $15 billion in bonds to finance the Fiscal Year 2002-03 and Fiscal Year 2003-04 State budget deficits, which would be payable from a fund to be established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' 1% share of the sales tax imposed on taxable transactions within their jurisdiction were redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation provided for property taxes in the ERAF to be redirected to local government. Because the ERAF moneys were previously earmarked for schools, the legislation provided for schools to receive other state general fund revenues. The swap of sales taxes for property taxes terminated once the deficit financing bonds were repaid in September 2015. The City treated the Triple Flip property tax revenue as sales tax in its financial statements.

The City also received a portion of Department of Motor Vehicles license fees ("VLF") collected statewide. Several years ago, the State-wide VLF was reduced by approximately two-thirds. However, the State continued to remit to cities and counties the same amount that those local agencies would have received if the VLF had not been reduced, known as the "VLF backfill." The State VLF backfill was phased out and as of 2011-12 all of the VLF is now received through an in lieu payment from State property tax revenues.

There can be no assurance the State will not take similar actions such as those described above or additional actions to address its financial condition and such actions may materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control, including, and particularly, the Pandemic.

Bankruptcy of the City

The enforceability of the rights and remedies of the Owners of the Bonds are subject to a number of limitations, including bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

In addition, the rights and remedies of the Owners of the Bonds may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. Should the City file for bankruptcy, there could be adverse effects on the Owners of the Bonds.

If the City is in bankruptcy, the parties (including the Trustee and the Owners of the Bonds) may be prohibited from taking any action to collect any amount from the City or to enforce any obligation of the City, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the Owners of the Bonds from funds in the Trustee's possession.

The Bonds are not secured by any property other than the funds that the City has actually deposited with the Trustee, and the City is only obligated to deposit funds with the Trustee twice each year, 3 Business

Days prior to each January 15 and July 15, beginning January 15, 2021. The Bonds are not secured by any funds held by the City.

If the City is in bankruptcy, it may not be obligated to make any further deposits with the Trustee. As a result, the Bonds may be treated as unsecured obligations of the City in the bankruptcy case. Under such circumstances, the Owners of the Bonds could suffer substantial losses.

The City may be able, without the consent and over the objection of the Trustee or the Owners of the Bonds, to alter the priority, interest rate, payment terms, maturity dates, payment sources, covenants, and other terms or provisions of the Trust Agreement and the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds, or result in losses to the Owners of the Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and value of the Bonds.

Recent bankruptcies in the City of Stockton, the City of San Bernardino and the City of Detroit have brought scrutiny to pension obligation securities. Specifically, in the Stockton bankruptcy the Court found that CalPERS was an unsecured creditor of that city with a claim on parity with those of other unsecured creditors. Additionally, in the San Bernardino bankruptcy, the Court held that in the event of a municipal bankruptcy, payments on pension obligation bonds, such as the Bonds, were unsecured obligations and not entitled to the same priority of payments made to CalPERS. A variety of events, including, but not limited to, additional rulings adverse to the interests of bond owners in the Stockton, San Bernardino and Detroit bankruptcy cases or additional municipal bankruptcies, could prevent or materially adversely affect the rights of Beneficial Owners to receive payments on the Bonds in the event the City files for bankruptcy. Accordingly, in the event of bankruptcy, Beneficial Owners may not recover the full amount of principal and interest due on the Bonds.

The opinion to be delivered by Bond Counsel concurrently with the execution and delivery of the Bonds will be subject to various limitations on remedies including those related to bankruptcy and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See "APPENDIX D." In the event that the City fails to comply with its covenants under the Trust Agreement or fails to pay debt service payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the Beneficial Owners of the Bonds.

Legislative Changes

Legislative action could have an adverse effect on the City's revenues. For example, the method of apportioning Motor Vehicle License Fees among the State's cities and counties is established by statute and could be amended by future legislation. See "FINANCIAL INFORMATION - Ad Valorem Property Taxes - Property Taxes in Lieu of Motor Vehicle License Fees" herein and "State Budget" above. Although the City is not aware of any proposal to amend the applicable statute, it can provide no assurance that such legislation, or other legislation which could reduce revenues, will not be enacted in the future.

Constitutional Limitation on Taxes and Expenditures

State Initiative Measures Generally. Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Voters have exercised this power through the adoption of Proposition 13 ("Article XIIIA") and similar measures, such as Propositions 22 and 26 approved in the general election held on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the Bonds.

Article XIIIA. Article XIIIA of the California Constitution limits the taxing powers of California public agencies. Article XIIIA provides that the maximum ad valorem tax on real property cannot exceed 1% of the "full cash value" of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes above that level required to pay debt service on voter-approved general obligation bonds. "Full cash value" is defined as "the County assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The "full cash value" is subject to annual adjustment to reflect inflation at a rate not to exceed 2% or a reduction in the consumer price index or comparable local data. Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances. There may also be declines in valuations if the California Consumer Price Index is negative.

The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and prepayment charges on any indebtedness approved by the voters before July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of votes cast by the voters voting on the proposition.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIIIA, to not include the purchase or transfer of (1) real property between spouses, and (2) the principal residence and the first $1,000,000 of other property between parents and children. Proposition 60 amends Article XIIIA to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same city, to transfer the old residence's assessed value to the new residence. In the March 26, 1996 general election, voters approved Proposition 193, which extends the parents-children exception to the reappraisal of assessed value. Proposition 193 amended Article XIIIA so that grandparents may transfer to their grandchildren whose parents are deceased, their principal residences, and the first $1,000,000 of other property without a reappraisal of assessed value.

Because the Revenue and Taxation Code does not distinguish between positive and negative changes in the California Consumer Price Index used for purposes of the inflation factor, there was a decrease of 0.237% in 2009-10 – applied to the 2010-11 tax roll – reflecting the actual change in the California Consumer Price Index, as reported by the State Department of Finance. For each fiscal year since Article XIIIA has become effective (the 1978-79 Fiscal Year), the annual increase for inflation has been at least 2% except in ten fiscal years as shown on the following page:

Tax Roll	Percentage	Tax Roll	Percentage
1981-82	1.000%	2010-11	(0.237)%
1995-96	1.190%	2011-12	0.753%
1996-97	1.110%	2014-15	0.454%
1998-99	1.853%	2015-16	1.998%
2004-05	1.867%	2016-17	1.525%

An initiative measure (the "Split Roll Initiative") to amend Article XIIIA has qualified for the State's November 2020 ballot. If adopted, the Split Roll Initiative would base property taxes for commercial and industrial properties on market values beginning in tax year 2020-21. Such market values would be reassessed by the applicable county assessor's office at least once every three years. The Split Roll Initiative includes exceptions for businesses with a total market value of less than $2 million (adjusted for inflation), which would continue to be subject to property taxes based on purchase price, and exempts from property tax assessments up to $500,000 of the value of personal property, or all personal property for businesses with fewer than 50 employees. There can be no assurance that the Split Roll Initiative will be adopted. Moreover, if the Split Roll Initiative is adopted, the City is unable to predict how it would affect the relationship of the assessed value between land use types (i.e. residential versus commercial) in the City or what other impacts the Split Roll Initiative might have on the local economy or the City's financial condition.

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. The City experienced Proposition 8 reductions in property values between 2009 and 2012. See "FINANCIAL INFORMATION - Ad Valorem Property Taxes - Taxable Property and Assessed Valuation" herein.

Article XIIIB. On November 6, 1979, California voters approved Proposition 4, or the Gann Initiative, which added Article XIIIB to the California Constitution. Article XIIIB limits the annual appropriations of the State and any city, county, city and county, school district, authority or other political subdivision of the State. The "base year" for establishing such appropriations limit is the 1978-79 Fiscal Year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by public agencies.

Appropriations subject to Article XIIIB include generally the proceeds of taxes levied by or for the entity and the proceeds of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues, certain State subventions, and the proceeds to an entity of government, from (1) regulatory licenses, user charges and user fees, to the extent that such charges and fees exceed the costs reasonably borne in providing the regulation, product or service, and (2) the investment of tax revenues. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

In the June 1990 election, the voters approved Proposition 111 amending the method of calculation of State and local appropriations limits. Proposition 111 made several changes to Article XIIIB. First, the term "change in the cost of living" was redefined as the change in the California per capita personal income ("CPCPI") for the preceding year. Previously, the lower of the CPCPI or the United States Consumer Price Index was used. Second, the appropriations limit for the fiscal year was recomputed by adjusting the 1986-87 limit by the CPCPI for the three subsequent years. Third and lastly, Proposition 111 excluded appropriations for "qualified capital outlay for Fiscal Year 1990-91 as defined by the legislature" from proceeds of taxes.

Section 7910 of the Government Code requires the City to adopt a formal appropriations limit for each fiscal year. The City's appropriations limit for 2019-20 is $230,333,201. The City's appropriations subject to the limit for 2019-20 are $59,176,146. Based on this, the appropriations limit is not expected to have any impact on the ability of the City to pay debt service on the Bonds.

Proposition 62. Proposition 62 was a statutory initiative adopted in the November 1986 general election. Proposition 62 added Sections 53720 to 53730, inclusive, to the California Government Code. It confirmed the distinction between a general tax and special tax, established by the State Supreme Court in 1982 in *City and County of San Francisco v. Farrell*, by defining a general tax as one imposed for general governmental purposes and a special tax as one imposed for specific purposes. Proposition 62 further provided that no local government or district may impose (i) a general tax without prior approval of the electorate by majority vote or (ii) a special tax without such prior approval by two-thirds vote. It further provided that if any such tax is imposed without such prior written approval, the amount thereof must be withheld from the levying entity's allocation of annual property taxes for each year that the tax is collected. By its terms, Proposition 62 applies only to general and special taxes imposed on or after August 1, 1985. Proposition 62 was generally upheld in *Santa Clara County Local Transportation Authority v. Guardino*, a California Supreme Court decision filed September 28, 1995.

Proposition 218. On November 5, 1996, California voters approved Proposition 218 – Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges – Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Proposition 218 states that all taxes imposed by local governments shall be deemed to be either general taxes or special taxes. Special purpose districts, including school districts, have no power to levy general taxes. No local government may impose, extend or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (i) the ad valorem property tax imposed pursuant to Article XIII and Article XIIIA of the California Constitution, (ii) any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIIIA the California Constitution, and (iii) assessments, fees, and charges for property related services as provided in Article XIIID. Proposition 218 added voter requirements for assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water, and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water, and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings. The effect of such provisions will presumably be to increase the difficulty a local agency will have in imposing, increasing or extending such assessments, fees and charges.

Proposition 218 also extended the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairment of contracts.

Proposition 218 provides that, effective July 1, 1997, fees that are charged "as an incident of property ownership" may not "exceed the funds required to provide the property related services" and may only be charged for services that are "immediately available to the owner of the property."

The City levies a utility users tax, which was approved by voters and expires in 2023. The City also levies an oil industry business tax, also approved by voters, and which has no expiration date. The City levies (1) a franchise tax on its cable television, and certain utility franchises, (2) a business license tax and (3) a transient occupancy tax. None of such taxes were approved by voters. Rates for the transient occupancy tax were last increased in 1993. Rates for the franchise tax and the business license tax have been changed from time to time. See "FINANCIAL INFORMATION - Local Taxes" herein for a discussion of these taxes.

The City does not expect the application of Proposition 218 will have a material adverse impact on its ability to pay the Bonds.

Proposition 1A. Proposition 1A ("Proposition 1A"), proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, restricts State authority to reduce major local tax revenues such as the tax shifts permitted to take place in Fiscal Years 2004-05 and 2005-06. Proposition 1A provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature.

Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. Such a shift may not occur more than twice in any 10-year period. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

The last time Proposition 1A was used to shift property taxes was in Fiscal Year 2009-10, when 8% of the City's property tax revenues were diverted to the State.

Proposition 1A also provides that if the State reduces the vehicle license fee rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

See "- State Budget" above.

Proposition 22. On November 2, 2010, voters in the State approved Proposition 22. Proposition 22, known as the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Proposition 26. On November 2, 2010, voters in the State also approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not expect the provisions of Proposition 26 to materially impede its ability to pay debt service on the Bonds.

Future Initiatives. From time to time other initiative measures could be adopted, limiting or otherwise affecting the ability of the City to increase revenues and appropriations.

Cybersecurity

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. There have been a limited number of cyber security breaches in the past. However, these breaches have not resulted in the disclosure of sensitive employee or customer information.

While the City is routinely maintaining its technology systems and continuously implementing new information security controls, no assurances can be given that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and technology could negatively impact the City's operations, and the costs related to such attacks could be substantial.

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.

TAX MATTERS

General. In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes but is <u>not</u> excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the Bonds.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to beneficial owners of the Bonds that acquire their Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders (as defined herein)), such as certain U.S. expatriates, banks, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors who hold their Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, the following discussion does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a beneficial owner of Bonds. In addition, this summary generally is limited to investors who become beneficial owners of Bonds pursuant to this offering for the issue price that is applicable to such Bonds (i.e., the price at which a substantial amount of the Bonds is sold to the public) and who will hold their Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Bonds who for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Bonds (other than a partnership) who is not a U.S. Holder. If a partnership is a beneficial owner of Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships that are beneficial owners of Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Bonds (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders. Interest on the Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. "Original issue discount" will arise for U.S. federal income tax purposes in respect of any Bond if its stated redemption price at maturity exceeds its issue price pursuant to this offering by more than a de minimis amount (as determined for tax purposes). For any Bond issued with original issue discount, the excess of the stated redemption price at maturity of that Bond over its issue price will constitute original issue discount for U.S. federal income tax purposes. The stated redemption price at maturity of a Bond is the sum of all scheduled amounts payable on that Bond other than qualified stated interest. U.S. Holders of Bonds generally will be required to include any original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders of Bonds issued with original issue discount generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

"Premium" generally will arise for U.S. federal income tax purposes in respect of any Bond to the extent its issue price pursuant to this offering exceeds its stated principal amount. A U.S. Holder of a Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Bond.

Disposition of the Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the City), reissuance or other disposition of a Bond will be a taxable event for U.S. federal income tax purposes. In such event, a U.S. Holder of a Bond generally will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Bond which will be taxed in the manner described above under "Interest") and (ii) the U.S. Holder's adjusted tax basis in the Bond (generally, the purchase price paid by the U.S. Holder for the Bond, increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Bond and decreased by any payments previously made on such Bond (other than payments of qualified stated interest) or decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. Defeasance of any Bond may result in a deemed reissuance thereof, in which event a beneficial owner of the defeased Bond generally will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the beneficial owner's adjusted tax basis in the Bond.

In the case of a non-corporate U.S. Holder of the Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). Owners of the Bonds should consult with their own tax advisor concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of the Bonds.

Non-U.S. Holders. Non-U.S. Holders should consult with their own tax counsel concerning the consequences of purchasing, holding, and disposing of any Bond.

Information Reporting and Backup Withholding. Payments on the Bonds generally will be subject to U.S. information reporting and "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a noncorporate U.S. Holder of the Bonds may be subject to backup withholding at the current rate of 24% (subject to future adjustment) with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) there has been a failure of the payee to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance Act ("FATCA") – U.S. Holders and Non-U.S. Holders. Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016 and (iii) certain "pass-thru" payments no earlier than January 1, 2017. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

THE FOREGOING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO ANY TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

The complete text of the final opinion that Bond Counsel expects to deliver upon the delivery of the Bonds is set forth in "APPENDIX D – PROPOSED FORM OF BOND COUNSEL OPINION."

LEGAL MATTERS

Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Trust 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 Trust 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 Trust Agreement, and as to the validity of the Bonds. See "APPENDIX D" hereto for the proposed form of Bond Counsel's opinion.

The City has no knowledge of any fact or other information which would indicate that the Trust Agreement or the Bonds are not enforceable against the City, 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 upon for the City by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel, and by Aleshire & Wynder, LLP, Irvine, California, as City Attorney. Certain matters will be passed upon for the Underwriter by Quint & Thimmig LLP, Larkspur, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Litigation

The City will 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 Trust Agreement or the sale or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Trust Agreement is to be executed or delivered or the Bonds are to be delivered or affecting the validity thereof.

CAM-Carson Litigation. The City has been named as a defendant in a lawsuit filed by CAM-Carson LLC. CAM-Carson LLC v. Carson Reclamation Authority, et al., Los Angeles Superior Court Case No. 20STCV16461, was filed April 30, 2020. CAM-Carson LLC alleges breach of a contract for the remediation of a former landfill owned by the Carson Reclamation Authority on which CAM-Carson LLC has agreed to build a retail center. The complaint also alleges causes of action for breach of the covenant of good faith and fair dealing, negligence, negligent supervision and unjust enrichment. In addition to the City, the Successor Agency to the Carson Redevelopment Agency ("Successor Agency") and the general contractor performing work on the site are also named as defendants.

The City is not a party to the contract that allegedly has been breached. However, the complaint alleges the City and other public agencies involved in the transaction are all alter egos of each other. The complaint also alleges the City is liable because it is a third party beneficiary of the contract The City does not believe that the lawsuit has merit. However, litigation is unpredictable, and it is therefore uncertain whether motions the City intends to file to obtain dismissal from the case will be successful. If those motions are unsuccessful, the City, along with all of the other defendants, will mount a vigorous defense.

Moreover, there is substantial insurance that was obtained when the transaction at the heart of the case was initiated which is tailored specifically to this transaction and may provide a defense for the City, the Carson Reclamation Authority and the Successor Agency, and cover damages for negligence in the event any is found. The process of submitting claims to insurers is underway. To date, no determinations regarding coverage have been made.

The City is unable to predict the outcome of this litigation or the timing of any resolution thereof. However, the City does not expect, in the unlikely event it is found liable for damages, that those damages, in light of contractual limitations on CAM-Carson's remedies, will have a material effect on its ability to pay debt service on the Bonds when due.

Other than described above, 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 pay debt service on the Bonds.

VALIDATION

On _January 29, 2020, the City, acting pursuant to the provisions of Section 860 et seq. of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California in and for the County of Los Angeles seeking judicial validation of the transactions relating to the CalPERS Contract and the Bonds and certain other matters entitled City of Carson v. All Persons Interested et al. (Case No. CIVDS1929877). On April 30, 2020, the court entered the Validation Judgment to the effect, among other things, (i) the Trust Agreement will be a valid, legal and binding obligation of the City and the approval thereof was in conformity with applicable provisions of law and (ii) the City has the authority under California law to provide for the refunding of its Unfunded Liability by issuing the Bonds and applying the proceeds of the Bonds to the retirement of its Unfunded Liability. Pursuant to Section 870 of the California Code of Civil Procedure, the last day to timely file a notice of appeal to this judgment was May 31, 2020. On May 30, 2020, the judgment became binding and conclusive in accordance with California law. The City is unaware of any threatened challenge to this judgment. In issuing its approving opinion, Aleshire & Wynder, LLP, Irvine, California, Bond Counsel, will rely, among other things, upon the above-described judgment.

CONCLUDING INFORMATION

Rating on the Bonds

S&P Global Ratings has assigned its municipal bond ratings of "__"to the Bonds. Such rating reflects only the views of the rating agency, and any desired explanation of the significance of such rating may be obtained from the rating agency. 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 the 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 less an underwriting discount of $__________) pursuant to a bond purchase contract ("Bond Purchase Contract") entered into between the City and Cabrera Capital Markets, LLC and Piper Sandler & Co. (the "Underwriters").

The expenses associated with the issuance of the Bonds are being paid by 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 City, 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 Sandler & 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 Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

The Municipal Advisors

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

Continuing Disclosure

The City will provide annually certain financial information and data relating to the City by not later than March 31 in each year commencing March 31, 2021 (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 LLC will act as 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 Agreement 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 in filing 2017-18 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 Agreements. .

Additional Information

The summaries and references contained herein with respect to the Trust 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 Trust Agreement. Copies of the Trust Agreement may be obtained after delivery of the Bonds from the City.

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 City and the purchasers or Owners of any of the Bonds.

Execution

The execution of this Official Statement by the City Manager has been duly authorized by the City.

CITY OF CARSON

By: ______________________________
City Manager

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APPENDIX A

SUMMARY OF THE TRUST AGREEMENT

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

Definitions

"**Account**" means any account established pursuant to the Trust Agreement.

"**Additional Bonds**" means bonds issued as Additional Bonds in accordance with the Trust Agreement.

"**Annual Debt Service**" means, for any Bond Year, the sum of the aggregate amount of principal required to be paid on Bonds during such Bond Year either at maturity or pursuant to a mandatory sinking fund payment and the interest due on the Bonds on each Interest Payment Date during such Bond Year.

"**Authorized City Representative**" means the City Manager, any Assistant City Manager, the Director of Finance, or Treasurer or any officer authorized to act on their respective behalves.

"**Authorized Denominations**" means $5,000 and any integral multiple thereof (except that while Bonds are registered in book-entry form, they may be held in amounts other than an integral multiple so long as the amount exceeds $5,000).

"**Beneficial Owner**" means, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant or such person's subrogee.

"**Bond**" or "**Bonds**" means the bonds issued under the Trust Agreement and designated as "City of Carson 2020 Taxable Pension Obligation Bonds."

"**Bond Counsel**" means (a) Aleshire& Wynder, LLP, or (b) a firm of attorneys nationally recognized as experts in the area of municipal finance who are familiar with the transactions contemplated under the Trust Agreement and acceptable to the City.

"**Bond Interest Account**" means the Account of that name established within the Revenue Fund pursuant to the Trust Agreement.

"**Bond Principal Account**" means the Account of that name established within the Revenue Fund pursuant to the Trust Agreement.

“**Bond Year**” means the twelve-month period commencing on each January 16 and ending on the next succeeding January 15, except that the first Bond Year shall commence on the Closing Date and end on January 15, 2021.

“**Book-Entry Bonds**” means the Bonds held by DTC (or its nominee) as the registered owner thereof pursuant to the terms and provisions of the Trust Agreement.

“**Business Day**” means a day (a) other than a day on which banks located in the City of New York, New York or the cities in which the respective principal offices of the Trustee or any Paying Agent are located, are required or authorized by law or executive order to close, and (b) on which the New York Stock Exchange is open.

“**Closing Date**” means **_____________**, 2020.

“**Consultant**” means the accountant, attorney, consultant, municipal finance consultant or investment banker, or firm thereof, retained by the City to perform acts and carry out the duties provided for such Consultant in the Trust Agreement. Such accountant, attorney, consultant, municipal finance consultant or investment banker, or firm thereof, shall be recognized within its profession for work of the character required.

“**Continuing Disclosure Certificate**” means that certain Continuing Disclosure Certificate executed and delivered by the City and acknowledged and accepted by the dissemination agent listed therein, as of June 1, 2020, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“**Costs of Issuance**” means all costs and expenses incurred by the City in connection with the issuance of the Bonds and the refunding of the Unfunded Liability, including, but not limited to, out-of-pocket expenses of the City, costs and expenses of printing and copying documents and the Bonds and the fees, costs and expenses of Rating Agencies, credit providers or enhancers, the Trustee, counsel to the Trustee, Bond Counsel, the verification agent, accountants, municipal finance consultant, disclosure counsel and other consultants and the premium for any municipal bond insurance and surety bond insurance.

“**Defeasance Securities**” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”), (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries 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 obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively (or any combination thereof), which shall be authorized to be used to effect defeasance of the Bonds.

“**DTC**” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“**Event of Default**” means any occurrence or event specified as an “Event of Default” in the Trust Agreement.

"**Fiduciary or Fiduciaries**" means the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

"**Fiscal Year**" means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period as the City designates as its fiscal year.

"**Fund**" means any fund established pursuant to the Trust Agreement.

"**Holder**," or "**Bondholder**," "**owner**" or "**registered owner**" means the registered owner of any Bonds, including DTC or its nominee as the sole registered owner of Book-Entry Bonds.

"**Information Services**" means any one or more of the national information services that the Trustee determines are in the business of disseminating notices of redemption of obligations such as the Bonds.

"**Interest Payment Date**" means January 15 and July 15 of each year commencing January 15, 2021.

"**Mail**" means by first-class United States mail, postage prepaid.

"**Moody's**" means Moody's Investors Service, Inc., New York, New York, and its successors, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the City.

"**Opinion of Bond Counsel**" means a written opinion of Bond Counsel.

"**Outstanding**," with respect to the Bonds, means all Bonds which have been authenticated and delivered under the Trust Agreement, except:

(a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby.

(b) Bonds deemed to be paid in accordance with the Trust Agreement.

(c) Bonds in lieu of which other Bonds have been authenticated under the Trust Agreement.

(d) Bonds that have become due (at maturity, on redemption, or otherwise) and for the payment of which sufficient moneys, including interest accreted or accrued to the due date, are held by the Trustee or a Paying Agent.

(e) For purposes of any consent or other action to be taken by the Holders of a specified percentage of Bonds Outstanding under the Trust Agreement, Bonds held by or for the account of the City or by any person controlling, controlled by or under common control with the City, unless such Bonds are pledged to secure a debt to an unrelated party, in which case such Bonds shall, for purposes of consents and other Holder action, be deemed to be Outstanding and owned by the party to which such Bonds are pledged. Nothing in the Trust Agreement is deemed to prevent the City from purchasing Bonds from any party out of any funds available to the City.

"**Participant**" means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

"**Paying Agent**" means any paying agent for the Bonds, or successor thereto, appointed by the City pursuant to the Trust Agreement, and any successor appointed pursuant to the Trust Agreement.

"**Permitted Investments**" means the following:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America ("U.S. Government Securities").

(2) Direct obligations* of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

a. Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest
b. Federal Housing Administration – debentures
c. General Services Administration – participation certificates
d. Government National Mortgage Association ("GNMAs") – guaranteed mortgage-backed securities and guaranteed participation certificates
e. Small Business Administration – guaranteed participation certificates and guaranteed pool certificates
f. U.S. Department of Housing & Urban Development – local authority bonds
g, U.S. Maritime Administration – guaranteed Title XI financings
h. Washington Metropolitan Area Transit Authority – guaranteed transit bonds

(3) Direct obligations* of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

a. Federal National Mortgage Association ("FNMAs") – senior debt obligations rated Aaa by Moody's Investors Service ("Moody's") and AAA by Standard & Poor's Ratings Services ("S&P")
b. Federal Home Loan Mortgage Corporation ("FHLMCs") – participation certificates and senior debt obligations rated Aaa by Moody's and AAA by S&P
c. Federal Home Loan Banks – consolidated debt obligations
d. Student Loan Marketing Association – debt obligations

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* The following are explicitly excluded from the securities enumerated in 2 and 3:
(i) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
(ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity;
(iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
(iv) Collateralized Mortgage-Backed Obligations ("CMOs").

e. Resolution Funding Corporation – debt obligations

(4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P.

(5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody's and A-1 or better by S&P.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation ("FDIC"), including the Bank Insurance Fund and the Savings Association Insurance Fund, and including funds for which the Trustee or its affiliates provide investment advisory or other management services.

(7) Certificates of deposit, deposit accounts, demand deposits, time deposit, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, other deposit products, federal funds or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, which may include the Trustee and its affiliates, provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).

(8) Investments in money-market funds rated AAAm or AAAm-G by S&P, including funds for which the Trustee and its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

(9) Any other investment which the City is permitted by law to make, including without limitation investment in the Local Agency Investment Fund of the State of California (LAIF), provided that any investment of the type authorized pursuant to paragraphs (d), (f), (h) and (i) of Section 53601 of the California Government Code are additionally restricted as provided in the appropriate paragraph or paragraphs above applicable to such type of investment and provided further that investments authorized pursuant to paragraphs (k) and (m) of Section 53601 are not permitted.

Maturity of investments shall be governed by the following:

a. Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

b. Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.

c. Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.To the extent that any of the requirements concerning Permitted Investments embodies a legal conclusion, the Trustee shall be entitled to conclusively rely upon a certificate from the appropriate party or an opinion from counsel to such party, that such requirement has been met.

"**PERS**" means the California Public Employees' Retirement System.

"**PERS Contract**" has the meaning assigned that term in the Recitals to the Trust Agreement.

"**Principal Office of the Trustee**" means the office of the Trustee at the address set forth in the Trust Agreement, provided for transfer, exchange, registration, surrender and payment of Bonds means care of the corporate trust office of The Bank of New York Mellon Trust Company, N.A. in Los Angeles, California or such other office designated by the Trustee.

"**Rating Agencies**" means Moody's and S&P.

"**Rating Category**" means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"**Record Date**" means the first day of each calendar month in which any Interest Payment Date occurs, regardless of whether such day is a Business Day.

"**Redemption Fund**" means the Fund of that name established pursuant to the Trust Agreement.

"**Refunding Law**" means Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code.

"**Registrar**" means, for purposes of the Trust Agreement, the Trustee or its successor or assignee.

"**Representation Letter**" means the Letter of Representations from the City and the Trustee to DTC with respect to the Bonds.

"**Requisition**" or "**Written Requisition**" means a Requisition or Written Requisition, substantially in the form in the Trust Agreement.

"**Responsible Officer**" means an officer of the Trustee assigned by the Trustee to administer the Trust Agreement.

"**Retirement Law**" means the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code.

"**Revenue Fund**" means the Fund of that name established pursuant to the Trust Agreement.

"**S&P**" means S&P Global Ratings, LLC, a Standard & Poor's Financial Services LLC business, and its successors, and, if such company shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized rating agency designated by the City.

"**Securities Depositories**" means any of The Depository Trust Company or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or if no such depositories, as the City may indicate in a certificate of the City delivered to the Trustee.

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

"**Total Bond Obligation**" means, as of any date of calculation, the aggregate principal amount of the Bonds then Outstanding.

"**Trust Agreement**" means the Trust Agreement dated as of June 1, 2020 between the City and the Trustee, as it may be amended, supplemented or otherwise modified from time to time.

"**Trustee**" means the entity named as such in the heading of the Trust Agreement until a successor replaces it, and thereafter means such successor.

"**Unfunded Liability**" means the total unamortized, unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law.

THE BONDS: SOURCE OF PAYMENT OF BONDS

Issuance of Bonds; Form; Dating. The Bonds may be issued by the City under the terms of this Trust Agreement only to refund the City's Unfunded Liability and pay the City's then current year amortization of unfunded liability under the PERS Contract and to pay the Costs of Issuance in connection with the issuance of the Bonds.

Description of the Bonds. Each Bond shall be issued in fully registered form and shall be numbered as determined by the City. The Bonds shall be dated the Closing Date. The Bonds shall be issued in Authorized Denominations; provided, however, that the Bonds shall initially be Book-Entry Bonds.

Form. The Bonds shall be substantially in the form set forth in the Trust Agreement. The Bonds may be printed, lithographed, photocopied or typewritten and shall be in such Authorized Denominations as may be determined by the City.

Additional Bonds. From time to time, the City may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more agreements supplementing and/or amending the Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Bonds or to refund all or any portion of any Unfunded Liability under the PERS Contract arising subsequent to the issuance of the Bonds or any other obligations due to PERS. Such Additional Bonds may be issued on a parity with the Bonds.

Transfer or Exchange of Bonds.

(a) All Bonds shall be issued in fully registered form. Upon surrender for transfer of any Bond at the Principal Office of the Trustee, the Trustee shall deliver in the name of the transferee or transferees a new fully authenticated and registered Bond or Bonds of Authorized Denominations of the same maturity for the aggregate principal amount which the Holder is entitled to receive.

(b) All Bonds presented for transfer, redemption or payment shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the City, duly executed by the Holder or by his duly authorized attorney. The Trustee also may require payment from the Holder of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer and exchange shall be paid by the City.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended, if applicable. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(a) Bonds delivered upon any transfer as provided herein, or as provided in the Indenture, shall be valid obligations of the City, evidencing the same debt as the Bond surrendered, shall be secured by this Trust Agreement and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

(b) The City, the Trustee and the Paying Agent shall treat the Holder, as shown on the registration books kept by the Trustee, as the person exclusively entitled to payment of principal, premium, if any, and interest with respect to such Bond and to the exercise of all other rights and powers of the Holder, except that all interest payments will be made to the party who, as of the Record Date, is the Holder.

Book-Entry Bonds.

Except as provided in the Indenture, the registered owner of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC.

Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event any Bond is mutilated or defaced but identifiable by number and description, the City shall execute and the Trustee shall authenticate and deliver a new Bond of like date, maturity and denomination as such Bond, upon surrender thereof to the Trustee; provided that there shall first be furnished to the City and the Trustee proof satisfactory to the Trustee that the Bond is mutilated or defaced. The Holder shall accompany the above with a deposit of money required by the City for the cost of preparing the substitute Bond and all other expenses connected with the issuance of such substitute. The City shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Bond is lost, stolen or destroyed, the City may execute and the Trustee may authenticate and deliver a new Bond of like date, maturity and denomination as that Bond lost, stolen or destroyed; provided that there shall first be furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to it.

(c) The City and the Trustee shall charge the Holder of such Bond all transfer taxes, if any, and their reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is provided for by the Trustee, as determined by the Trustee. In the event any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee.

Destruction of Bonds. Whenever any Outstanding Bonds shall be delivered to the Trustee for cancellation pursuant to this Trust Agreement, upon payment of the principal amount and interest represented thereby or for replacement or transfer pursuant to the Trust Agreement, such Bond shall be cancelled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall, upon the City's request, be furnished by the Trustee to the City.

Sources of Payment of Bonds; Semi-Annual Payments by the City.

(a) The City shall provide for payment of principal or redemption price of and interest on the Bonds from any source of legally available funds of the City. If any Bonds are Outstanding, the City shall, no later than three Business Days preceding each Interest Payment Date beginning January 15, 2021, deliver funds to the Trustee for deposit to the Revenue Fund in an aggregate amount equal to the portion of the Annual Debt Service coming due on such Interest Payment Date (less amounts on deposit in the Revenue Fund and Accounts therein).

(b) The Bonds shall be obligations of the City payable from any lawfully available funds, shall not be limited as to payment to any special source of funds of the City and the payment thereof shall not be subject to appropriation. The Bonds do not constitute an obligation of the City 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.

(c) The City shall in each Fiscal Year include in its budget a provision to provide funds in an amount sufficient to pay the principal and interest on the Bonds coming due in such Fiscal Year, but only to the extent that such amounts exceed the amount of available funds then on deposit in the Revenue Fund, and shall make annual appropriations for all such amounts. If such principal and interest on the Bonds coming due in any Fiscal Year exceeds the sum of amounts budgeted in respect thereof together with amounts then on deposit in the Revenue Fund, then the City shall amend or supplement the budget to provide for such excess amounts. The covenants contained in this Section of the Trust Agreement shall be deemed to be and shall be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Trust Agreement agreed to be carried out and performed by the City.

CREATIONS OF CERTAIN FUNDS AND ACCOUNTS

Creation of Costs of Issuance Fund. The Trust Agreement creates a fund to be held by the Trustee designated "City of Carson 2020 Taxable Pension Obligation Bonds Costs of Issuance Fund" (the "Costs of Issuance Fund"). Funds on deposit in the Costs of Issuance Fund shall be used to pay or to reimburse the City for the payment of Costs of Issuance. Each such Written Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

At such time which is the earlier of six months following the Closing Date, or when the City delivers to the Trustee written notice that all Costs of Issuance have been paid, the Trustee shall transfer all amounts then remaining in the Costs of Issuance Fund to the Bond Interest Account of the City unless otherwise directed by the City. At such time as no amounts remain in the Costs of Issuance Fund, such Fund shall be closed.

Creation of Revenue Fund and Certain Accounts. The Trust Agreement creates a fund to be held by the Trustee designated "City of Carson 2020 Taxable Pension Obligation Bonds Revenue Fund" (the "Revenue Fund"). In the Revenue Fund there are two separate Accounts designated "Bond Interest Account" and "Bond Principal Account".

(a) All amounts received by the Trustee from the City in respect of interest payments on the Bonds shall be deposited in the Bond Interest Account and shall be disbursed to the applicable Holders to pay interest on the Bonds. All amounts held at any time in the Bond Interest Account shall be held for the security and payment of interest on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the City shall promptly deposit funds to such Account to cure such deficiency. On January 16 of each year beginning in 2021, so long as no Event of Default has occurred and is continuing, the Trustee shall transfer all amounts on deposit in the Bond Interest Account to the City to be used for any lawful purpose.

(b) All amounts received by the Trustee from the City in respect of principal payments on the Bonds shall be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the City shall promptly deposit funds to such Bond Principal Account to cure such deficiency.

(c) The moneys in such Funds and Accounts shall be held by the Trustee in trust and applied as in the Trust Agreement provided and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and Outstanding under the Trust Agreement and for the further security of such holders until paid out or transferred as provided in the Trust Agreement.

Creation of Redemption Fund. The Trust Agreement creates a fund designated the "City of Carson 2020 Taxable Pension Obligation Bonds Redemption Fund" (the "Redemption Fund"). All moneys deposited by the City with the Trustee for the purpose of redeeming Bonds shall be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds in the manner, at the times and upon the terms and conditions specified in the Trust Agreement; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of written instructions from an Authorized City Representative, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as directed by the City.

Moneys Held in Redemption Fund. All moneys which shall have been withdrawn from the Revenue Fund and deposited in the Redemption Fund for the purpose of paying any of the Bonds, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective Holders of such Bonds.

Unclaimed Moneys. Any moneys which shall be set aside or deposited in the Redemption Fund, the Bond Principal Account, the Bond Interest Account or any other Fund or Account for the benefit of Holders of Bonds and which shall remain unclaimed by the Holders of such Bonds for a period of one year after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by State law) shall be paid to the City, and thereafter the Holders of such Bonds shall look only to the City for payment and the City shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and the Trustee and any Paying Agent shall have no responsibility with respect to any of such moneys

PAYING AGENT

Paying Agent; Appointment and Acceptance of Duties. In the Trust Agreement, the City appoints the Trustee as the Paying Agent for the Bonds.

Paying Agent – General Responsibilities.

(a) The City may at any time or from time to time appoint a different Paying Agent or Paying Agents for the Bonds, and each Paying Agent, if other than the Trustee, shall be a commercial bank with trust powers and shall designate to the City and the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it under the Trust Agreement by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

(i) to hold all sums held by it for the payment of the principal of, and premium or interest on, Bonds in trust for the benefit of the Holders until such sums shall be paid to such Holders or otherwise disposed of as provided in the Trust Agreement;

(ii) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City and the Trustee at all reasonable times upon reasonable prior notice; and

(iii) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held in trust by such Paying Agent.

(b) The Paying Agent shall perform the duties and obligations set forth in the Trust Agreement, and in particular shall hold all sums delivered to it by the Trustee for the payment of principal or premium of and interest on the Bonds for the benefit of the Holders until such sums shall be paid to such Holders or otherwise disposed of as provided in the Trust Agreement.

(c) In performing its duties under the Trust Agreement, the Paying Agent shall be entitled to all of the rights, protections and immunities accorded to the Trustee under the terms of the Trust Agreement.

Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Holders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Trust Agreement, whether or not any such committee shall represent the owners of a majority in Total Bond Obligation of the Bonds then Outstanding.

Resignation or Removal of Paying Agent and Appointment of Successor.

(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Trust Agreement in accordance with the provisions set forth in the Trust Agreement for the removal of the Trustee by giving at least 30 days' written notice to the City and the other Fiduciaries. Any Paying Agent may be removed at any time upon 30 days prior written notice by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized City Representative. Any successor Paying Agent shall be appointed by the City with the approval of the Trustee and shall be a national banking association, commercial bank with trust powers or trust company organized under the laws of any state of the United States, having capital stock and surplus aggregating at least $100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Trust Agreement.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall assign and deliver any moneys and Bonds, including authenticated Bonds, held by it to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

COVENANTS OF THE CITY

Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal, premium, if any, and interest on every Bond at the place and on the dates and in the manner specified in the Trust Agreement and in the Bonds, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements contained in the Trust Agreement and in the Bonds and the City agrees that time is of the essence of the Trust Agreement. The obligations of the City under the Bonds, including the obligation to make all payments of principal, premium, if any, and interest when due, are absolute and unconditional, without any right of set-off or counter claim. However, the Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligations of the City to make payments on the Bonds constitute an indebtedness of the City, the State of California, or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction. The City Council is obligated in each Fiscal Year to appropriate all amounts from such funds as may be required to pay the aggregate amount of the principal of and the interest on the Bonds coming due and payable in such Fiscal Year.

Performance of Covenants by City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Trust Agreement, in any and every Bond executed, authenticated and delivered under the Trust Agreement and in all of its proceedings pertaining hereto. The City covenants that it is duly authorized under the Constitution and laws of the State to issue the Bonds.

Instruments of Further Assurance. The City covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered such further acts, instruments and transfers as the Trustee may reasonably request for the better assuring and confirming to the Trustee all the rights and obligations of the City under and pursuant to the Trust Agreement.

No Inconsistent Action. The City covenants that no contract or contracts will be entered into or any action taken by the City which shall be inconsistent with the provisions of the Trust Agreement.

No Adverse Action. The City covenants that it will not take any action which will have a material adverse effect upon the rights of the Holders of the Bonds.

Maintenance of Powers. The City covenants that it will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to applicable law and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or the performance or observance of any of the covenants in the Trust Agreement contained.

City to Perform Pursuant to Continuing Disclosure Certificate. The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default under the Trust Agreement; provided, however, the obligations of the City to comply with the provisions of the Continuing Disclosure Certificate shall be enforceable by any Participating Underwriter or any Holder of Outstanding Bonds, or by the Trustee on behalf of the Holders of Outstanding Bonds; provided, further, that the Trustee shall not be required to take any enforcement action whatsoever except at the written direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with security and indemnity to its satisfaction, including without limitation, attorney's fees and expenses. The Participating Underwriters', Holders' and Trustee's rights to enforce the provisions of the Continuing Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City's obligations under the Continuing Disclosure Certificate. Notwithstanding the foregoing, the City shall be entitled to amend or rescind the Continuing Disclosure Certificate to the extent permitted by law.

INVESTMENTS

Investment Authorized. Money held by the Trustee in any fund or account under the Trust Agreement shall be invested by the Trustee in Permitted Investments pending application as provided in the Trust Agreement solely at the prior written direction of an Authorized City Representative filed with the Trustee at least two (2) Business Days in advance of the making of such investments and, shall be registered in the name of the Trustee where applicable, as Trustee, and shall be held by the Trustee. The City shall direct the Trustee prior to 12:00 p.m. Pacific time two (2) Business Day before the date on which a Permitted Investment matures or is redeemed as to the reinvestment of the proceeds thereof. In the absence of such direction, the Trustee shall hold such amounts uninvested. The Trustee may rely on the City's certification in such investment instructions that such investments are permitted by law and by any policy guidelines promulgated by the City. Money held in any fund or account under the Trust Agreement may be commingled for purposes of investment only.

The Trustee may, with the prior written approval of an Authorized City Representative, purchase from or sell to itself or any affiliate, as principal or agent, investments authorized by the Trust Agreement. Any investments and reinvestments shall be directed by the City after giving full consideration to the time at which funds are required to be available under the Trust Agreement and to the highest yield practicably obtainable giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes required by the Trust Agreement. The Trustee or any of its affiliates may act as agent in the making or disposing of any investment and may act as sponsor or advisor with respect to any Permitted Investment. For investment purposes, the Trustee may commingle the funds and accounts established under the Trust Agreement, but shall account for each separately.

Ratings of Permitted Investments referred to in the Trust Agreement shall be determined at the time of purchase of such Permitted Investments and without regard to rating subcategories. The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments, or the responsibility to validate Permitted Investments the ratings of Permitted Investments prior to the initial purchase.

The Trustee may conclusively rely upon the City's written instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Permitted Investments.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Trust Agreement.

Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account under the Trust Agreement, all Permitted Investments shall be valued at the market value thereof not later than the date provided in the Trust Agreement. With the prior written approval of an Authorized City Representative, the Trustee may sell, or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account under the Trust Agreement, and the Trustee shall not be liable or responsible for any loss resulting from such investment or sale, except any loss resulting from its own negligence or willful misconduct. In determining market value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

Application of Investment Earnings. Investments in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and any profit realized from such investment shall be credited to such Fund or Account and any loss resulting from such investment shall be charged to such Fund or Account. Interest earnings on investments in any Fund or Account shall be deposited in the Bond Interest Account of the Revenue Fund.

DEFEASANCE

Discharge of Bonds; Release of Trust Agreement. Bonds or portions thereof (such portions to be in an Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be entitled to the benefits of the Trust Agreement except for the purposes of payment from moneys and Defeasance Securities. When all Bonds which have been issued under the Trust Agreement have been paid in full or are deemed to have been paid in full, and all other sums payable under the Trust Agreement by the City, including all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agents, have been paid or are duly provided for, then the Trustee shall cancel, discharge and release the Trust Agreement, shall execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and such satisfaction and discharge and shall assign and deliver to the City any amounts at the time subject to the Trust Agreement which may then be in the Trustee's possession, except funds or securities in which such funds are invested and held by the Trustee or the Paying Agents for the payment of the principal, premium, if any, and interest on the Bonds.

Bonds Deemed Paid.

(a) A Bond shall be deemed to be paid within the meaning of the Trust Agreement when (i) payment with respect thereto of the principal, interest and premium, if any, either (1) shall have been made or caused to be made in accordance with the terms of the Bonds and the Trust Agreement or (2) shall have been provided for, as certified to the Trustee by a Consultant who is a certified public accountant, by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment: (x) moneys sufficient to make such payment, and/or (y) Defeasance Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (ii) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Bonds shall be deemed to be paid, such Bonds shall no longer be secured by or entitled to the benefits of the Trust Agreement, except for the purposes of payment from such moneys and Defeasance Securities.

(b) Notwithstanding the foregoing paragraph, no deposit under clause (i)(2) of the immediately preceding paragraph shall be deemed a payment of such Bonds until (i) proper notice of redemption of such Bonds shall have been given in accordance with the Trust Agreement, or in the event such Bonds are not to be redeemed within the next succeeding 60 days, until the City shall have given the Trustee irrevocable instructions to notify, as soon as practicable, the holders of the Bonds in accordance with the Trust Agreement, that the deposit required by clause (i)(2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Trust Agreement and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and unpaid interest on such Bonds; or (ii) the maturity of such Bonds.

DEFAULTS AND REMEDIES

Events of Default. Each of the following events shall constitute and is referred to in the Trust Agreement as an "Event of Default":

(a) a failure to pay the principal or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a) and (b) above) contained in the Bonds or in the Trust Agreement on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by the Trustee; provided, however, that the Trustee shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within such period and is being diligently pursued; or

(d) if the City files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself.

Upon its actual knowledge of the occurrence of any Event of Default, the Trustee shall immediately give written notice thereof to the City.

Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and shall upon the written direction of the holders of a majority of the Total Bond Obligation of the Bonds then Outstanding and, in each case, receipt of indemnity to its satisfaction, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders under the Trust Agreement, as the case may be, and require the City to carry out any agreements with or for the benefit of the Holders and to perform its or their duties under the Refunding Law or any other law to which it is subject and the Trust Agreement; provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Trust Agreement;

(2) bring suit upon the defaulted Bonds;

(3) commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Holders; or

(4) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders under the Trust Agreement.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has actual knowledge of the occurrence of such Event of Default.

Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under the Trust Agreement shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the City, the Trustee and the Holders shall be restored to their former positions and rights under the Trust Agreement, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Holders' Right to Direct Proceedings on their Behalf. Anything in the Trust Agreement to the contrary notwithstanding, Holders of a majority in Total Bond Obligation shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings on their behalf available to the Trustee under the Trust Agreement to be taken in connection with the enforcement of the terms of the Trust Agreement or exercising any trust or power conferred on the Trustee by the Trust Agreement; provided that such direction shall not be otherwise than in accordance with the provisions of the law and the Trust Agreement and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee; provided further that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Holders not parties to such direction.

Limitation on Holders' Rights to Institute Proceedings. No owner of any Bond shall have the right to institute any suit, action or proceeding at law in equity, for the protection or enforcement of any right or remedy under the Trust Agreement, or applicable law with respect to such Bond, unless (a) such owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the owners of not less than a majority in Total Bond Obligation shall have made written request upon the Trustee to exercise the powers heretofore granted or to institute such suit, action or proceeding in its own name; (c) such owner or said owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or failed to comply with such request for a period of 60 days after such written request shall have been received by and said tender of indemnity shall have been made to, the Trustee and (e) the Trustee shall not have received contrary directions from the owners of a majority in aggregate principal amount of the Total Bonds Obligation.

No Impairment of Right to Enforce Payment. Notwithstanding any other provision in the Trust Agreement, the right of any Holder to receive payment of the principal of and interest on such Holder's Bond, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Holder.

11.08 Proceedings by Trustee Without Possession of Bonds. All rights of action under the Trust Agreement or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Holders, as the case may be, subject to the provisions of the Trust Agreement.

No Remedy Exclusive. No remedy in the Trust Agreement conferred upon or reserved to the Trustee or to Holders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Trust Agreement, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth in the Trust Agreement to the taking of any remedy to enforce the provisions of the Trust Agreement or the Bonds shall also be conditions to seeking any remedies under the Trust Agreement.

No Waiver of Remedies. No delay or omission of the Trustee or of any Holder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein and every power and remedy given by the Trust Agreement to the Trustee and to the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys.

(a) Any moneys received by the Trustee for the benefit of Holders, by any receiver or by any Holder pursuant to any right given or action taken under the event of default provisions of the Trust Agreement, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee under any provisions of the Trust Agreement (including without limitation reasonable fees and reasonable expenses of its attorneys), shall be deposited in the Revenue Fund and all moneys so deposited in the Revenue Fund during the continuance of an Event of Default shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, as the case may be, in the order of maturity of the installments of such interest (if the amount available for such interest installments shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment), and if the amount available for such interest shall not be sufficient to make payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due and (ii) second, to the payment to the persons entitled thereto of the unpaid principal, as applicable, of any of the Bonds which shall have become due with interest on such Bonds at their respective rate from the respective dates upon which they became due (if the amount available for such unpaid principal and interest shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege among Holders of Bonds), and, if the amount available for such principal and interest shall not be sufficient to make full payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due.

(b) Whenever moneys are to be applied pursuant to the provisions of the Trust Agreement, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Holders and shall not be required to make payment to any Holder until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Severability of Remedies. It is the purpose and intention of the remedy section to provide rights and remedies to the Trustee and the Holders which may be lawfully granted under the provisions of applicable law, but should any right or remedy in the Trust Agreement granted be held to be unlawful, the Trustee and the Holders shall be entitled, as above set forth, to every other right and remedy provided in the Trust Agreement and by applicable law.

Additional Events of Default and Remedies. So long as any Bonds are Outstanding, the Events of Default and remedies as set forth in the Trust Agreement may be supplemented with additional Events of Default and remedies as set forth from time to time in a supplemental agreement.

TRUSTEE; REGISTRAR

Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in the Trust Agreement and no others; and

(ii) in the absence of negligence on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Trust Agreement. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the requirements of the Trust Agreement.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit paragraph (b) above as provided in the Trust Agreement;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action it takes or fails to take in good faith in accordance with a direction received by it from Holders or the City in the manner provided in the Trust Agreement; and

(iv) no provision of the Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Trust Agreement or in the exercise of any of its rights or powers if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Every provision of the Trust Agreement that in any way relates to the Trustee is subject to all the paragraphs of this Section of the Trust Agreement.

(e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity reasonably satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any cash held by it except as the Trustee may agree with the City.

Rights of Trustee.

(a) The Trustee shall not be liable in connection with the performance of its duties under the Trust Agreement, except for its own negligence, willful misconduct or breach of the express terms and conditions of the Trust Agreement. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Holder of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under the Trust Agreement.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it under the Trust Agreement by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Trust Agreement, and the opinion of such counsel shall be authorization for any action taken or not taken in reliance on such opinion, but the Trustee shall be answerable for the negligence or misconduct of any such attorney, agent or receiver selected by it.

(c) No permissive power, right or remedy conferred upon the Trustee under the Trust Agreement shall be construed to impose a duty to exercise such power, right or remedy.

(d) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the City, personally or by agent or attorney.

(e) The Trustee shall not be responsible for the application or handling by the City of any moneys transferred to or pursuant to any requisition or request of the City in accordance with the terms and conditions of the Trust Agreement.

(f) Whether or not therein expressly so provided, every provision of the Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of the Trust Agreement.

(g) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(h) The Trustee shall not be considered in breach of or in default in its obligations under the Trust Agreement or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(i) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Trust Agreement and delivered using Electronic Means (as defined in the Trust Agreement).

(k) Whenever in the administration of the trusts imposed upon it by the Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Trust Agreement, such matter (unless other evidence in respect thereof be in the Trust Agreement specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the City, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Trust Agreement in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(l) The Trustee may consult with counsel, who may be counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Trust Agreement in good faith and in accordance therewith.

(m) The Trustee shall not be deemed to have knowledge of any event of default of the type described in the Trust Agreement (except principal and interest defaults) unless and until it shall have actual knowledge thereof by receipt of written notice thereof at its corporate trust office.

Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the City with the same rights it would have if it were not Trustee. Any Paying Agent or other agent may do the same with like rights..

Notice of Defaults. If an event occurs which with the giving of notice or lapse of time or both would be an Event of Default, and if the event is continuing and if it is actually known to the Trustee, the Trustee shall mail to each Holder notice of the event within 90 days after it occurs. Except in the case of a default in payment or purchase on any Bonds, the Trustee may withhold the notice to Holders if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

Replacement of Trustee.

(a) The Trustee may resign as trustee under the Trust Agreement by notifying the City in writing prior to the proposed effective date of the resignation. The Holders of a majority in Total Bond Obligation of the Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the City's consent. The City may remove the Trustee, by notice in writing delivered to the Trustee 30 days prior to the proposed removal date; provided, however, that the City shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing unless (i) the Trustee fails to comply with the foregoing Section and/or other provisions of the Trust Agreement applicable to the Trustee, (ii) the Trustee is adjudged a bankrupt or an insolvent, or (iii) the Trustee otherwise becomes incapable of acting No resignation or removal of the Trustee under the Trust Agreement shall be effective until a new Trustee has taken office. If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Trust Agreement, the City shall promptly appoint a successor Trustee.

(b) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the City. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under the Trust Agreement. If a Trustee is not performing its duties under the Trust Agreement and a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the City delivers notice of removal, the retiring Trustee, the City or the Holders of a majority in Total Bond Obligation of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Registrar. The City has appointed the Trustee as Registrar.

Accounting Records and Reports of Trustee.

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all Funds and Accounts established pursuant to the Trust Agreement and held by the Trustee. Such books of record and account shall be available for inspection by the City and any Holder, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances.

(b) The Trustee shall file and furnish to the City, on an annual basis (or, with respect to the City, such other interval that the City may request), a complete financial statement (which may be its regular account statements and which need not be audited) covering receipts, disbursements, allocation and application of moneys in any of the funds and accounts established pursuant to the Trust Agreement for the preceding year.

No Remedy Exclusive. No remedy in the Trust Agreement conferred upon or reserved to the City is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Trust Agreement, or now or hereafter existing at law or in equity or by statute.

MODIFICATION OF THE TRUST AGREEMENT

Supplemental Agreements Not Requiring Consent of Holders.

(a) The City may, from time to time and at any time, without the consent of or notice to the Holders, execute and deliver supplemental agreements supplementing and/or amending the Trust Agreement as follows:

(i) to cure any defect, omission, inconsistency or ambiguity in the Trust Agreement;

(ii) to add to the covenants and agreements of the City in the Trust Agreement other covenants and agreements, or to surrender any right or power reserved or conferred upon the City, and which shall not adversely affect the interests of the Holders;

(iii) to confirm, as further assurance, any interest of the Trustee in and to the Funds and Accounts held by the Trustee or in and to any other moneys, securities or funds of the City provided pursuant to the Trust Agreement or to otherwise add security for the Holders;

(iv) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(v) to modify, alter, amend or supplement the Trust Agreement in any other respect which, in the judgment of the City, is not materially adverse to the Holders;

(vi) to qualify the Bonds for a rating or ratings by any Rating Agency; and

(vii) to authorize the issuance of Additional Bonds in accordance with the Trust Agreement.

Supplemental Agreement Requiring Consent of Holders.

(a) Except for any supplemental agreement entered into related to the reasons in the previous section, the Holders of not less than a majority in Total Bond Obligation shall have the right from time to time to consent to and approve the execution by the City of any supplemental agreement deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Trust Agreement or in a supplemental agreement; provided, however, that, unless approved in writing by the Holders of all the Bonds then Outstanding, nothing contained in the Trust Agreement shall permit or be construed as permitting (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing contained in the Trust Agreement, including the provisions of (b) below, shall, unless approved in writing by the Holders of all the Bonds then Outstanding, permit or be construed as permitting (1) a preference or priority of any Bond or Bonds over any other Bond or Bonds or (2) a reduction in the aggregate principal amount of Bonds the consent of the Holders of which is required for any such supplemental agreement. Nothing in the Trust Agreement contained, however, shall be construed as making necessary the approval by Holders of the execution of any supplemental agreement as authorized in the Trust Agreement.

(b) If at any time the City shall desire to enter into any supplemental agreement for any of the purposes stated requiring consent of the Holders, the City shall cause notice of the proposed execution of the supplemental agreement to be given by Mail to all Holders. Such notice shall briefly set forth the nature of the proposed supplemental agreement and shall state that a copy thereof is on file at the office of the City for inspection by all Holders.

(c) Within two weeks after the date of the first mailing of such notice, the City may execute and deliver such supplemental agreement in substantially the form described in such notice, but only if there shall have first been delivered to the City (i) the required consents, in writing, of Holders and (ii) an opinion of Bond Counsel stating that such supplemental agreement is authorized or permitted by the Trust Agreement and other applicable law, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms.

(d) If Holders of not less than the percentage of Bonds required by the Trust Agreement shall have consented to and approved the execution and delivery thereof as provided in the Trust Agreement, no Holders shall have any right to object to the adoption of such supplemental agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the City from executing the same or from taking any action pursuant to the provisions thereof.

Effect of Supplemental Agreements. Upon execution and delivery of any supplemental agreement pursuant to the provisions of the Trust Agreement and all supplemental agreements shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Trust Agreement and all supplemental agreements of the City, the Trustee, the Registrar, any Paying Agent and all Holders shall thereafter be determined, exercised and enforced under the Trust Agreement and all supplemental agreements, subject in all respects to such modifications and amendments.

Supplemental Agreements to be Part of the Trust Agreement. Any supplemental agreement adopted in accordance with the provisions of the Trust Agreement shall thereafter form a part of the Trust Agreement or the supplemental agreement which they supplement or amend, and all of the terms and conditions contained in any such supplemental agreement as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of the Trust Agreement which they supplement or amend for any and all purposes.

MISCELLANEOUS PROVISIONS

No Personal Liability of City Officials; Limited Liability of City to Holders.

(a) No covenant or agreement contained in the Bonds or in the Trust Agreement shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in his individual capacity, and neither the members of the City Council of the City nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(b) Except for the payment when due of the payments and the observance and performance of the other agreements, conditions, covenants and terms required to be performed by it contained in the Trust Agreement, the City shall not have any obligation or liability to the Holders with respect to the Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Bonds or the receipt, deposit or disbursement of the payments by the Trustee, or with respect to the performance by the Trustee of any obligation required to be performed by it contained in the Trust Agreement.

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APPENDIX B

CITY AUDITED FINANCIAL STATEMENTS

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Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

CITY OF CARSON, CALIFORNIA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

PREPARED BY:
FINANCE DEPARTMENT

TARIK RAHMANI
DIRECTOR OF FINANCE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019
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INTRODUCTORY SECTION

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON

March 12, 2020

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, 2019, 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 2019, the

CITY HALL • 701 E. CARSON STREET • CARSON, CALIFORNIA 90745 • (310) 830-7600
WEBSITE: ci.carson.ca.us

City of Carson is ranked 14th highest in assessed value of all Los Angeles County cities, recording a total of $15.2 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 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.

As of December 31, 2019, the City has collected Oil Industry Tax Revenue totaling $1.8 million or 40% of budget. Forecasting revenues from the Oil Industry Tax remains a challenge as actuals have been significantly lower than previously anticipated. The Oil Industry Accountability Audit process is still underway and staff anticipates a final audit within the end of the fiscal year 2019-2020. The Oil Industry Tax has not solved the City's budget issues. Staff continues to recommend prudence as the City prepares the Fiscal Year 2020-2021 budget.

The Public Works Department completed the following construction projects during FY 2018/19.

- Citywide Integrated Security System upgrade
- Dolphin Park ADA-Compliant Playground area for children of all abilities
- Hemingway Park Improvements that included renovation of the snack bar roof, the community room, ball field leveling, and installation of a rubberized surface for the playground.
- Hemingway Park Aquatic Center equipment replacement
- Carson Dominguez Ballroom roof replacement

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

- Negotiated a Development Agreement and Conveyancing Agreement with developer Macerich for a portion of the site – Cell 2 - for a major fashion outlet center. Amended the Specific Plan and undertook a Subsequent EIR for the development of the project. Also, created a Cooperation Agreement between the City and the CRA to effectuate the sales tax sharing with the developer.
- Issued a second Request for Qualifications for Master Developer ("RFQ") for balance of the site and commenced negotiations with a developer for Cells 1, 3, 4, and 5. The initial RFQ resulted in the preliminary selection of two developers – one for Cell 1 and one for Cells 3, 4, and 5.
- Negotiated a Horizontal Master Developer Agreement for the Site with RE|Solutions, LLC to contract with a Civil General Contractor and Remediation General Contractor to install the remedial systems, piles, structural slabs, and site infrastructure on behalf of the CRA.
- Fulfilled part of the requirements of the $5 million state CAL ReUSE grant by the successful award of Low-Income Housing Tax Credits to the Veteran's Village affordable housing project and the Carson Arts Colony affordable housing project, which serve as the milestone for the affordable housing requirement of the grant. Both projects broke ground during the fiscal year.
- Instituted a $200 million Development Pollution Legal Liability policy, a $50/$25 million Development Contractor's Pollution Liability & Professional Liability coverage, a $10 million Public Officials Liability coverage, a $200 million General Liability insurance coverage and a major Builder's Risk policy for the project.

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, 2019, $2,027,614 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 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 Claudia Buenrostro, the Senior Accountant Daniel Zepeda, and the Accountants Phat Nguyen, Susan Delirio, and Christopher Lau. 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
Fiscal Year 2018/19

Albert Robles
Mayor

Cedric L. Hicks, Sr.
Mayor Pro Tem

Lula Davis-Holmes
Councilmember

Jawane Hilton
Councilmember

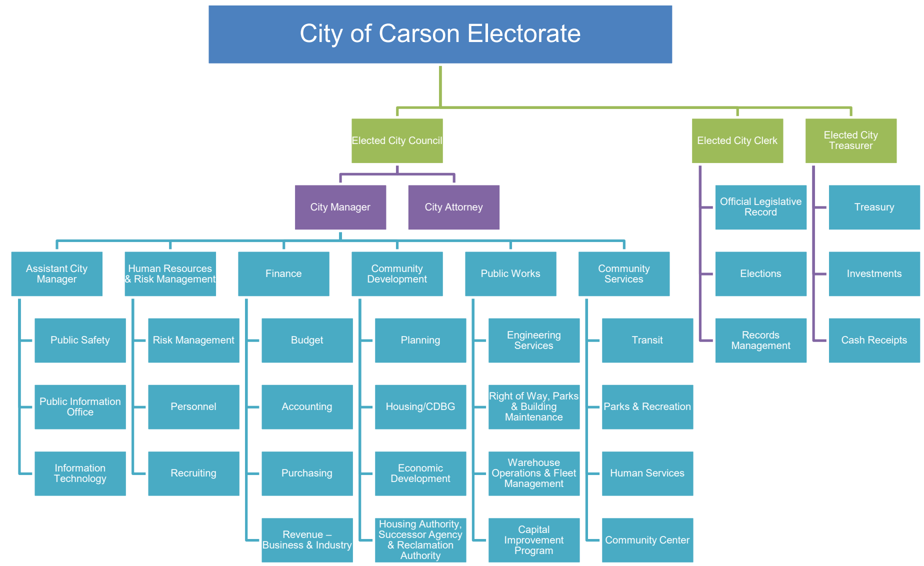
Jim Dear
Councilmember

Donesia L. Gause
City Clerk

Monica Cooper
City Treasurer

City Management

Kenneth C. Farfsing, City Manager
John Raymond, Assistant City Manager-Economic Development
David Roberts, Assistant City Manager-Administrative Services
Tarik Rahmani, Director of Finance
Dr. Maria Slaughter, Director of Public Works
Saied Naaseh, Director of Community Development
Faye Moseley, Director of Human Resources & Risk Management
Idris Jassim Al-Oboudi, Director of Community Services



FINANCIAL SECTION

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Carson
Carson, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2019, 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.

2875 Michelle Drive, Suite 300 | Irvine, California 92606 | WNDECPA.com | 714.978.1300

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, 2019, 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.

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.

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.

Other Matters (Continued)

Other Information (Continued)

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 March 12, 2020, 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
March 12, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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, 2019. 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, 2019 by $317.2 million. This amount is referred to as the net position of the City. Of this amount, $386.4 million represents net investment in capital assets, $37.6 million is restricted, and -$106.8 million is unrestricted net position.
- The City's net position increased by approximately $15.4 million during the fiscal year.
- The City's total long-term liabilities decreased by $9.0 million for the fiscal year ended June 30, 2019, from $167.4 million to $158.4.

Fund Financial Statements

- As of June 30, 2019, the City's governmental funds reported combined ending fund balances of $78.6 million, an increase of $21.0 million over the prior fiscal year's fund balance. Approximately $25.5 million is unassigned.
- As of June 30, 2019, the total fund balance of the City's General Fund was $45.2 million, an increase of $10 million from the prior year level of $35.2 million. The increase is mainly due to the, additional revenues of $4.1 million in sales tax, $1.7 million collected form the Oil Industry Tax, $4.7 million community benefit received offset by a decrease in Utility User Taxes of $0.3 million. Approximately $27.9 million of the $45.2 million general fund balance is unassigned and is available for spending at the government's discretion.
- In the General Fund, revenues exceeded expenditures by $9.9 million, before other financing sources/uses. This is a decrease of approximately $7.1 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 considered, 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 two types of funds are governmental 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 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 increased by $15.4 million, from $301.8 million in the prior period to $317.2 million in the current fiscal year.

Table 1
City of Carson's Net Position
June 30, 2019 and 2018

	2019	2018 Restated
ASSETS		
Cash and other assets	102,143,643	$ 77,761,720
Capital assets net of accumulated depreciation	386,414,281	385,341,066
Total assets	488,557,924	463,102,786
Deferred outflows of resources	18,800,119	24,291,313
Total deferred outflows of resources	18,800,119	24,291,313
LIABILITIES		
Current and other liabilities	21,497,098	16,585,601
Long-term liabilities	158,398,001	167,437,822
Total liabilities	179,895,099	184,023,423
Deferred inflows of resources	10,301,219	2,498,166
Total deferred inflows of resources	10,301,219	2,498,166
NET POSITION		
Net investment in capital assets	386,414,281	386,252,066
Restricted	37,579,440	26,629,068
Unrestricted	(106,831,996)	(111,097,624)
Total net position	317,161,725	301,783,510

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 $386.4 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 $118.7 million and total expenses of $103.3 million resulting in a $15.4 million increase to net position. Revenues from governmental activities increased by $6.6 million, or 5.9%. Expenses decreased by $16.0 million, or 13.4%, over the prior year.

Table 2
City of Carson's Changes in Net Position
For the Year Ended June 30, 2019 and 2018

	Governmental Activities	
	2019	**2018 Restated**
Program Revenues		
Charges for services	$ 21,244,520	$ 19,617,597
Grants and contributions	11,115,977	12,939,593
Capital grants and contributions	8,632,654	1,199,345
General Revenues		
Taxes		
Sales taxes	28,554,425	24,439,171
Property taxes	16,385,673	15,702,099
Utility user taxes	7,892,486	8,129,186
Transient occupancy taxes	2,245,815	2,242,192
Franchise taxes	9,817,355	9,094,861
Oil Industry Business tax	3,256,127	2,331,338
Motor vehicle license fee, unrestricted	45,024	49,309
Investment income	1,614,696	1,102,793
Other revenue	7,895,876	15,217,121
Total Revenues	118,700,628	112,064,605
Expenses		
Governmental Activities		
General Government	34,064,482	37,566,169
Community Development	10,254,671	23,131,014
Public Works	18,843,054	19,520,884
Community Services	17,524,467	17,823,301
Public Safety	22,635,739	21,265,535
Total Expenses	103,322,413	119,306,903
Change in net position	15,378,215	(7,242,298)
Net position, beginning, as restated	301,783,510	309,025,808
Net position, ending	317,161,725	301,783,510

Governmental Funds Financial Analysis

The governmental funds reported a combined fund balance at the end of the current fiscal year of $78.6 million, an increase of $21.0 million over the prior year. Approximately $53.1 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 $45.2 million, an increase of $10 million over the prior period. The increase is mainly due to the, additional revenues of $4.1 million in sales tax, $1.7 million collected form the Oil Industry Tax, $4.7 million community benefit received offset by a decrease in Utility User Taxes of $0.3 million. The General Fund is the primary operating fund of the City. Of the $45.2 million fund balance approximately $27.9 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 increased $0.5 million from the prior year mainly due to decreased spending in community development programs.

Cooperation Agreement Bond Proceeds Fund – The Cooperation Agreement Bond Proceeds fund balance increased by $.3 million from the prior year.

State CIP Grants Special Revenue Fund – The State CIP Grants Special Revenue fund balance decreased by $.004 million from the prior year.

In addition to the major funds, the fund balances for the other governmental funds had an aggregate increase of $10.2 million.

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental activities totals $386.4 million (net of accumulated depreciation of $225.2 million) as of June 30, 2019. 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, 2019 and 2018

	Governmental Activities	
	2019	2018 Restated
Land, land rights, land improvements	$ 92,936,028	$ 93,847,028
Infrastructure - street trees	16,271,731	16,271,731
Buildings and Improvements	59,294,427	60,802,757
Machinery and Equipment	2,784,338	2,711,682
Infrastructure	163,089,430	166,800,581
Construction in Progress	52,038,327	45,818,287
	$ 386,414,281	$ 386,252,066

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 $51.4 million and net pension liability of $99.7 million as of June 30, 2019.

Outstanding Debt
June 30, 2019 and 2018

	2019	2018
Other long-term debt:		
Other post-employment benefits	$ 51,447,209	$ 58,558,306
Self-insurance claims payable	2,464,825	2,253,843
Compensated absences	4,779,275	4,440,627
Net pension liability	99,706,692	102,185,046
Total	$ 158,398,001	$ 167,437,822

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 2019/20 General Fund revenues are projected to be $86.9 million, which is $5.9 million less than the FY 2018/19 year-end actual revenues of $92.8 million.

FY 2019/20 General Fund expenditures are projected to be $91.7 million, which is $8.8 million more than the year-end actual expenditures for FY 2018/19 of $82.9 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 FY19-20 is approximately $8.3 million, including a $5.2 million contribution to the unfunded liability and a normal cost of $3.1 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

STATEMENT OF NET POSITION

June 30, 2019

	Primary Government Governmental Activities	Component Unit Reclamation Authority
ASSETS:		
Cash and investments	$ 78,961,936	$ 32,047,909
Restricted cash and investments	-	17,797,010
Cash and investments with fiscal agents	3,763,788	-
Receivables:		
Taxes	5,844,264	-
Accounts	2,098,603	14,444,916
Accrued interest	-	14,002
Loans, net of allowance for uncollectible accounts	6,109,095	-
Due from Successor Agency	945,154	-
Due from governmental agencies	3,535,131	11,530
Due from component unit	-	
Due from primary government	-	86,090
Inventory	311,048	5,977,407
Prepaid and other assets	2,686	4,914,678
Land held for resale	571,938	-
Capital assets, not being depreciated	161,246,086	66,357,756
Capital assets, net of accumulated depreciation	225,168,195	-
TOTAL ASSETS	488,557,924	141,651,298
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts from pension	16,235,360	-
Deferred amounts from OPEB	2,564,759	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,800,119	-
LIABILITIES:		
Accounts payable and accrued liabilities	18,018,755	8,002,289
Accrued payroll	1,849,260	-
Due to other governmental agencies	538,143	-
Due to component unit	86,090	-
Due to primary government	-	-
Retention payable	360,244	-
Refundable deposits	-	-
Unearned revenues	644,606	-
Long-term liabilities:		
Due within one year	3,736,355	-
Due in more than one year	3,507,745	-
Net pension liability - due in more than one year	99,706,692	-
Net OPEB liability - due in more than one year	51,447,209	
Landfill remediation liability - due in more than one year	-	87,050,000
TOTAL LIABILITIES	179,895,099	95,052,289
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts from pension	2,934,790	-
Deferred amounts from OPEB	7,366,429	-
TOTAL DEFERRED INFLOWS OF RESOURCES	10,301,219	-
NET POSITION:		
Investment in capital assets	386,414,281	66,357,756
Restricted for:		
Economic development	353,012	-
Public works	21,399,782	-
Housing projects	11,162,327	-
Community services	4,664,319	-
Unrestricted	(106,831,996)	(19,758,747)
TOTAL NET POSITION	$ 317,161,725	$ 46,599,009

See accompanying notes to basic financial statements.

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CITY OF CARSON

STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
					Primary Government	Component Unit
Functions/programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Reclamation Authority
Governmental activities:						
General government	$ 34,064,482	$ 7,059,338	$ 125,964	$ -	$ (26,879,180)	$ -
Public safety	22,635,739	1,187,807	269,832	-	(21,178,100)	-
Community development	10,254,671	1,595,135	503,756	-	(8,155,780)	-
Public works	18,843,054	8,444,010	10,216,425	6,939,524	6,756,905	-
Community services	17,524,467	2,958,230	-	1,693,130	(12,873,107)	-
Total governmental activities	103,322,413	21,244,520	11,115,977	8,632,654	(62,329,262)	-
Component unit:						
Reclamation Authority	14,221,924	-	-	18,652,232	-	4,430,308
Total primary government	$ 117,544,337	$ 21,244,520	$ 11,115,977	$ 27,284,886	(62,329,262)	4,430,308
General revenues:						
Taxes:						
Property taxes					16,385,673	-
Sales taxes					28,554,425	-
Transient occupancy taxes					2,245,815	-
Franchise taxes					9,817,355	-
Utility users tax					7,892,486	-
Oil industry business tax					3,256,127	-
Motor vehicle license fee, unrestricted					45,024	-
Investment income					1,614,696	1,214,389
Other revenues					7,895,876	-
Total general revenues					77,707,477	1,214,389
Change in net position					15,378,215	5,644,697
Net position at beginning of year, as restated					301,783,510	40,954,312
Net position at end of year					$ 317,161,725	$ 46,599,009

See accompanying notes to basic financial statements.

CITY OF CARSON

GOVERNMENTAL FUNDS
BALANCE SHEET

June 30, 2019

	General Fund	Carson Housing Authority Special Revenue Fund	Cooperation Agreement Bond Proceeds Special Revenue Fund	State CIP Grants Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 49,990,676	$ 932,568	$ 1,931,360	$ 2,500,000	$ 23,607,332	$ 78,961,936
Cash and investments with fiscal agents	-	3,763,788	-	-	-	3,763,788
Receivables:						
Taxes	5,844,264	-	-	-	-	5,844,264
Accounts	1,765,158	213,660	37,811	-	81,974	2,098,603
Accrued interest	-	-	-	-	-	-
Due from government agencies	-	-	-	1,495,823	2,039,308	3,535,131
Loans, net of allowance	20,132	5,552,417	-	-	536,546	6,109,095
Due from other funds	3,298,353	-	786,509	-	-	4,084,862
Due from Successor Agency	500,633	444,521	-	-	-	945,154
Inventory	311,048	-	-	-	-	311,048
Prepaids and other assets	2,686	-	-	-	-	2,686
Land held for resale	-	571,938	-	-	-	571,938
TOTAL ASSETS	$ 61,732,950	$ 11,478,892	$ 2,755,680	$ 3,995,823	$ 26,265,160	$ 106,228,505
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Accounts payable and accrued liabilities	$ 14,144,045	$ 13,421	$ 164,427	$ 1,661,021	$ 2,035,841	$ 18,018,755
Accrued payroll	1,669,198	4,499	1,428	1,492	172,643	1,849,260
Due to other funds	18,055	212,555	-	2,071,847	1,782,405	4,084,862
Due to Carson Reclamation Authority	-	86,090	-	-	-	86,090
Due to government agencies	1,597	-	-	-	536,546	538,143
Retentions payable	84,037	-	2,067	261,424	12,716	360,244
Unearned revenue	644,606	-	-	-	-	644,606
TOTAL LIABILITIES	16,561,538	316,565	167,922	3,995,784	4,540,151	25,581,960
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues	-	-	-	1,495,823	553,044	2,048,867
FUND BALANCES:						
Nonspendable	313,734	-	-	-	-	313,734
Restricted	683,361	11,162,327	2,587,758	-	21,992,402	36,425,848
Committed	15,324,165	-	-	-	-	15,324,165
Assigned	1,000,000	-	-	-	-	1,000,000
Unassigned	27,850,152	-	-	(1,495,784)	(820,437)	25,533,931
TOTAL FUND BALANCES	45,171,412	11,162,327	2,587,758	(1,495,784)	21,171,965	78,597,678
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 61,732,950	$ 11,478,892	$ 2,755,680	$ 3,995,823	$ 26,265,160	$ 106,228,505

See accompanying notes to basic financial statements.

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CITY OF CARSON

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

June 30, 2019

Fund balances - total governmental funds		$ 78,597,678
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	$ 638,668,885	
Accumulated depreciation	(252,254,604)	
		386,414,281
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Self-insurance claims	(2,464,825)	
Compensated absences	(4,779,275)	
Net pension liability	(99,706,692)	
Net OPEB liability	(51,447,209)	
		(158,398,001)
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.		2,048,867
Deferred outflows of resources related to pensions are not considered financial resources and are not reported in the governmental funds.		16,235,360
Deferred outflows of resources related to OPEB are not considered financial resources and are not reported in the governmental funds.		2,564,759
Deferred inflows of resources related to pensions are not available to pay for current period expenses and are not reported in the governmental funds.		(2,934,790)
Deferred inflows of resources related to OPEB are not available to pay for current period expenses and are not reported in the governmental funds.		(7,366,429)
Net position of governmental activities		$ 317,161,725

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, 2019

	General Fund	Carson Housing Authority Special Revenue Fund	Cooperation Agreement Bond Proceeds Special Revenue Fund	State CIP Grants Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$ 68,919,788	$ -	$ -	$ -	$ 7,862,303	$ 76,782,091
Licenses and permits	9,465,400	-	-	-	52,160	9,517,560
Fines and forfeitures	1,542,202	-	-	-	-	1,542,202
Intergovernmental	104,854	444,521	-	7,477,054	3,976,311	12,002,740
Charges for services	3,367,010	-	-	-	3,228,644	6,595,654
Investment income	1,844,324	236,509	1,148	-	372,809	2,454,790
Developer impact fee	-	-	-	-	2,661,162	2,661,162
Miscellaneous	7,564,937	580,678	-	-	516,884	8,662,499
TOTAL REVENUES	92,808,515	1,261,708	1,148	7,477,054	18,670,273	120,218,698
EXPENDITURES:						
Current:						
General government	27,530,697	-	-	-	351,554	27,882,251
Public safety	22,635,739	-	-	-	-	22,635,739
Community development	4,109,743	746,339	-	67,920	1,008,646	5,932,648
Public works	16,545,258	-	-	-	78,707	16,623,965
Community services	11,921,448	-	-	-	3,391,877	15,313,325
Capital improvement programs	187,779	-	330,589	7,413,413	3,313,231	11,245,012
TOTAL EXPENDITURES	82,930,664	746,339	330,589	7,481,333	8,144,015	99,632,940
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,877,851	515,369	(329,441)	(4,279)	10,526,258	20,585,758
OTHER FINANCING SOURCES (USES):						
Sale of land	402,738	-	-	-	-	402,738
Transfers in	9,354	-	638,017	-	338,500	985,871
Transfers out	(338,500)	-	-	-	(647,371)	(985,871)
TOTAL OTHER FINANCING SOURCES (USES)	73,592	-	638,017	-	(308,871)	402,738
NET CHANGE IN FUND BALANCES	9,951,443	515,369	308,576	(4,279)	10,217,387	20,988,496
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	35,219,969	10,646,958	2,279,182	(1,491,505)	10,954,578	57,609,182
FUND BALANCES (DEFICITS) - END OF YEAR	$ 45,171,412	$ 11,162,327	$ 2,587,758	$ (1,495,784)	$ 21,171,965	$ 78,597,678

See accompanying notes to basic financial statements.

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, 2019

Net change in fund balances - total governmental funds		$ 20,988,496
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	$ 9,779,437	
Depreciation expense	(9,617,222)	
		162,215
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	(338,648)	
Claims and judgments	(210,982)	
Other post-employment benefits	2,606,889	
Pension benefits	(6,311,685)	
		(4,254,426)
Revenues that are measurable but not available are recorded as unavailable revenue under the modified accrual basis of accounting.		(1,518,070)
Change in net position of governmental activities		$ 15,378,215

See accompanying notes to basic financial statements.

CITY OF CARSON

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

June 30, 2019

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund	Agency Funds
ASSETS:		
Cash and investments	$ 21,071,124	$ 6,310,242
Cash and investments with fiscal agents	11,364,361	2,603,864
Receivables:		
Interest	50,393	-
Loans, net	-	-
Land held for resale	370,000	-
TOTAL ASSETS	32,855,878	$ 8,914,106
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts on refundings	3,724,834	
LIABILITIES:		
Accounts payable and accrued liabilities	17,243	$ 70,308
Accrued interest payable	2,668,207	-
Retention and refundable deposits	236,172	2,400,948
Due to City of Carson	500,633	-
Due to Carson Housing Authority	444,521	-
Due to assessed parties	-	772,889
Due to bondholders	-	5,669,961
Noncurrent liabilities:		
Due within one year	11,730,000	-
Due in more than one year	172,760,124	-
TOTAL LIABILITIES	188,356,900	$ 8,914,106
NET POSITION:		
Held in trust for private purpose	$ (151,776,188)	

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, 2019

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Property taxes	20,720,962
Investment income	480,160
Loss on sale of property	(1,163,596)
Other income	24,456
TOTAL ADDITIONS	20,061,982
DEDUCTIONS:	
General government	516,078
Property tax administration costs	757,065
Distribution of bond proceeds to Carson Reclamation Authority	3,006,024
Rent subsidies to Carson Housing Authority	444,521
Reimbursement of costs to the City of Carson	3,105
Interest and fiscal charges	8,831,167
TOTAL DEDUCTIONS	13,557,960
CHANGE IN NET POSITION	6,504,022
NET POSITION - BEGINNING OF YEAR	(158,280,210)
NET POSITION - END OF YEAR	$ (151,776,188)

See accompanying notes to basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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, 2019, 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

GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018. This standard did not impact the City.

GASB 88 - GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018. This standard did not significantly impact the City.

GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019 was early implemented during the current year. Interest Capitalization is no longer required.

Pending Accounting Standards

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

- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.

- GASB 87 - *Leases*, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

- GASB 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.

- GASB 92 – *Omnibus*, effective for periods beginning after June 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.

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 $7,928,311 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

H. Interfund Transactions

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

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. The City uses the consumption method which means that inventory is expenses as the items are used. Inventory in the General Fund consists principally of fuel, office supplies, recreational activity supplies and other miscellaneous materials and supplies. Inventory in the Reclamation Authority Enterprise Fund consists principally of liner, backfill material, gravel, pile cap boots, geotextile and miscellaneous landfill gas components. Materials and supplies are charged to inventories when purchased and treated as expenditure when issued. Inventory amounts in the General Fund are classified as nonspendable in the fund balance since they do not represent available spendable resources.

J. Capital Assets

Capital assets are recorded at cost where historical records are available and at estimated historical cost where no historical records exist. Contributed capital assets are valued at their acquisition value at the date of the contribution. Generally, capital asset purchases in excess of $10,000 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 OPEB and pension plans 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources (Continued)

- 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.

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:

<u>Nonspendable fund balance</u> 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.

<u>Restricted fund balance</u> 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balances and Flow Assumptions (Continued)

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

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

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

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

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, 2019, the City had no outstanding debt related to its capital assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position and Flow Assumptions (Continued)

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.

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, 2019, 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	Fiduciary Funds Statement of Net Position: Agency Funds	Total
Unrestricted assets:				
Cash and investments	$ 111,009,845	$21,071,124	$ 6,310,242	$138,391,211
Restricted assets:				
Cash and investments	17,797,010	-	-	17,797,010
with fiscal agents	3,763,788	11,364,361	2,603,864	17,732,013
Total cash and investments	$ 132,570,643	$32,435,485	$ 8,914,106	$173,920,234

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Cash and investments at June 30, 2019, consist of the following:

Cash on hand	$ 4,050
Deposits with financial institutions	59,234,599
Investments	114,681,585
Total cash and investments	$173,920,234

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)	$ 37,760,895	$ -	$ -	$ 37,760,895
Money Market Funds	26,360,139	-	-	26,360,139
U.S. Agency Securities	14,356,715	8,203,576	5,860,286	28,420,577
Medium-Term Corporate Notes	1,748,003	251,600	1,805,232	3,804,835
State/Municipal Bonds	-	94,141	508,985	603,126
Held by Fiscal Agent:				
Money Market Funds	17,732,013	-	-	17,732,013
Total	$ 97,957,765	$ 8,549,317	$ 8,174,503	$114,681,585

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, 2019	Minimum Legal Rating	AAA	Other	Not Rated
Local Agency Investment Fund (LAIF)	$ 37,760,895	N/A	$ -	$ -	$ 37,760,895
Money Market Funds	26,360,139	AAA	26,360,139	-	-
U.S. Agency Securities	28,420,577	N/A	-	28,420,577	-
Medium-Term Corporate Notes	3,804,835	A	1,004,190	2,800,645	-
State/Municipal Bonds	603,126	AA	-	603,126	-
Held by Fiscal Agent:					
Money Market Funds	17,732,013	N/A	17,732,013	-	-
Total	$114,681,585		$ 45,096,342	$ 31,824,348	$ 37,760,895

CITY OF CARSON
Notes to Basic Financial Statements
June 30, 2019

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. Agency Securities	$ 28,420,577	$ -	$ -	$ -	$ -	$ 28,420,577
Medium-Term						
Corporate Notes	499,305	499,820	1,563,162	-	238,358	2,800,645
State/Municipal Bonds	-	94,141	508,985	-	-	603,126
Total	$ 28,919,882	$593,961	$2,072,147	$ -	$238,358	$ 31,824,348

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	$ 8,090,061
Federal Home Loan Bank Notes	U.S. Agency Securities	6,990,079
Federal Home Loan Mortgage Corp. Notes	U.S. Agency Securities	5,273,094

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. Agency Securities	$ -	$ 28,420,577	$ -	$ 28,420,577
Medium-Term Corporate Notes	-	3,804,835	-	3,804,835
State/Municipal Bonds	-	603,126	-	603,126
Total Leveled Investments	$ -	$ 32,828,538	$ -	32,828,538
Local Agency Investment Fund (LAIF)*				37,760,895
Money Market Funds*				26,360,139
Held by Fiscal Agent:				
Money Market Funds*				17,732,013
Total Investment Portfolio				$ 114,681,585

* Not subject to fair value measurement hierarchy.

NOTE 3 - LOANS RECEIVABLE

Details of the City's loans receivable as of June 30, 2019 are as follows:

Loans relative to development projects under various disposition and development agreements	$ 56,613,049
First Time Homebuyer Loan Program	5,552,417
Computer Loan Program	20,132
HOME Loan Program	371,546
Neighborhood Stabilization Program Loans	165,000
Total Loans Receivable	62,722,144
Less: Allowance for uncollectible accounts	(56,613,049)
Loans Receivable, Net	$ 6,109,095

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, 2019:

	Balance at July 1, 2018 (1)	Additions	Deletions/ Transfers	Balance at June 30, 2019
Capital assets, not being depreciated:				
Land	$ 16,255,218	$ -	$ (911,000)	$ 15,344,218
Land rights	75,285,334	-	-	75,285,334
Land improvements	2,306,476	-	-	2,306,476
Infrastructure - street trees	16,271,731	-	-	16,271,731
Construction-in-progress	45,818,287	9,840,671	(3,620,631)	52,038,327
Total capital assets, not being depreciated	155,937,046	9,840,671	(4,531,631)	161,246,086
Capital assets, being depreciated:				
Buildings and improvements	99,705,576	472,309	-	100,177,885
Machinery and equipment	14,993,398	834,212	(1,386,484)	14,441,126
Infrastructure:				
Roadways	333,070,751	1,646,029	-	334,716,780
Sewer	20,187,672	-	-	20,187,672
Storm drain	6,381,489	1,517,847	-	7,899,336
Total capital assets, being depreciated	474,338,886	4,470,397	(1,386,484)	477,422,799
Less accumulated depreciation for:				
Buildings and improvements	(38,902,819)	(1,980,639)	-	(40,883,458)
Machinery and equipment	(12,281,716)	(761,556)	1,386,484	(11,656,788)
Infrastructure:				
Roadways	(171,807,023)	(6,456,432)	-	(178,263,455)
Sewer	(17,117,261)	(300,125)	-	(17,417,386)
Storm drain	(3,915,047)	(118,470)	-	(4,033,517)
Total accumulated depreciation	(244,023,866)	(9,617,222)	1,386,484	(252,254,604)
Total capital assets, being depreciated, net	230,315,020	(5,146,825)	-	225,168,195
Total governmental activities capital assets, net	$ 386,252,066	$ 4,693,846	$ (4,531,631)	$ 386,414,281

(1) Land has been restated by $911,000 for a property sold in the current year that had not been previously recorded.

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, 2019:

General government	$ 1,927,805
Community services	3,813,761
Public works	1,664,514
Community development	2,211,142
Total depreciation expense	$ 9,617,222

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, 2019:

	Balance at July 1, 2018 (1)	Additions	Deletions/ Transfers	Balance at June 30, 2019
Capital assets, not being depreciated:				
Land	$ 21,977,052	$ -	$ -	$ 21,977,052
Construction in progress	14,022,948	30,357,756	-	44,380,704
Total	$ 36,000,000	$ 30,357,756	$ -	$ 66,357,756

(1) The estimated cost of the landfill operations center under construction was reclassified from land category.

NOTE 5 – INTERFUND TRANSACTIONS

Due From/To Other Funds

Due from/due to other funds as of June 30, 2019, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Carson Housing Authority	$ 212,555
	State CIP Grants Special Revenue Fund	2,071,847
	Nonmajor Governmental Funds	1,013,951
Cooperation Agreement Bond Proceeds Special Revenue Fund	General Fund	18,055
	Nonmajor Governmental Funds	768,454
		$ 4,084,862

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, 2019, were as follows:

Transfer In to Fund	Transfer Out of Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 9,354
Cooperation Agreement Bond Proceeds Special Revenue Fund	Nonmajor Governmental Funds	638,017
Nonmajor Governmental Funds	General Fund	338,500
		$ 985,871

Interfund 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, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year	Due in More Than One Year
Other Long-term Liabilities:						
Compensated absences	$ 4,440,627	$ 3,308,168	$ (2,969,520)	$ 4,779,275	$ 2,657,117	$ 2,122,158
Self-insurance claims payable	2,253,843	1,572,853	(1,361,871)	2,464,825	1,079,238	1,385,587
Total	$ 6,694,470	$ 4,881,021	$ (4,331,391)	$ 7,244,100	$ 3,736,355	$ 3,507,745

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, 2019, $2,464,825 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, 2019, 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, 2019, is as follows:

	Workers' Compensation Claims	General Liability Claims	Totals
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
Additions	1,177,358	395,495	1,572,853
Payments	(1,351,742)	(10,129)	(1,361,871)
Balance at June 30, 2019	$ 1,909,439	$ 555,386	$ 2,464,825

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 for the measurement period ended June 30, 2018, are summarized as follows:

Hire date	Prior to May 6, 2011	Miscellaneous 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

At June 30, 2018, the measurement date, 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

CITY OF CARSON
Notes to Basic Financial Statements
June 30, 2019

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, 2018, using an annual actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Income	(3)

(1) Various by entry age and service
(2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.
(3) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

Long-term Expected Rate of Return

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 cash flows. Using historical returns of all the funds' asset classes expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

CITY OF CARSON
Notes to Basic Financial Statements
June 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities
(b) An expected inflation of 2.0% used for this period
(c) An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined.

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2018, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2017	$285,000,828	$182,815,782	$102,185,046
Changes in the Year:			
Service cost	4,901,075	-	4,901,075
Interest on the total pension liability	19,821,114	-	19,821,114
Changes of assumptions	(1,676,966)	-	(1,676,966)
Differences between expected and actual experience	(1,748,992)	-	(1,748,992)
Net plan to plan resource movement	-	(447)	447
Contribution - employer	-	7,293,749	(7,293,749)
Contribution - employee	-	1,930,908	(1,930,908)
Net investment income	-	15,376,239	(15,376,239)
Benefit payments, including refunds of employee contributions	(13,614,042)	(13,614,042)	-
Administrative expenses	-	(284,877)	284,877
Other Miscellaneous Income/(Expense)	-	(540,987)	540,987
Net Changes	7,682,189	10,160,543	(2,478,354)
Balance at June 30, 2018 (Measurement Date)	$292,683,017	$192,976,325	$ 99,706,692

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	$ 137,858,263
Current Discount Rate	7.15%
Net Pension Liability	$ 99,706,692
1% Increase	8.15%
Net Pension Liability	$ 68,005,525

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, 2019, the City recognized pension expense of $14,488,717. At June 30, 2019, 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	$ 8,354,811	$ -
Differences between actual and expected experience	452,280	(1,699,131)
Change of assumptions	7,012,462	(1,235,659)
Net differences between projected and actual earnings on plan investments	415,807	-
Total	$ 16,235,360	$ (2,934,790)

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

$8,354,811 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, 2020. 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
2020	$ 5,971,631
2021	2,070,738
2022	(2,581,380)
2023	(515,230)
2024	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2019, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

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 $1,219,256 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 for the measurement period ended June 30, 2018 totaled $572,106.

Plan Membership

As of the June 30, 2018, the measurement date, 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, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, rolled forward to June 30, 2018, using standard update procedures.. 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, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.15%
Inflation	2.75%
Projected Salary Increase	3.00% per annum, in aggregate
Expected Long Term Investment Rate of Return	7% assuming CERBT asset allocation Strategy 1
Healthcare Cost Trend Rates	6.0% HMO/6.5% PPO in 2019, decreasing 0.5% annually to 5% for 2022 and thereafter
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.

CITY OF CARSON
Notes to Basic Financial Statements
June 30, 2019

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, the measurement date, are summarized in the following table:

Asset Class	New Strategic Allocation	Long-Term Expected Real Rate of Return
CEBRT		
Global Equity	57.00%	5.50%
Global Debt Securities	27.00%	2.35%
REITs	8.00%	3.65%
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 5.15%. 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 4.25% as compared to the June 30, 2017 valuation discount rate of 5.15%. 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, 2017	$ 76,244,424	$ 17,686,118	$ 58,558,306
Changes in the Year:			
Service cost	2,393,726	-	2,393,726
Interest on the total OPEB liability	3,287,464	-	3,287,464
Differences between actual and expected experience	-	-	-
Changes in assumptions	(9,857,740)	-	(9,857,740)
Changes in benefit terms	-	-	-
Contribution - employer	-	1,572,106	(1,572,106)
Net investment income	-	1,395,100	(1,395,100)
Administrative expenses	-	(9,260)	9,260
Benefit payments	(2,572,106)	(2,572,106)	-
Other expense	-	(23,399)	23,399
Net Changes	(6,748,656)	362,441	(7,111,097)
Balance at June 30, 2018 (Measurement Date)	$ 69,495,768	$ 18,048,559	$ 51,447,209

Change of Assumptions

The discount rate changed from 4.25% to 5.15% in measurement period ended June 30, 2018.

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 (4.15%)	Discount Rate (5.15%)	1% Increase (6.15%)
Net OPEB Liability	$ 62,527,622	$ 51,447,209	$ 42,525,605

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	$ 41,263,353	$ 51,447,209	$ 64,291,593

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, 2019, the City recognized OPEB expense of $ 957,870. At June 30, 2019, 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	$ 2,564,759	$ -
Changes of assumptions	-	(6,571,827)
Differences between projected and actual earnings on plan investments	-	(794,602)
Total	$ 2,564,759	$ (7,366,429)

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 2018-19 measurement period is 4 years.

$2,564,759 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, 2020. 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
2020	$ (3,537,900)
2021	(3,537,901)
2022	(251,985)
2023	(38,643)
2024	-
Thereafter	-

E. Payable to the OPEB Plan

At June 30, 2019, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

NOTE 10 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The various fund balance classifications established as of June 30, 2019, were as follows:

			Special Revenue Funds			
	General Fund	Carson Housing Authority	Cooperation Agreement Bond Proceeds	State CIP Grants	Nonmajor Governmental Funds	Total
Nonspendable:						
Inventory	$ 311,048	$ -	$ -	$ -	$ -	$ 311,048
Prepaids and other assets	2,686	-	-	-	-	2,686
Total Nonspendable	313,734	-	-	-	-	313,734
Restricted for:						
Housing projects	-	11,162,327	-	-	-	11,162,327
Special revenue funds	-	-	-	-	21,992,402	21,992,402
Restricted donations	683,361	-	-	-	-	683,361
Capital projects	-	-	2,587,758	-	-	2,587,758
Total Restricted	683,361	11,162,327	2,587,758	-	21,992,402	36,425,848
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	27,850,152	-	-	(1,495,784)	(820,437)	25,533,931
Total Fund Balances	$ 45,171,412	$ 11,162,327	$ 2,587,758	$ (1,495,784)	$ 21,171,965	$ 78,597,678

NOTE 11 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Deficit Fund Balances

The following funds reported an accumulated deficit in fund balance as of June 30, 2019:

	Accumulated Deficit
Major Fund:	
State CIP Grants Special Revenue Fund	$ (1,495,784)
Nonmajor Special Revenue Funds:	
Los Angeles County Park District Fund	(475,798)
Proposition 1B Fund	(3,574)
HOME Grant Fund	(1,053)
Federal Highway Planning Grant Fund	(75,377)
Workforce Investment Act (WIA) Grant Fund	(40)
Building Plan Retention Fund	(264,595)

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, 2019, expenditures exceeded appropriations of the following City funds:

	Final Budget	Actual	Variance with Final Budget
Major Fund:			
General Fund:			
General government:			
City council	$ 932,549	$ 1,012,191	$ (79,642)
City attorney	$ 2,671,500	$ 3,591,936	$ (920,436)
Non-Departmental	$ 10,789,573	$ 11,236,426	$ (446,853)
Capital Improvement Programs	$ -	$ 187,779	$ (187,779)
State CIP Grants Fund:			
Community development	$ -	$ 67,920	$ (67,920)
Nonmajor Special Revenue Funds:			
Restricted Administrative Tow Fee Fund:			
General government	$ -	$ 4,235	$ (4,235)
Beverage Container Recycling Fund:			
Public works	$ 4,069	$ 15,775	$ (11,706)

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):			
Used Oil State Grant Fund:			
Public works	$ 7,887	$ 9,108	$ (1,221)
Workforce Investment Act Grant Fund:			
Community development	$ -	$ 139	$ (139)
Public Education and Government Access Fund:			
General government	$ 5,196	$ 25,197	$ (20,001)

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, 2019, are $16,400,000 and $5,350,000 , 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, 2019 is $645,000.

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, 2019, 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, 2019, 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, 2019, 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, 2019, 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. (Original Developer) for development and operation of an affordable senior citizen housing project (Project). Carson Terrace, L.P. includes Los Angeles Housing Partnership, Inc. a California non-profit public benefit corporation ("LAHP") as general partner, and LAHP Holdings III, LLC as the limited partner. 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 Original 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 Original Developer loan repayments are equal to 50% of the positive cash flow generated by the Project. On June 30, 2019, the balance on the note is $2,296,988. Pursuant to the OPA, the Agency is also required to provide the Original 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, LAHP, the limited partner with Original 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. Specifically, LAHP and The Richman Group of California Development Company, a California limited liability company ("TRG") executed a Joint Development Agreement to serve as the New Developer. On May 7 2019, a new OPA was entered into with the New Developer. As of December 12, 2019, the New Developer also executed a new promissory note amounting to $4,115,366, which recorded on January 8, 2020. The promissory note is a residual receipts loan that accrues simple interest at three percent (3%) per annum, payable in fifty-five (55) years following the recordation of the Release of Construction Covenants (or until December 31, 2077). Repayment of the Loan is made in annual payments from fifty percent 50% of the Net Cash Flow. At June 30, 2019, the balance on the Note remains at $2,296,988.

NOTE 14 - HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

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.

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, 2019, 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. At June 30, 2019, the balance on the Note remains at $4,200,000.

NOTE 14 - HOUSING AUTHORITY COMMITMENTS UNDER DEVELOPMENT AGREEMENTS (CONTINUED)

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 was complete in February 2020.

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, 2019, are as follows:

Loans relative to development projects under various disposition and development agreements	$ 13,221,894
Less: Allowance for uncollectible accounts	(13,221,894)
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.

Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year	Due in More Than One Year
Other Long-term Liabilities:						
Redevelopment Project Area 1:						
2003B Tax Allocation Bonds	$ 11,855,094	$ 669,136	$ -	$ 12,524,230	$ -	$ 12,524,230
2014A Tax Allocation Refunding Bonds	22,675,000	-	(2,950,000)	19,725,000	3,095,000	16,630,000
2016A Tax Allocation Refunding Bonds	19,970,000	-	(820,000)	19,150,000	845,000	18,305,000
2017A Tax Allocation Refunding Bonds	11,695,000	-	(490,000)	11,205,000	500,000	10,705,000
Less: Bond Discounts	(435,122)	-	23,808	(411,314)	-	(411,314)
Redevelopment Project Area 2:						
2007A Tax Allocation Refunding Bonds	15,850,000	-	(150,000)	15,700,000	150,000	15,550,000
2014A Tax Allocation Refunding Bonds	11,475,000	-	(1,405,000)	10,070,000	1,475,000	8,595,000
Redevelopment Project Area 4:						
2018 Tax Allocation Bonds	21,715,000	-	-	21,715,000	710,000	21,005,000
Add: Bond Premium	995,000	-	(42,792)	952,208	-	952,208
Low and Moderate Income Housing:						
2010A-T Tax Allocation Housing Bonds	5,800,000	-	(1,655,000)	4,145,000	1,750,000	2,395,000
2010A Tax Allocation Housing Bonds	25,620,000	-	-	25,620,000	-	25,620,000
Successor Agency:						
2015B Subordinate Tax Allocation Refunding Bonds	47,200,000	-	(3,105,000)	44,095,000	3,205,000	40,890,000
Total	$ 194,414,972	$ 669,136	$ (10,593,984)	$ 184,490,124	$ 11,730,000	$ 172,760,124

NOTE 16 - SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities (Continued)

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.

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 $7,113,367 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, 2019:

Year Ending June 30,	Principal	Interest	Total
2020	$ -	$ -	$ -
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	765,610	1,444,390	2,210,000
2025 - 2029	2,604,094	6,455,906	9,060,000
2030 - 2032	2,041,159	7,238,841	9,280,000
Subtotals	$ 5,410,863	$ 15,139,137	$ 20,550,000
Accreted Interest	7,113,367	-	7,113,367
Totals	$ 12,524,230	$ 15,139,137	$ 27,663,367

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 $3,600,000 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, 2019:

Year Ending June 30,	Principal	Interest	Total
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	-	286,338	286,338
2025 - 2029	2,025,000	1,178,562	3,203,562
2030 - 2034	2,130,000	880,175	3,010,175
2035 - 2037	2,225,000	47,281	2,272,281
Totals	$ 19,725,000	$ 4,914,081	$ 24,639,081

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, 2019, the outstanding balance of the defeased debt was $18,810,000. 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, 2019, is $2,492,775.

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, 2019:

Year Ending June 30,	Principal	Interest	Total
2020	$ 845,000	$ 719,992	$ 1,564,992
2021	865,000	698,648	1,563,648
2022	895,000	674,116	1,569,116
2023	915,000	649,504	1,564,504
2024	2,885,000	622,054	3,507,054
2025 - 2029	4,245,000	2,147,954	6,392,954
2030 - 2034	1,920,000	1,696,196	3,616,196
2035 - 2037	6,580,000	694,196	7,274,196
Totals	$ 19,150,000	$ 7,902,660	$ 27,052,660

CITY OF CARSON
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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, 2019, the outstanding balance of the defeased debt was $10,420,000. This defeased debt was 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, 2019, is $1,156,441.

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, 2019:

Year Ending June 30,	Principal	Interest	Total
2020	$ 500,000	$ 412,351	$ 912,351
2021	515,000	399,835	914,835
2022	525,000	385,714	910,714
2023	540,000	370,006	910,006
2024	560,000	353,806	913,806
2025 - 2029	3,100,000	1,474,656	4,574,656
2030 - 2034	3,745,000	824,488	4,569,488
2035 - 2037	1,720,000	107,044	1,827,044
Totals	$ 11,205,000	$ 4,327,900	$ 15,532,900

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, 2019:

Year Ending June 30,	Principal	Interest	Total
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	185,000	692,244	877,244
2025 - 2029	4,720,000	3,092,975	7,812,975
2030 - 2034	6,910,000	1,762,338	8,672,338
2035 - 2037	3,235,000	232,275	3,467,275
Totals	$ 15,700,000	$ 8,619,019	$ 24,319,019

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, 2019:

Year Ending June 30,	Principal	Interest	Total
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	1,790,000	141,000	1,931,000
2025	1,925,000	48,125	1,973,125
Totals	$ 10,070,000	$ 1,586,750	$ 11,656,750

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 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, 2019, is $75,618.

The following schedule summarizes the debt service to maturity requirement for the Successor Agency Tax Allocation Refunding Bonds, Series 2018 as of June 30, 2019:

Year Ending June 30,	Principal	Interest	Total
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	665,000	727,019	1,392,019
2025 - 2029	3,880,000	3,085,469	6,965,469
2030 - 2034	4,890,000	2,077,859	6,967,859
2035 - 2039	5,770,000	1,188,681	6,958,681
2040 - 2042	3,955,000	210,787	4,165,787
Totals	$ 21,715,000	$ 10,470,891	$ 32,185,891

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, 2019:

Year Ending June 30,	Principal	Interest	Total
2020	$ 1,750,000	$ 179,850	$ 1,929,850
2021	1,845,000	80,987	1,925,987
2022	550,000	15,125	565,125
Totals	$ 4,145,000	$ 275,962	$ 4,420,962

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, 2019:

Year Ending June 30,	Principal	Interest	Total
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	2,135,000	1,079,650	3,214,650
2025 - 2029	8,070,000	3,990,125	12,060,125
2030 - 2034	6,955,000	2,263,450	9,218,450
2035 - 2037	5,030,000	401,362	5,431,362
Totals	$ 25,620,000	$ 12,771,032	$ 38,391,032

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, 2019:

Year Ending June 30,	Principal	Interest	Total
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	3,390,000	1,562,787	4,952,787
2025 - 2029	16,075,000	4,972,482	21,047,482
2030 - 2034	7,405,000	2,236,935	9,641,935
2035 - 2037	3,625,000	289,978	3,914,978
Totals	$ 44,095,000	$ 16,791,446	$ 60,886,446

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, 2019, 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, 2019, the balance on the Note is $1,494,912.

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, 2019, 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, 2019, WIN Chevrolet has a loan balance of $4,550,000.

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, 2019, 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), a joint venture of The Macerich Company of Santa Monica, California, and SI-Carson, an affiliate of Simon Property Group 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").

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NOTE 17 - DISCRETELY PRESENTED RECLAMATION AUTHORITY COMMITMENTS (CONTINUED)

CAM-CARSON, LLC (CONTINUED)

Project Agreements

In September, 2018 (1) the Reclamation Authority separately entered into a "Conveyancing Agreement" with Developer whereby Reclamation Authority will convey and Developer will acquire the Developer Property through a ground lease; and (2) the City entered into a Cooperation Agreement with Reclamation Authority (Cooperation Agreement) whereby Reclamation Authority agreed to construct certain public infrastructure on behalf of City and City agreed 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 environmental benefits of legally closing the landfill and 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 up to the regulatory sign-off by the Department of Toxic Substances Control (DTSC), 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 reimbursed to the Reclamation Authority 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 or endanger human health. 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 waste layers (Site Preparation Work); (ii) installation of piles and pile caps, grade beams, vaults, and under slab utilities (Sub-Foundation Work); (iii) establishing underground utility runs from the property lines to the building (Utility Work); (iv) constructing the structural slab for the foundation of the buildings.

CITY OF CARSON
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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 the commutation of 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)	9,800,000
Other Soft Costs	5,700,000
Total Estimated Costs (3)	$ 87,050,000

(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.

(3) During the current year, the estimated costs for Cell 2 landfill closure, operations and maintenance of landfill systems, and other soft costs were increased by approximately $11,000,000 as a result of new information obtained now that Cell 2 closure activities have begun.

NOTE 18 - SUBSEQUENT EVENTS

Events occurring after June 30, 2019, have been evaluated for possible adjustments to the financial statements or disclosure as of March 12, 2020, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM - MISCELLANEOUS PLAN

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:					
Service cost	$ 4,901,075	$ 4,806,568	$ 4,558,044	$ 4,326,829	$ 4,634,164
Interest on total pension liability	19,821,114	19,276,794	18,605,765	17,550,999	16,199,814
Changes in benefits	-	-	-	-	-
Changes in assumptions	(1,676,966)	15,778,040	-	(4,237,527)	-
Differences between expected and actual experience	(1,748,992)	(923,400)	2,148,324	6,597,837	-
Benefit payments, including refunds of employee contributions	(13,614,042)	(12,569,527)	(10,930,075)	(9,777,863)	(9,448,777)
Net Change in Total Pension Liability	7,682,189	26,368,475	14,382,058	14,460,275	11,385,201
Total Pension Liability - Beginning of Year	285,000,828	258,632,353	244,250,295	229,790,020	218,404,819
Total Pension Liability - End of Year (a)	$292,683,017	$285,000,828	$258,632,353	$244,250,295	$229,790,020
Plan Fiduciary Net Position:					
Plan to plan resource movement	$ (447)	$ -	$ -	$ (228,538)	$ -
Contributions - employer	7,293,749	6,899,003	6,254,187	5,746,641	6,276,475
Contributions - employee	1,930,908	2,015,333	2,155,129	2,169,417	2,460,111
Net investment income	15,376,239	18,521,130	1,013,852	3,717,143	25,449,700
Benefit payments	(13,614,042)	(12,569,527)	(10,930,075)	(9,777,863)	(9,448,777)
Administrative expense	(284,877)	(248,333)	(103,489)	(191,232)	-
Other miscellaneous income/(expense)	(540,987)	-	-	-	-
Net Change in Plan Fiduciary Net Position	10,160,543	14,617,606	(1,610,396)	1,435,568	24,737,509
Plan Fiduciary Net Position - Beginning of Year	182,815,782	168,198,176	169,808,572	168,373,004	143,635,495
Plan Fiduciary Net Position - End of Year (b)	$192,976,325	$182,815,782	$168,198,176	$169,808,572	$168,373,004
Net Pension Liability - Ending (a)-(b)	$ 99,706,692	$102,185,046	$ 90,434,177	$ 74,441,723	$ 61,417,016
Plan fiduciary net position as a percentage of the total pension liability	65.93%	64.15%	65.03%	69.52%	73.27%
Covered - employee payroll	$ 25,068,155	$ 24,225,433	$ 25,529,537	$ 23,784,241	$ 23,683,572
Net pension liability as percentage of covered- employee payroll	397.74%	421.81%	354.23%	312.99%	259.32%

Notes to Schedule:

Benefit Changes:
The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden

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%.
From fiscal year June 30, 2018 to June 30, 2019:
Demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

* - Fiscal year 2015 was the 1st year of implementation, therefore only five 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, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 8,354,811	$ 7,293,749	$ 6,899,003	$ 6,254,187	$ 5,746,641
Contributions in relation to the actuarially determined contributions	(8,354,811)	(7,293,749)	(6,899,003)	(6,254,187)	(5,746,641)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 23,237,828	$ 25,068,155	$ 24,225,433	$ 25,529,537	$ 23,784,241
Contributions as a percentage of covered - employee payroll	35.95%	29.10%	28.48%	24.50%	24.16%

Notes to Schedule:

Valuation Date	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Smoothed
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation
(4) 50 with the exception of 52 for Miscellaneous PEPRA 2% @ 62
(5) Mortality assumptions are based

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

CITY OF CARSON

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	6/30/2019	6/30/2018
Measurement date	6/30/2018	6/30/2017
Total OPEB Liability:		
Service cost	$ 2,393,726	$ 2,296,140
Interest on total OPEB liability	3,287,464	3,150,579
Changes of assumptions	(9,857,740)	-
Benefit payments, including refunds and the implied subsidy benefit payments	(2,572,106)	(2,074,858)
Net Change in Total OPEB Liability	(6,748,656)	3,371,861
Total OPEB Liability - Beginning of Year	76,244,424	72,872,563
Total OPEB Liability - End of Year (a)	69,495,768	76,244,424
Plan Fiduciary Net Position:		
Contributions - employer	1,572,106	1,409,106
Net investment income	1,395,100	1,757,999
Administrative expenses	(9,260)	(8,868)
Other income/(expenses)	(23,399)	-
Benefit payments, including refunds and the implied subsidy benefit payments	(2,572,106)	(2,074,858)
Net Change in Plan Fiduciary Net Position	362,441	1,083,379
Plan Fiduciary Net Position - Beginning of Year	17,686,118	16,602,739
Plan Fiduciary Net Position - End of Year (b)	18,048,559	17,686,118
Net OPEB Liability - Ending (a)-(b)	$ 51,447,209	$ 58,558,306
Plan fiduciary net position as a percentage of the total OPEB liability	25.97%	23.20%
Covered-employee payroll	$ 22,542,046	$ 22,132,875
Net OPEB liability as percentage of covered - employee payroll	228.23%	264.58%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
The discount rate increased from a blended rate of 4.25% to 5.15% during measurement period ended June 30, 2018

* Fiscal year 2018 was the first year of implementation; therefore, only two years are shown.

CITY OF CARSON

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years*

	June 30, 2019	June 30, 2018
Actuarially determined contribution	(1)	$ 4,572,804
Contributions in relation to the actuarially determined contribution	2,564,759	1,572,106
Contribution deficiency (excess)	(1)	$ 3,000,698
Covered-employee payroll	$ 22,542,046	$ 22,542,046
Contributions as a percentage of covered-employee payroll	11.38%	6.97%

(1) - The actuarially determined contribution amount is not available to use in this presentation.

Notes to Schedule:

Valuation Date	June 30, 2017	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 two years are 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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Sales and use tax	$ 24,672,756	$ 24,672,756	$ 28,554,425	$ 3,881,669
Franchise tax	9,948,750	9,948,750	9,810,903	(137,847)
Property tax	15,274,890	15,274,890	16,042,132	767,242
Transient occupancy tax	2,150,000	2,150,000	2,245,576	95,576
Utility users tax	7,000,000	7,000,000	7,892,486	892,486
Real property transfer tax	320,000	320,000	343,541	23,541
Oil industry business tax	4,700,000	4,700,000	4,030,725	(669,275)
Total Taxes	64,066,396	64,066,396	68,919,788	4,853,392
Licenses and Permits:				
Business licenses	2,933,300	2,933,300	2,922,141	(11,159)
Building permits	3,500,000	3,500,000	4,568,945	1,068,945
Other licenses and permits	1,471,250	1,471,250	1,974,314	503,064
Total Licenses and Permits	7,904,550	7,904,550	9,465,400	1,560,850
Fines and Forfeitures:				
Traffic and parking fines	2,160,000	2,160,000	1,271,440	(888,560)
Other fines, forfeitures and penalties	330,800	330,800	270,762	(60,038)
Total Fines and Forfeitures	2,490,800	2,490,800	1,542,202	(948,598)
Intergovernmental:				
Motor vehicle licenses	40,000	40,000	45,024	5,024
Other intergovernmental	-	-	59,830	59,830
Total Intergovernmental	40,000	40,000	104,854	64,854
Charges for Services:				
Planning and public works	2,746,250	2,746,250	554,369	(2,191,881)
Recreation	2,696,820	2,696,820	2,134,492	(562,328)
Other service charges	805,380	815,380	678,149	(137,231)
Total Charges for Services	6,248,450	6,258,450	3,367,010	(2,891,440)
Investment Income:				
Interest on investments	442,298	442,298	608,565	166,267
Rents and commissions	583,222	583,222	549,809	(33,413)
Community Center revenue	853,000	853,000	685,950	(167,050)
Total Investment Income	1,878,520	1,878,520	1,844,324	(34,196)
Miscellaneous	4,541,100	5,040,400	7,564,937	2,524,537
TOTAL REVENUES	87,169,816	87,679,116	92,808,515	5,129,399

(Continued)

See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND

For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES:				
Current:				
General Government:				
City Council	$ 927,549	$ 932,549	$ 1,012,191	$ (79,642)
City Attorney	2,920,000	2,671,500	3,591,936	(920,436)
Human Resources	2,597,878	2,627,603	2,297,917	329,686
Non-Departmental	10,751,482	10,753,927	11,236,426	(482,499)
City Clerk	1,112,769	1,199,769	998,125	201,644
City Treasurer	788,874	789,374	652,836	136,538
City Manager	4,351,108	4,672,884	3,832,020	840,864
Administrative services	4,085,696	4,136,810	3,909,246	227,564
Total General Government	27,535,356	27,784,416	27,530,697	253,719
Public Safety	24,071,333	24,103,905	22,635,739	1,468,166
Community Development	7,496,257	6,725,534	4,109,743	2,615,791
Public Works	16,444,548	17,815,374	16,545,258	1,270,116
Community Services	13,234,521	13,459,095	11,921,448	1,537,647
Capital Improvement Programs	-	-	187,779	(187,779)
TOTAL EXPENDITURES	88,782,015	89,888,324	82,930,664	6,957,660
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,612,199)	(2,209,208)	9,877,851	12,087,059
OTHER FINANCING SOURCES (USES):				
Sale of land	-	-	402,738	402,738
Transfers in	-	-	9,354	9,354
Transfers out	-	(333,500)	(338,500)	(5,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	(333,500)	73,592	407,092
NET CHANGE IN FUND BALANCE	(1,612,199)	(2,542,708)	9,951,443	12,494,151
FUND BALANCE - BEGINNING OF YEAR	35,219,969	35,219,969	35,219,969	-
FUND BALANCE - END OF YEAR	$ 33,607,770	$ 32,677,261	$ 45,171,412	$ 12,494,151

See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE

CARSON HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	$ 233,844	$ 233,844	$ 444,521	$ 210,677
Investment income	223,712	223,712	236,509	12,797
Miscellaneous	-	-	580,678	580,678
TOTAL REVENUES	457,556	457,556	1,261,708	804,152
EXPENDITURES:				
Current:				
Community development	684,409	697,124	746,339	(49,215)
TOTAL EXPENDITURES	684,409	697,124	746,339	(49,215)
NET CHANGE IN FUND BALANCE	(226,853)	(239,568)	515,369	754,937
FUND BALANCE - BEGINNING OF YEAR	10,646,958	10,646,958	10,646,958	-
FUND BALANCE - END OF YEAR	$ 10,420,105	$ 10,407,390	$ 11,162,327	$ 754,937

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income	$ 69,909	$ 69,909	$ 1,148	$ (68,761)
TOTAL REVENUES	69,909	69,909	1,148	(68,761)
EXPENDITURES:				
Current:				
Capital improvement programs	175,699	1,045,837	330,589	715,248
TOTAL EXPENDITURES	175,699	1,045,837	330,589	715,248
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(105,790)	(975,928)	(329,441)	646,487
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	638,017	638,017
TOTAL OTHER FINANCING SOURCES (USES)	-	-	638,017	638,017
NET CHANGE IN FUND BALANCE	(105,790)	(975,928)	308,576	1,284,504
FUND BALANCE - BEGINNING OF YEAR	2,279,182	2,279,182	2,279,182	-
FUND BALANCE - END OF YEAR	$ 2,173,392	$ 1,303,254	$ 2,587,758	$ 1,284,504

See note to required supplementary information.

CITY OF CARSON

BUDGETARY COMPARISON SCHEDULE

STATE CIP GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	$ -	$ -	$ 7,477,054	$ 7,477,054
TOTAL REVENUES	-	-	7,477,054	7,477,054
EXPENDITURES:				
Current:				
Community development	-	-	67,920	(67,920)
Capital improvement programs	-	15,330,588	7,413,413	7,917,175
TOTAL EXPENDITURES	-	15,330,588	7,481,333	7,849,255
NET CHANGE IN FUND BALANCE	-	(15,330,588)	(4,279)	15,326,309
FUND BALANCE - BEGINNING OF YEAR	(1,491,505)	(1,491,505)	(1,491,505)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ (1,491,505)	$ (16,822,093)	$ (1,495,784)	$ 15,326,309

See note to required supplementary information.

CITY OF CARSON
Note to Required Supplementary Information
June 30, 2019

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, and the Development Impact Fees Special Revenue Fund.

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SUPPLEMENTARY INFORMATION

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CARSON
Nonmajor Governmental Funds

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

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

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

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

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

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

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

The **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 GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2019

	Special Revenue Funds				
	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	$ 1,604,606	$ 84,520	$ 465,767	$ 966,607
Receivables:					
Accounts	-	80,392	-	-	-
Due from government agencies	-	-	-	192,701	-
Loans, net of allowance	-	-	-	-	-
TOTAL ASSETS	$ 78	$ 1,684,998	$ 84,520	$ 658,468	$ 966,607
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	$ -	$ 117,126	$ 81,509	$ 432,489	$ 131,685
Accrued payroll	-	8,725	-	16,083	1,423
Due to other funds	-	-	-	-	-
Due to government agencies	-	-	-	-	-
Retentions payable	-	-	-	4,778	-
TOTAL LIABILITIES	-	125,851	81,509	453,350	133,108
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	-	-	-	-	-
FUND BALANCES (DEFICIT):					
Restricted	78	1,559,147	3,011	205,118	833,499
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	78	1,559,147	3,011	205,118	833,499
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 78	$ 1,684,998	$ 84,520	$ 658,468	$ 966,607

	Special Revenue Funds (Continued)						
	Air Quality Improvement Fund	Capital Asset Replacement Fund	Measure R Fund	Restricted Administrative Tow Fee Fund	Youth Services Program Fund	City Special Events Fund	MTA Call for Projects Fund
ASSETS							
Cash and investments	$ 632,649	$ 933,224	$ 3,159,318	$ 111,325	$ 51,232	$ 311,288	$ 1,383,560
Receivables:							
Accounts	-	-	-	-	-	542	-
Due from government agencies	31,541	-	-	4,736	-	-	224,734
Loans, net of allowance	-	-	-	-	-	-	-
TOTAL ASSETS	$ 664,190	$ 933,224	$ 3,159,318	$ 116,061	$ 51,232	$ 311,830	$ 1,608,294
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES:							
Accounts payable and accrued liabilities	$ 120,000	$ 238,201	$ 293,505	$ 1,052	$ -	$ 39,118	$ 144,671
Accrued payroll	-	-	1,005	51	-	21,749	-
Due to other funds	-	-	-	-	-	-	768,454
Due to government agencies	-	-	-	-	-	-	-
Retentions payable	-	-	496	-	-	-	922
TOTAL LIABILITIES	120,000	238,201	295,006	1,103	-	60,867	914,047
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenues	-	-	-	-	-	-	31,376
FUND BALANCES (DEFICIT):							
Restricted	544,190	695,023	2,864,312	114,958	51,232	250,963	662,871
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	544,190	695,023	2,864,312	114,958	51,232	250,963	662,871
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 664,190	$ 933,224	$ 3,159,318	$ 116,061	$ 51,232	$ 311,830	$ 1,608,294

(Continued)

CITY OF CARSON

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)

June 30, 2019

	Special Revenue Funds (Continued)				
	Park Development Fund	Los Angeles County Park District Fund	Beverage Container Recycling Fund	State COPS Grant Fund	Used Oil State Grant Fund
ASSETS					
Cash and investments	$ 3,924,192	$ -	$ 60,527	$ 240,154	$ 42,444
Receivables:					
Accounts	-	-	-	-	-
Due from government agencies	-	514,719	-	-	-
Loans, net of allowance	-	-	-	-	-
TOTAL ASSETS	$ 3,924,192	$ 514,719	$ 60,527	$ 240,154	$ 42,444
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	$ 3,361	$ 26,862	$ -	$ -	$ 1,537
Accrued payroll	-	-	-	-	-
Due to other funds	-	448,936	-	-	-
Due to government agencies	-	-	-	-	-
Retentions payable	-	-	-	-	-
TOTAL LIABILITIES	3,361	475,798	-	-	1,537
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	-	514,719	-	-	-
FUND BALANCES (DEFICIT):					
Restricted	3,920,831	-	60,527	240,154	40,907
Unassigned	-	(475,798)	-	-	-
TOTAL FUND BALANCES (DEFICIT)	3,920,831	(475,798)	60,527	240,154	40,907
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,924,192	$ 514,719	$ 60,527	$ 240,154	$ 42,444

	Special Revenue Funds (Continued)						
	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	Neighborhood Stabilization Grant Fund
ASSETS							
Cash and investments	$ -	$ -	$ 2,921	$ -	$ -	$ 100	$ 325,574
Receivables:							
Accounts	-	-	-	-	1,040	-	-
Due from government agencies	-	15,686	-	743,202	5,002	-	-
Loans, net of allowance	-	-	371,546	-	-	-	165,000
TOTAL ASSETS	$ -	$ 15,686	$ 374,467	$ 743,202	$ 6,042	$ 100	$ 490,574
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES:							
Accounts payable and accrued liabilities	$ -	$ 78	$ 3,974	$ 321,270	$ -	$ 140	$ -
Accrued payroll	-	2,624	-	8,007	-	-	-
Due to other funds	3,574	5,440	-	379,967	81,419	-	-
Due to government agencies	-	-	371,546	-	-	-	165,000
Retentions payable	-	-	-	6,520	-	-	-
TOTAL LIABILITIES	3,574	8,142	375,520	715,764	81,419	140	165,000
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenues	-	6,949	-	0	-	-	-
FUND BALANCES (DEFICIT):							
Restricted	-	595	-	27,438	-	-	325,574
Unassigned	(3,574)	-	(1,053)	-	(75,377)	(40)	-
TOTAL FUND BALANCES (DEFICIT)	(3,574)	595	(1,053)	27,438	(75,377)	(40)	325,574
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ -	$ 15,686	$ 374,467	$ 743,202	$ 6,042	$ 100	$ 490,574

(Continued)

CITY OF CARSON

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)

June 30, 2019

	Special Revenue Funds (Continued)					Special Revenue Funds (Continued)				
	Building Plan Retention Fund	Facility Maintenance Fund	Load Shed Program Fund	Public Education and Government Access (PEG) Fund	Raised Median In-Lieu Fund	Development Impact Fees Fund	Utility Underground In-Lieu Fund	SB1 Fund	Measure M Fund	Total Nonmajor Governmental Funds
ASSETS										
Cash and investments	$ -	$ 84,831	$ 473,250	$ 509,825	$ 233,114	$ 4,350,034	$ 689,773	$ 1,410,457	$ 1,555,962	$ 23,607,332
Receivables:										
Accounts	-	-	-	-	-	-	-	-	-	81,974
Due from government agencies	-	-	-	-	-	-	-	306,987	-	2,039,308
Loans, net of allowance	-	-	-	-	-	-	-	-	-	536,546
TOTAL ASSETS	$ -	$ 84,831	$ 473,250	$ 509,825	$ 233,114	$ 4,350,034	$ 689,773	$ 1,717,444	$ 1,555,962	$ 26,265,160
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
LIABILITIES:										
Accounts payable and accrued liabilities	$ 58,260	$ -	$ -	$ 20,496	$ -	$ -	$ -	$ -	$ 507	$ 2,035,841
Accrued payroll	111,720	-	-	-	-	-	-	-	1,256	172,643
Due to other funds	94,615	-	-	-	-	-	-	-	-	1,782,405
Due to government agencies	-	-	-	-	-	-	-	-	-	536,546
Retentions payable	-	-	-	-	-	-	-	-	-	12,716
TOTAL LIABILITIES	264,595	-	-	20,496	-	-	-	-	1,763	4,540,151
DEFERRED INFLOWS OF RESOURCES:										
Unavailable revenues	-	-	-	-	-	-	-	-	-	553,044
FUND BALANCES (DEFICIT):										
Restricted	-	84,831	473,250	489,329	233,114	4,350,034	689,773	1,717,444	1,554,199	21,992,402
Unassigned	(264,595)	-	-	-	-	-	-	-	-	(820,437)
TOTAL FUND BALANCES (DEFICIT)	(264,595)	84,831	473,250	489,329	233,114	4,350,034	689,773	1,717,444	1,554,199	21,171,965
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ -	$ 84,831	$ 473,250	$ 509,825	$ 233,114	$ 4,350,034	$ 689,773	$ 1,717,444	$ 1,555,962	$ 26,265,160

CITY OF CARSON

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

For the year ended June 30, 2019

	Special Revenue Funds				
	Asset Forfeiture Fund	State Gas Tax Fund	TDA Article 3 Fund	Proposition A Local Return Fund	Proposition C Local Return Fund
REVENUES:					
Taxes	$ -	$ 1,900,196	$ -	$ 1,880,608	$ 1,559,912
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	83,000	-	-
Charges for services	-	-	-	-	-
Investment income	-	37,260	2,455	13,624	27,788
Developer impact fee	-	-	-	-	-
Miscellaneous	-	159,946	-	114,893	39,905
TOTAL REVENUES	-	2,097,402	85,455	2,009,125	1,627,605
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Public works	-	-	-	-	-
Community services	-	-	-	1,922,449	1,216,603
Capital improvement programs	-	1,037,120	82,444	-	-
TOTAL EXPENDITURES	-	1,037,120	82,444	1,922,449	1,216,603
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,060,282	3,011	86,676	411,002
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	1,060,282	3,011	86,676	411,002
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	78	498,865	-	118,442	422,497
FUND BALANCES (DEFICIT) - END OF YEAR	$ 78	$ 1,559,147	$ 3,011	$ 205,118	$ 833,499

	Special Revenue Funds (Continued)						
	Air Quality Improvement Fund	Capital Asset Replacement Fund	Measure R Fund	Restricted Administrative Tow Fee Fund	Youth Services Program Fund	City Special Events Fund	MTA Call for Projects Fund
REVENUES:							
Taxes	$ -	$ -	$ 1,170,270	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	52,160	-	-	-
Intergovernmental	121,663	-	-	-	-	-	867
Charges for services	-	-	-	-	-	69,859	-
Investment income	16,423	-	90,068	3,218	-	-	-
Developer impact fee	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	8,004	-
TOTAL REVENUES	138,086	-	1,260,338	55,378	-	77,863	867
EXPENDITURES:							
Current:							
General government	-	-	-	4,235	-	322,122	-
Community development	-	-	-	-	-	-	-
Public works	-	-	6,412	-	-	-	-
Community services	7,285	-	-	36,665	-	-	-
Capital improvement programs	120,000	238,201	321,329	-	-	-	150,705
TOTAL EXPENDITURES	127,285	238,201	327,741	40,900	-	322,122	150,705
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,801	(238,201)	932,597	14,478	-	(244,259)	(149,838)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	338,500	-
Transfers out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	338,500	-
NET CHANGE IN FUND BALANCES	10,801	(238,201)	932,597	14,478	-	94,241	(149,838)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	533,389	933,224	1,931,715	100,480	51,232	156,722	812,709
FUND BALANCES (DEFICIT) - END OF YEAR	$ 544,190	$ 695,023	$ 2,864,312	$ 114,958	$ 51,232	$ 250,963	$ 662,871

(Continued)

CITY OF CARSON

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

For the year ended June 30, 2019

	Special Revenue Funds (Continued)				
	Park Development Fund	Los Angeles County Park District Fund	Beverage Container Recycling Fund	State COPS Grant Fund	Used Oil State Grant Fund
REVENUES:					
Taxes	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	201,808	46,789	269,832	25,749
Charges for services	3,098,857	-	-	-	-
Investment income	113,477	-	1,740	11,070	4,260
Developer impact fee	-	-	-	-	-
Miscellaneous	-	-	-	-	
TOTAL REVENUES	3,212,334	201,808	48,529	280,902	30,009
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Public works	-	-	15,775	-	9,108
Community services	-	-	-	145,000	-
Capital improvement programs	40,633	15,888	-	-	-
TOTAL EXPENDITURES	40,633	15,888	15,775	145,000	9,108
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,171,701	185,920	32,754	135,902	20,901
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(9,354)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(9,354)
NET CHANGE IN FUND BALANCES	3,171,701	185,920	32,754	135,902	11,547
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	749,130	(661,718)	27,773	104,252	29,360
FUND BALANCES (DEFICIT) - END OF YEAR	$ 3,920,831	$ (475,798)	$ 60,527	$ 240,154	$ 40,907

	Special Revenue Funds (Continued)						
	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	Neighborhood Stabilization Grant Fund
REVENUES:							
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	59,235	-	1,443,130	4,134	-	-
Charges for services	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	9,358
Developer impact fee	-	-	-	-	-	-	-
Miscellaneous	-	-	-	238	-	-	-
TOTAL REVENUES	-	59,235	-	1,443,368	4,134	-	9,358
EXPENDITURES:							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	-	1,008,646	-	-	-
Public works	-	-	-	-	-	-	-
Community services	-	63,736	-	-	-	139	-
Capital improvement programs	-	-	-	-	26,406	-	-
TOTAL EXPENDITURES	-	63,736	-	1,008,646	26,406	139	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(4,501)	-	434,722	(22,272)	(139)	9,358
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	(4,501)	-	434,722	(22,272)	(139)	9,358
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	(3,574)	5,096	(1,053)	(407,284)	(53,105)	99	316,216
FUND BALANCES (DEFICIT) - END OF YEAR	$ (3,574)	$ 595	$ (1,053)	$ 27,438	$ (75,377)	$ (40)	$ 325,574

(Continued)

CITY OF CARSON

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

For the year ended June 30, 2019

	Special Revenue Funds (Continued)					Special Revenue Funds (Continued)				
	Building Plan Retention Fund	Facility Maintenance Fund	Load Shed Program Fund	Public Education and Government Access (PEG) Fund	Raised Median In-Lieu Fund	Development Impact Fees Fund	Utility Underground In-Lieu Fund	SB1 Fund	Measure M Fund	Total Nonmajor Governmental Funds
REVENUES:										
Taxes	$ -	$ -	$ -	$ 32,965	$ -	$ -	$ -	$ -	$ 1,318,352	$ 7,862,303
Licenses and permits	-	-	-	-	-	-	-	-	-	52,160
Intergovernmental	-	-	-	-	-	-	-	1,720,104	-	3,976,311
Charges for services	-	59,928	-	-	-	-	-	-	-	3,228,644
Investment income	-	-	-	-	-	-	-	-	42,068	372,809
Developer impact fee	-	-	-	-	-	2,661,162	-	-	-	2,661,162
Miscellaneous	172	-	193,726	-	-	-	-	-	-	516,884
TOTAL REVENUES	172	59,928	193,726	32,965	-	2,661,162	-	1,720,104	1,360,420	18,670,273
EXPENDITURES:										
Current:										
General government	-	-	-	25,197	-	-	-	-	-	351,554
Community development	-	-	-	-	-	-	-	-	-	1,008,646
Public works	-	-	-	-	-	-	-	-	47,412	78,707
Community services	-	-	-	-	-	-	-	-	-	3,391,877
Capital improvement programs	517,828	-	22,631	38,702	-	-	-	54,605	646,739	3,313,231
TOTAL EXPENDITURES	517,828	-	22,631	63,899	-	-	-	54,605	694,151	8,144,015
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(517,656)	59,928	171,095	(30,934)	-	2,661,162	-	1,665,499	666,269	10,526,258
OTHER FINANCING SOURCES (USES):										
Transfers in	-	-	-	-	-	-	-	-	-	338,500
Transfers out	-	-	-	-	-	-	(638,017)	-	-	(647,371)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	(638,017)	-	-	(308,871)
NET CHANGE IN FUND BALANCES	(517,656)	59,928	171,095	(30,934)	-	2,661,162	(638,017)	1,665,499	666,269	10,217,387
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	253,061	24,903	302,155	520,263	233,114	1,688,872	1,327,790	51,945	887,930	10,954,578
FUND BALANCES (DEFICIT) - END OF YEAR	$ (264,595)	$ 84,831	$ 473,250	$ 489,329	$ 233,114	$ 4,350,034	$ 689,773	$ 1,717,444	$ 1,554,199	$ 21,171,965

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	$ 2,023,614	$ 2,023,614	$ 1,900,196	$ (123,418)
Investment income	7,732	7,732	37,260	29,528
Miscellaneous	-	-	159,946	159,946
TOTAL REVENUES	2,031,346	2,031,346	2,097,402	66,056
EXPENDITURES:				
Capital improvement programs	2,271,113	2,391,113	1,037,120	1,353,993
TOTAL EXPENDITURES	2,271,113	2,391,113	1,037,120	1,353,993
NET CHANGE IN FUND BALANCE	(239,767)	(359,767)	1,060,282	1,420,049
FUND BALANCE - BEGINNING OF YEAR	498,865	498,865	498,865	-
FUND BALANCE - END OF YEAR	$ 259,098	$ 139,098	$ 1,559,147	$ 1,420,049

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	$ 63,499	$ 115,088	$ 83,000	$ (32,088)
Use of money and property	-	-	2,455	2,455
TOTAL REVENUES	63,499	115,088	85,455	(29,633)
EXPENDITURES:				
Capital improvement programs	60,000	263,589	82,444	181,145
TOTAL EXPENDITURES	60,000	263,589	82,444	181,145
NET CHANGE IN FUND BALANCE	3,499	(148,501)	3,011	151,512
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	$ 3,499	$ (148,501)	$ 3,011	$ 151,512

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 1,833,458	$ 1,833,458	$ 1,880,608	$ 47,150
Intergovernmental	214,643	214,643	-	(214,643)
Investment income	-	-	13,624	13,624
Miscellaneous	130,429	130,429	114,893	(15,536)
TOTAL REVENUES	2,178,530	2,178,530	2,009,125	(169,405)
EXPENDITURES:				
Current:				
Community services	2,065,692	2,107,512	1,922,449	185,063
Capital improvement programs	-	30,000	-	30,000
TOTAL EXPENDITURES	2,065,692	2,137,512	1,922,449	215,063
NET CHANGE IN FUND BALANCE	112,838	41,018	86,676	45,658
FUND BALANCE - BEGINNING OF YEAR	118,442	118,442	118,442	-
FUND BALANCE - END OF YEAR	$ 231,280	$ 159,460	$ 205,118	$ 45,658

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 1,520,805	$ 1,520,805	$ 1,559,912	$ 39,107
Investment income	9,278	9,278	27,788	18,510
Miscellaneous	47,345	47,345	39,905	(7,440)
TOTAL REVENUES	1,577,428	1,577,428	1,627,605	50,177
EXPENDITURES:				
Current:				
Community services	1,428,389	1,605,721	1,216,603	389,118
Capital improvement programs	200,000	-	-	-
TOTAL EXPENDITURES	1,628,389	1,605,721	1,216,603	389,118
NET CHANGE IN FUND BALANCE	(50,961)	(28,293)	411,002	439,295
FUND BALANCE - BEGINNING OF YEAR	422,497	422,497	422,497	-
FUND BALANCE - END OF YEAR	$ 371,536	$ 394,204	$ 833,499	$ 439,295

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 116,000	$ 116,000	$ 121,663	$ 5,663
Investment income	5,422	5,422	16,423	11,001
TOTAL REVENUES	121,422	121,422	138,086	16,664
EXPENDITURES:				
Current:				
Community services	29,800	29,800	7,285	22,515
Capital improvement programs	210,000	362,975	120,000	242,975
TOTAL EXPENDITURES	239,800	392,775	127,285	265,490
NET CHANGE IN FUND BALANCE	(118,378)	(271,353)	10,801	282,154
FUND BALANCE - BEGINNING OF YEAR	533,389	533,389	533,389	-
FUND BALANCE - END OF YEAR	$ 415,011	$ 262,036	$ 544,190	$ 282,154

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 12,325	$ 12,325	$ -	$ (12,325)
Miscellaneous	5,000	5,000	-	(5,000)
TOTAL REVENUES	17,325	17,325	-	(17,325)
EXPENDITURES:				
Capital improvement programs	481,338	716,255	238,201	478,054
TOTAL EXPENDITURES	481,338	716,255	238,201	478,054
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(464,013)	(698,930)	(238,201)	460,729
OTHER FINANCING SOURCES:				
Transfers in	360,000	360,000	-	(360,000)
TOTAL OTHER FINANCING SOURCES	360,000	360,000	-	(360,000)
NET CHANGE IN FUND BALANCE	(104,013)	(338,930)	(238,201)	100,729
FUND BALANCE - BEGINNING OF YEAR	933,224	933,224	933,224	-
FUND BALANCE - END OF YEAR	$ 829,211	$ 594,294	$ 695,023	$ 100,729

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	$ 1,140,628	$ 1,140,628	$ 1,170,270	$ 29,642
Investment income	6,621	6,621	90,068	83,447
TOTAL REVENUES	1,147,249	1,147,249	1,260,338	113,089
EXPENDITURES:				
Current:				
Public works	165,473	165,473	6,412	159,061
Capital improvement programs	1,000,000	2,977,879	321,329	2,656,550
TOTAL EXPENDITURES	1,165,473	3,143,352	327,741	2,815,611
NET CHANGE IN FUND BALANCE	(18,224)	(1,996,103)	932,597	2,928,700
FUND BALANCE - BEGINNING OF YEAR	1,931,715	1,931,715	1,931,715	-
FUND BALANCE - END OF YEAR	$ 1,913,491	$ (64,388)	$ 2,864,312	$ 2,928,700

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and permits	$ 42,000	$ 42,000	$ 52,160	$ 10,160
Investment income	699	699	3,218	2,519
TOTAL REVENUES	42,699	42,699	55,378	12,679
EXPENDITURES:				
Current:				
General government	-	-	4,235	(4,235)
Community services	67,500	76,000	36,665	39,335
Capital improvement programs	-	10,000	-	10,000
TOTAL EXPENDITURES	67,500	86,000	40,900	45,100
NET CHANGE IN FUND BALANCE	(24,801)	(43,301)	14,478	57,779
FUND BALANCE - BEGINNING OF YEAR	100,480	100,480	100,480	-
FUND BALANCE - END OF YEAR	$ 75,679	$ 57,179	$ 114,958	$ 57,779

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of money and property	$ 1,237	$ 1,237	$ -	$ (1,237)
TOTAL REVENUES	1,237	1,237	-	(1,237)
NET CHANGE IN FUND BALANCE	1,237	1,237	-	(1,237)
FUND BALANCE - BEGINNING OF YEAR	51,232	51,232	51,232	-
FUND BALANCE - END OF YEAR	$ 52,469	$ 52,469	$ 51,232	$ (1,237)

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for services	$ 161,750	$ 159,250	$ 69,859	$ (89,391)
Investment income	2,700	2,700	-	(2,700)
Miscellaneous	-	-	8,004	8,004
TOTAL REVENUES	164,450	161,950	77,863	(84,087)
EXPENDITURES:				
Current:				
General government	261,750	376,750	322,122	54,628
TOTAL EXPENDITURES	261,750	376,750	322,122	54,628
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(97,300)	(214,800)	(244,259)	(29,459)
OTHER FINANCING SOURCES (USES):				
Transfers in	(100,000)	(333,500)	338,500	672,000
TOTAL OTHER FINANCING SOURCES (USES)	(100,000)	(333,500)	338,500	672,000
NET CHANGE IN FUND BALANCE	(197,300)	(548,300)	94,241	642,541
FUND BALANCE - BEGINNING OF YEAR	156,722	156,722	156,722	-
FUND BALANCE - END OF YEAR	$ (40,578)	$ (391,578)	$ 250,963	$ 642,541

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	$ -	$ -	$ 867	$ 867
TOTAL REVENUES	-	-	867	867
EXPENDITURES:				
Current:				
Capital improvement programs	-	1,453,787	150,705	1,303,082
TOTAL EXPENDITURES	-	1,453,787	150,705	1,303,082
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,453,787)	(149,838)	1,303,949
OTHER FINANCING SOURCES (USES):				
Transfers in			-	-
Transfers out			-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	(1,453,787)	(149,838)	1,303,949
FUND BALANCE - BEGINNING OF YEAR	812,709	812,709	812,709	-
FUND BALANCE - END OF YEAR	$ 812,709	$ (641,078)	$ 662,871	$ 1,303,949

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for services	$ 2,567,557	$ 2,567,557	$ 3,098,857	$ 531,300
Investment income	5,766	5,766	113,477	107,711
TOTAL REVENUES	2,573,323	2,573,323	3,212,334	639,011
EXPENDITURES:				
Current:				
Capital improvement programs	435,000	885,000	40,633	844,367
TOTAL EXPENDITURES	435,000	885,000	40,633	844,367
NET CHANGE IN FUND BALANCE	2,138,323	1,688,323	3,171,701	1,483,378
FUND BALANCE - BEGINNING OF YEAR	749,130	749,130	749,130	-
FUND BALANCE - END OF YEAR	$ 2,887,453	$ 2,437,453	$ 3,920,831	$ 1,483,378

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 433,998	$ 433,998	$ 201,808	$ (232,190)
TOTAL REVENUES	433,998	433,998	201,808	(232,190)
EXPENDITURES:				
Capital improvement programs	-	460,000	15,888	444,112
TOTAL EXPENDITURES	-	460,000	15,888	444,112
NET CHANGE IN FUND BALANCE	433,998	(26,002)	185,920	211,922
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(661,718)	(661,718)	(661,718)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ (227,720)	$ (687,720)	$ (475,798)	$ 211,922

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 23,736	$ 23,736	$ 46,789	$ 23,053
Investment income	1,550	1,550	1,740	190
TOTAL REVENUES	25,286	25,286	48,529	23,243
EXPENDITURES:				
Current:				
Public works	4,069	4,069	15,775	(11,706)
Capital improvement programs	10,000	10,000	-	10,000
TOTAL EXPENDITURES	14,069	14,069	15,775	(1,706)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,217	11,217	32,754	21,537
OTHER FINANCING (USES):				
Transfers out	(9,840)	(9,840)	-	9,840
TOTAL OTHER FINANCING (USES)	(9,840)	(9,840)	-	9,840
NET CHANGE IN FUND BALANCE	1,377	1,377	32,754	31,377
FUND BALANCE - BEGINNING OF YEAR	27,773	27,773	27,773	-
FUND BALANCE - END OF YEAR	$ 29,150	$ 29,150	$ 60,527	$ 31,377

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	$ 145,000	$ 145,000	$ 269,832	$ 124,832
Investment income	2,512	2,512	11,070	8,558
TOTAL REVENUES	147,512	147,512	280,902	133,390
EXPENDITURES:				
Current:				
Community services	145,000	145,000	145,000	-
TOTAL EXPENDITURES	145,000	145,000	145,000	-
NET CHANGE IN FUND BALANCE	2,512	2,512	135,902	133,390
FUND BALANCE - BEGINNING OF YEAR	104,252	104,252	104,252	-
FUND BALANCE - END OF YEAR	$ 106,764	$ 106,764	$ 240,154	$ 133,390

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	$ -	$ -	$ 25,749	$ 25,749
Investment income	-	-	4,260	4,260
TOTAL REVENUES	-	-	30,009	30,009
EXPENDITURES:				
Current:				
Public works	-	7,887	9,108	(1,221)
TOTAL EXPENDITURES	-	7,887	9,108	(1,221)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(7,887)	20,901	28,788
OTHER FINANCING USES:				
Transfers out	-	(10,461)	(9,354)	1,107
TOTAL OTHER FINANCING USES	-	(10,461)	(9,354)	1,107
NET CHANGE IN FUND BALANCE	-	(18,348)	11,547	29,895
FUND BALANCE - BEGINNING OF YEAR	29,360	29,360	29,360	-
FUND BALANCE - END OF YEAR	$ 29,360	$ 11,012	$ 40,907	$ 29,895

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 55,200	$ 126,375	$ 59,235	$ (67,140)
TOTAL REVENUES	55,200	126,375	59,235	(67,140)
EXPENDITURES:				
Current:				
Community services	50,256	121,431	63,736	57,695
TOTAL EXPENDITURES	50,256	121,431	63,736	57,695
NET CHANGE IN FUND BALANCE	4,944	4,944	(4,501)	(9,445)
FUND BALANCE - BEGINNING OF YEAR	5,096	5,096	5,096	-
FUND BALANCE - END OF YEAR	$ 10,040	$ 10,040	$ 595	$ (9,445)

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 1,103,514	$ 1,103,514	$ 1,443,130	$ 339,616
Miscellaneous	-	-	238	238
TOTAL REVENUES	1,103,514	1,103,514	1,443,368	339,854
EXPENDITURES:				
Current:				
Community development	1,226,003	1,443,924	1,008,646	435,278
TOTAL EXPENDITURES	1,226,003	1,443,924	1,008,646	435,278
NET CHANGE IN FUND BALANCE	(122,489)	(340,410)	434,722	775,132
FUND BALANCE - BEGINNING OF YEAR	(407,284)	(407,284)	(407,284)	-
FUND BALANCE - END OF YEAR	$ (529,773)	$ (747,694)	$ 27,438	$ 775,132

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ -	$ -	$ 4,134	$ 4,134
TOTAL REVENUES	-	-	4,134	4,134
EXPENDITURES:				
Capital improvement programs	-	2,942,200	26,406	2,915,794
TOTAL EXPENDITURES	-	2,942,200	26,406	2,915,794
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(2,942,200)	(22,272)	2,919,928
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(53,105)	(53,105)	(53,105)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ (53,105)	$ (2,995,305)	$ (75,377)	$ 2,919,928

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Use of money and property	$ 2,016	$ 2,016	$ -	$ (2,016)
TOTAL REVENUES	2,016	2,016	-	(2,016)
EXPENDITURES:				
Current:				
Community development	-	-	139	(139)
TOTAL EXPENDITURES	-	-	139	(139)
NET CHANGE IN FUND BALANCE	2,016	2,016	(139)	(2,155)
FUND BALANCE - BEGINNING OF YEAR	99	99	99	-
FUND BALANCE - END OF YEAR	$ 2,115	$ 2,115	$ (40)	$ (2,155)

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 6,430	$ 6,430	$ 9,358	$ 2,928
TOTAL REVENUES	6,430	6,430	9,358	2,928
NET CHANGE IN FUND BALANCE	6,430	6,430	9,358	2,928
FUND BALANCE - BEGINNING OF YEAR	316,216	316,216	316,216	-
FUND BALANCE - END OF YEAR	$ 322,646	$ 322,646	$ 325,574	$ 2,928

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 1,314	$ 1,314	$ -	$ (1,314)
Miscellaneous	10,608	10,608	172	(10,436)
TOTAL REVENUES	11,922	11,922	172	(11,750)
EXPENDITURES:				
Current:				
Capital improvement programs	-	635,000	517,828	117,172
TOTAL EXPENDITURES	-	635,000	517,828	117,172
NET CHANGE IN FUND BALANCE	11,922	(623,078)	(517,656)	105,422
FUND BALANCE - BEGINNING OF YEAR	253,061	253,061	253,061	-
FUND BALANCE - END OF YEAR	$ 264,983	$ (370,017)	$ (264,595)	$ 105,422

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Charges for services	$ 15,000	$ 15,000	$ 59,928	$ 44,928
TOTAL REVENUES	15,000	15,000	59,928	44,928
NET CHANGE IN FUND BALANCE	15,000	15,000	59,928	44,928
FUND BALANCE - BEGINNING OF YEAR	24,903	24,903	24,903	-
FUND BALANCE - END OF YEAR	$ 39,903	$ 39,903	$ 84,831	$ 44,928

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 6,498	$ 6,498	$ -	$ (6,498)
Miscellaneous	-	-	193,726	193,726
TOTAL REVENUES	6,498	6,498	193,726	187,228
EXPENDITURES:				
Capital improvement programs	85,000	148,999	22,631	126,368
TOTAL EXPENDITURES	85,000	148,999	22,631	126,368
NET CHANGE IN FUND BALANCE	(78,502)	(142,501)	171,095	313,596
FUND BALANCE - BEGINNING OF YEAR	302,155	302,155	302,155	-
FUND BALANCE - END OF YEAR	$ 223,653	$ 159,654	$ 473,250	$ 313,596

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 120,000	$ 120,000	$ 32,965	$ (87,035)
Investment income	12,963	12,963	-	(12,963)
TOTAL REVENUES	132,963	132,963	32,965	(99,998)
EXPENDITURES:				
Current:				
General government	25,500	5,196	25,197	(20,001)
Capital improvement programs	100,000	120,304	38,702	81,602
TOTAL EXPENDITURES	125,500	125,500	63,899	61,601
NET CHANGE IN FUND BALANCE	7,463	7,463	(30,934)	(38,397)
FUND BALANCE - BEGINNING OF YEAR	520,263	520,263	520,263	-
FUND BALANCE - END OF YEAR	$ 527,726	$ 527,726	$ 489,329	$ (38,397)

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 5,595	$ 5,595	$ -	$ (5,595)
TOTAL REVENUES	5,595	5,595	-	(5,595)
NET CHANGE IN FUND BALANCE	5,595	5,595	-	(5,595)
FUND BALANCE - BEGINNING OF YEAR	233,114	233,114	233,114	-
FUND BALANCE - END OF YEAR	$ 238,709	$ 238,709	$ 233,114	$ (5,595)

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income	$ 18,029	$ 18,029	$ -	$ (18,029)
TOTAL REVENUES	18,029	18,029	-	(18,029)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(638,017)	(638,017)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(638,017)	(638,017)
NET CHANGE IN FUND BALANCE	18,029	18,029	(638,017)	(656,046)
FUND BALANCE - BEGINNING OF YEAR	1,327,790	1,327,790	1,327,790	-
FUND BALANCE - END OF YEAR	$ 1,345,819	$ 1,345,819	$ 689,773	$ (656,046)

CITY OF CARSON

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SB1 SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	$ 1,567,354	$ 1,567,354	$ 1,720,104	$ 152,750
TOTAL REVENUES	1,567,354	1,567,354	1,720,104	152,750
EXPENDITURES:				
Capital improvement programs	1,572,302	1,768,150	54,605	1,713,545
TOTAL EXPENDITURES	1,572,302	1,768,150	54,605	1,713,545
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,948)	(200,796)	1,665,499	1,866,295
FUND BALANCE - BEGINNING OF YEAR	51,945	51,945	51,945	-
FUND BALANCE - END OF YEAR	$ 46,997	$ (148,851)	$ 1,717,444	$ 1,866,295

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	$ 1,292,684	$ 1,292,684	$ 1,318,352	$ 25,668
Investment income	-	-	42,068	42,068
TOTAL REVENUES	1,292,684	1,292,684	1,360,420	67,736
EXPENDITURES:				
Current:				
Public works	1,220,679	1,061,706	47,412	1,014,294
Capital improvement programs	65,000	925,608	646,739	278,869
TOTAL EXPENDITURES	1,285,679	1,987,314	694,151	1,293,163
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,005	(694,630)	666,269	1,360,899
FUND BALANCE - BEGINNING OF YEAR	887,930	887,930	887,930	-
FUND BALANCE - END OF YEAR	$ 894,935	$ 193,300	$ 1,554,199	$ 1,360,899

CITY OF CARSON
Agency Funds

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

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

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

The **Wilmington Assessment District Fund** is used to account for the $2.2 million Assessment District Limited Obligation Refunding Improvement Bonds, Series 1995. The bonds were used to finance the installations and construction of certain public improvements within the boundaries of the District. The City is in no way liable for the repayment of the bonds but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings for the benefit of the bondholders.

The **Sepulveda Boulevard Assessment District Fund** is used to account for the $13.1 million Limited Obligation Improvement Bonds, Series 1992. The bonds were used to finance the cost of certain street improvements. The City is in no way liable for repayment of the bonds but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings for the benefit of the bondholders.

The **Dominquez Technology Center West Assessment District Fund** is used to account for the $32.2 million Limited Obligation Improvement Bonds, Series 2001. The bonds were used to finance the acquisition costs for improvements within the Assessment District, to establish the Reserve Fund and to pay the cost of issuing the bonds. The City is in no way liable for repayment of the bonds but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings for the benefit of the bondholders.

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CITY OF CARSON

FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES

June 30, 2019

	Trust and Agency	Wilmington Avenue Assessment District	Sepulveda Boulevard Assessment District	Dominquez Tech Center Assessment District	Total Agency Funds
ASSETS:					
Cash and investments	$ 2,469,466	$ 772,889	$ 819,526	$ 2,248,361	$ 6,310,242
Cash and investments with fiscal agents	-	-	-	2,603,864	2,603,864
Taxes receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
TOTAL ASSETS	$ 2,469,466	$ 772,889	$ 819,526	$ 4,852,225	$ 8,914,106
LIABILITIES:					
Accounts payable and accrued liabilities	$ 68,518	$ -	$ -	$ 1,790	$ 70,308
Refundable deposits	2,400,948	-	-	-	2,400,948
Due to assessed parties	-	772,889	-	-	772,889
Due to bondholders	-	-	819,526	4,850,435	5,669,961
TOTAL LIABILITIES	$ 2,469,466	$ 772,889	$ 819,526	$ 4,852,225	$ 8,914,106

CITY OF CARSON

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
TRUST AND AGENCY				
ASSETS:				
Cash and investments	$ 2,404,259	$ 1,645,225	$ (1,580,018)	$ 2,469,466
Due from other governments	24,056	-	(24,056)	-
TOTAL ASSETS	$ 2,428,315	$ 1,645,225	$ (1,604,074)	$ 2,469,466
LIABILITIES:				
Accounts payable and accrued liabilities	$ 46,205	$ 1,182,875	$ (1,160,562)	$ 68,518
Refundable deposits	2,382,110	1,649,443	(1,630,605)	2,400,948
TOTAL LIABILITIES	$ 2,428,315	$ 2,832,318	$ (2,791,167)	$ 2,469,466
WILMINGTON AVENUE ASSESSMENT DISTRICT				
ASSETS:				
Cash and investments	$ 750,673	$ 44,431	$ (22,215)	$ 772,889
TOTAL ASSETS	$ 750,673	$ 44,431	$ (22,215)	$ 772,889
LIABILITIES:				
Due to assessed parties	$ 750,673	$ 44,431	$ (22,215)	$ 772,889
TOTAL LIABILITIES	$ 750,673	$ 44,431	$ (22,215)	$ 772,889
SEPULVEDA BOULEVARD ASSESSMENT DISTRICT				
ASSETS:				
Cash and investments	$ 922,590	$ 123,213	$ (226,277)	$ 819,526
TOTAL ASSETS	$ 922,590	$ 123,213	$ (226,277)	$ 819,526
LIABILITIES:				
Due to bondholders	$ 922,590	$ 123,213	$ (226,277)	$ 819,526
TOTAL LIABILITIES	$ 922,590	$ 123,213	$ (226,277)	$ 819,526

(Continued)

CITY OF CARSON

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

For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
DOMINGUEZ TECH CENTER ASSESSMENT DISTRICT				
ASSETS:				
Cash and investments	$ 1,136,700	$ 3,445,860	$ (2,334,199)	$ 2,248,361
Cash and investments with fiscal agent	2,556,961	2,311,184	(2,264,281)	2,603,864
Taxes receivable	1,092,919	-	(1,092,919)	-
TOTAL ASSETS	$ 4,786,580	$ 5,757,044	$ (5,691,399)	$ 4,852,225
LIABILITIES:				
Accounts payable and accrued liabilities	$ -	$ 7,563	$ (5,773)	$ 1,790
Due to bondholders	4,786,580	63,855		$ 4,850,435
TOTAL LIABILITIES	$ 4,786,580	$ 71,418	$ (5,773)	$ 4,852,225
TOTAL ALL FIDUCIARY FUNDS				
ASSETS:				
Cash and investments	$ 5,214,222	$ 5,258,729	$ (4,162,709)	$ 6,310,242
Cash and investments with fiscal agent	2,556,961	2,311,184	(2,264,281)	2,603,864
Taxes receivable	1,092,919	-	(1,092,919)	-
Due from other governments	24,056	-	(24,056)	-
TOTAL ASSETS	$ 8,888,158	$ 7,569,913	$ (7,543,965)	$ 8,914,106
LIABILITIES:				
Accounts payable and accrued liabilities	$ 46,205	$ 1,190,438	$ (1,166,335)	$ 70,308
Refundable deposits	2,382,110	1,649,443	(1,630,605)	2,400,948
Due to assessed parties	750,673	44,431	(22,215)	772,889
Due to bondholders	5,709,170	187,068	(226,277)	5,669,961
TOTAL LIABILITIES	$ 8,888,158	$ 3,071,380	$ (3,045,432)	$ 8,914,106

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STATISTICAL SECTION

(Not covered by Independent Auditors' Report)

CITY OF CARSON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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.

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TABLE 1

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Invested in capital assets, net of accumulated depreciation and related debt	$ 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	$ 386,414,281
Restricted for:										
Economic development	58,194,306	21,030,464	207,323	-	-	-	-	758,063	460,782	353,012
Development services	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	21,399,782
Low and moderate income housing	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	11,162,327
Public services	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	4,664,319
Unrestricted	(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)	(106,831,996)
Total governmental activities net assets	$ 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	$ 317,161,725

Source: City of Carson

TABLE 2

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

	Fiscal Year 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	$ 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	$ 34,064,482
Public safety	-	-	-	-	-	-	-	-	21,265,535	22,635,739
Community services	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	17,524,467
Public works	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	18,843,054
Community development	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	10,254,671
Interest and other charges	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	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	103,322,413
Program Revenues:										
Governmental activities:										
Charges for services	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	21,244,520
Operating contributions and grants	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	11,115,977
Capital contributions and grants	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	8,632,654
Total governmental activities/primary government program revenues	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	40,993,151
Net (Expenses) Revenues										
Governmental activities/Primary government	$ (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)	$ (62,329,262)

(Continued)

TABLE 2

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

	Fiscal Year 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	$ 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	$ 16,385,673
Sales taxes	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	28,554,425
Transient occupancy taxes	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	2,245,815
Franchise taxes	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	9,817,355
Utility users tax	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	7,892,486
Oil industry business tax	-	-	-	-	-	-	-	-	2,331,338	3,256,127
Admissions Tax	362,105	266,446	390,600	463,116	315,511	458,117	256,343	-	-	-
Motor vehicle in lieu	2,153,876	7,104,861	-	-	-	-	-	-	-	-
Motor vehicle license fee, unrestricted	288,398	242,811	256,016	50,405	41,716	40,296	37,584	42,108	49,309	45,024
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-	-
Investment income	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	1,614,696
Developer constructed infrastructure	-	-	-	-	-	-	-	-	-	-
Other revenue	5,212,274	1,830,299	195,425	938,422	768,416	2,161,737	3,699,275	7,551,798	15,217,121	7,895,876
Total governmental activities/primary government	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	77,707,477
Change in Net Position										
Governmental activities/primary government	$ (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)	$ 15,378,215

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved	$ 944,838									
Unreserved, reported in:										
Designated for special purpose	1,245,972									
Undesignated	15,991,314									
Total general fund	18,182,124									
Special Revenue										
Reserved	17,526,281									
Unreserved, reported in:										
Designated	7,045,587									
Undesignated	-									
State local transportation fund										
Unreserved, reported in:										
Special revenue funds	-									
Total special revenue fund	24,571,868									
Capital projects										
Reserved	51,338,721									
Unreserved, reported in:										
Designated	109,182,006									
Undesignated	-									
Total capital projects	160,520,727									
Debt service*										
Reserved	-									
Total debt service	-									
Total governmental funds	$ 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable		$ 677,922	$ 739,877	$ 1,632,266	$ 2,507,687	$ 375,759	$ 342,432	$ 267,772	$ 240,436	$ 313,734
Restricted		2,321,416	2,410,033	2,484,398	1,760,551	1,760,710	1,431,403	250,000	250,000	683,361
Committed		6,198,067	6,705,685	20,409,123	20,957,808	18,583,716	16,710,504	15,324,165	15,324,165	15,324,165
Assigned		3,712,276	3,792,000	5,102,225	5,276,764	5,071,211	226,096	1,000,000	1,000,000	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	27,850,152
		23,501,291	29,618,905	36,368,010	36,378,319	27,567,192	18,710,435	18,963,002	35,219,969	45,171,412
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	11,162,327
		59,519,318	25,050,929	36,745,742	32,568,674	30,712,050	33,115,931	23,595,980	10,646,958	11,162,327
Cooperation Agreement Bond Proceeds Fund										
Restricted		-	-	-	-	40,092,461	24,870,947	9,400,111	2,279,182	2,587,758
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)	(1,495,784)
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	21,992,402
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)	(820,437)
		25,435,115	6,290,540	6,139,366	8,006,553	4,713,864	5,792,252	8,061,097	10,954,578	21,171,965
Total government funds		$ 232,137,221	$ 60,544,762	$ 79,253,118	$ 76,953,546	$ 103,085,567	$ 82,489,565	$ 57,952,397	$ 57,609,182	$ 78,597,678

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 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	$ 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	$ 76,782,091
Licenses and permits	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	9,517,560
Fines and forfeitures	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	1,542,202
Intergovernmental	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	12,002,740
Charges for services	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	6,595,654
Investment income	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	2,454,790
Charges to other funds	145,057	-	-	567,509	646,647	6,600	-	-	-	-
Developer impact fee	-	-	-	-	-	-	-	-	1,688,872	2,661,162
Miscellaneous	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	8,662,499
Total revenues	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	120,218,698
Expenditures										
General government	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	27,882,251
Public safety	-	-	-	-	-	-	-	-	21,265,535	22,635,739
Community development	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	5,932,648
Public Works	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	16,623,965
Community services	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	15,313,325
Debt Service										
Bond principal	3,765,000	4,390,000	5,735,000	-	-	-	-	-	-	-
Bond interest	7,181,131	8,592,640	5,096,767	-	-	-	-	-	-	-
Other bond financing costs	334,120	577,740	-	-	-	-	-	-	-	-
Capital improvement programs	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	11,245,012
Interfund reimbursement	(3,770,394)	(3,464,606)	(5,198,738)	-	-	-	-	-	-	-
Total expenditures	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	99,632,940
Excess (deficiency) of revenues over (under) expenditures	(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)	20,585,758
Other financing sources (uses)										
Transfers in	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	985,871
Transfers out	(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)	(985,871)
Loan Proceeds	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	12,165,000	40,560,000	-	-	-	-	-	-	-	-
Payment to escrow agent	(272,385)	-	-	-	-	-	-	-	-	-
Sale of land	-	779,500	-	-	-	-	-	-	-	402,738
Total other financing sources (uses)	11,892,615	41,339,500	-	-	-	40,271,017	-	-	-	402,738
Net change in fund balances	$ (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)	$ 20,988,496
Debt service as a percentage of noncapital expenditures	11.50%	16.54%	10.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: City of Carson

TABLE 5

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

Year Ended 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
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
2019	$ 16,385,673	$ 28,554,425	$ 9,817,355	$ 1,614,696	$ 4,568,945	$ 471,607	$ 1,447,264	$ 45,024	$ 7,892,486

* - 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)

	Entire City				Redevelopment Agency				
Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
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%
2019	13,925,710	1,305,672	(85,831)	15,145,551	4,545,311	610,678	(15,276)	5,140,713	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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	0.0231	0.0403	0.0353	0.0488	0.0445	0.0402	0.0358	0.0279	0.0460	0.0462
Unified Schools	0.1518	0.1870	0.1682	0.1756	0.1464	0.1469	0.1297	0.1310	0.1222	0.1232
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	0.0037	0.0037	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
Total Direct Rate	1.1792	1.2310	1.2072	1.2279	1.1944	1.1906	1.1690	1.1624	1.1717	1.1729

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	2019 Taxable Assessed Value*	2019 Percent of Total City Taxable Assessed Value	2010 Taxable Assessed Value	2010 Percent of Total City Taxable Assessed Value
Tesoro Refining and Marketing Co.	$ 1,441,189,482	9.46%	$ 95,460,322	0.71%
Phillips 66	614,274,400	4.03%	-	0.00%
Watson Land Co	545,941,259	3.58%	448,991,487	3.34%
Gatx Tank Storage Terminals Corp.	303,329,301	1.99%	188,871,637	1.41%
Prologis USLV NEWCA LLC	250,146,564	1.64%	-	0.00%
Watson Cogeneration Co.	247,842,659	1.63%	484,958,694	3.61%
Anschutz So. Cal. Sports Complex	141,844,423	0.93%	103,767,591	0.77%
Equilon Enterprises LLC	135,597,449	0.89%	-	0.00%
Ineos Polupropylene LLC	130,989,601	0.86%	116,298,608	0.87%
Carson Dominguez Properties LP	124,517,851	0.82%	122,579,884	0.91%
BP West Coast Products	-	0.00%	2,318,608,200	17.27%
ConocoPhillips Co	-	0.00%	464,804,765	3.46%
General Mills Operations Inc.	-	0.00%	112,478,908	0.84%
	$ 3,935,672,989	25.84%	$ 4,456,820,096	33.19%
Total City Taxable Assessed Value	$ 15,231,382,131		$ 13,429,193,886	

*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: Amount	Collected within the Fiscal Year of Levy: Percent of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percent of Levy
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%
2019	$ 46,915,395	$ 46,483,736	99.08%	$ 431,659	$ 46,915,395	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, 2019

	Gross Bonded Debt	Exclusions	Net Bonded Debt City Share
Direct Debt			
City of Carson - 1915 Act Bonds	$ 22,395,000	$ 22,395,000	$ -
Carson Redevelopment Agency	178,835,863	178,835,863	-
Total Direct Debt	$ 201,230,863	$ 201,230,863	$ -
Overlapping Debt-Repaid with Property Taxes			
Tax and Assessment Debt			$ 295,829,784
General Fund Debt (Net)			29,439,926
Total Overlapping Debt-Repaid with Property Taxes			325,269,710
Total Direct and Overlapping Debt			$ 325,269,710

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit - 15% of Total Assessed Value	$ 2,029,465,128	$ 30,098,160	$ 30,512,289	$ 31,678,463	$ 33,626,989	$ 32,690,203	$ 32,351,559	$ 30,377,470	$ 2,195,617,201	$ 2,308,062,352
Amount of debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	2,029,465,128	30,098,160	30,512,289	31,678,463	33,626,989	32,690,203	32,351,559	30,377,470	2,195,617,201	2,308,062,352
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	13,333,770,032	-	-	-	-	-	-	-	14,413,482,816	15,145,550,687
Add back: exempt real property	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	241,531,658
Total assessed value	13,529,767,519	200,654,403	203,415,257	211,189,755	224,179,924	217,934,686	215,677,060	202,516,469	14,637,448,008	15,387,082,345
Debt limit (15% of total assessed value)	2,029,465,128	30,098,160	30,512,289	31,678,463	33,626,989	32,690,203	32,351,559	30,377,470	2,195,617,201	2,308,062,352
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	$ 2,029,465,128	$ 30,098,160	$ 30,512,289	$ 31,678,463	$ 33,626,989	$ 32,690,203	$ 32,351,559	$ 30,377,470	$ 2,195,617,201	$ 2,308,062,352
Note:										
The City of Carson has no bonded debt.										
The Carson Redevelopment Agency has bonded debt (Tax Allocation)	$ 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	$ 183,829,972

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gross tax increment	$ 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	$ 45,406,959
Less Mandatory Costs:										
Admin & Pass-Thru	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	25,443,062
20% Housing Set aside	5,741,311	5,661,416	-	-	-	-	-	-	-	-
Total	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	25,443,062
Net tax increment	$ 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	$ 19,963,897
Debt service										
Principal	$ 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	$ 10,575,000
Interest	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	8,119,276
	$ 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	$ 18,694,276
Coverage	2.62	2.21	1.61	2.11	2.12	2.09	2.26	1.61	1.93	2.43

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)
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
2019	93,604	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	2019 Number of Employees (1)	2019 Rank	2019 Percent of Total City Employment	2010 Number of Employees (1)	2010 Rank	2010 Percent of Total City Employment
Tesoro Refining & Marketing Company LLC	1,164	1	2.79%	1,256	1	3.09%
Marathon Refining Logistics Services	1,124	2	2.60%			
Lakeshore Learning	485	3	1.12%			
See's Candy Shops Inc.	442	4	1.02%	476	5	1.17%
Prime Wheel Corporation	433	5	1.04%			
Select Staffing	391	6	0.91%			
Mag Aerospace Industries	384	7	0.89%			
Los Angeles Chargers	375	8	0.87%			
Huck International Inc.	362	9	0.84%			
Yusen Logistics America Inc.	358	10	6.49%			
Northrup Grumman				861	2	2.12%
Lakeshore Equipment Co. Inc.				781	3	1.92%
Golden Wheel Corp.				493	4	1.21%
Leiner Health Products				440	6	1.08%
The Pepsi Bottling Group				376	7	0.92%
Target Corporation				366	8	0.90%
Pacific Bell				361	9	0.89%
Canon Business Solutions				350	10	0.86%
Total	5,518		18.57%	5,760		14.16%
Total City Employment[1]	43,189					

Sources: (1) City of Carson

(2) State of California Employment Development Department

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Workgroup										
General government										
City Council	4.00	4.00	4.00	3.00	5.00	5.00	5.00	5.00	5.00	5.00
City Attorney	-	-	-	-	-	-	-	-	-	-
City Clerk	6.00	6.00	6.00	4.00	4.00	4.00	4.00	4.00	4.00	6.00
City Treasurer	5.00	5.00	4.94	5.00	5.00	5.00	5.00	5.00	4.00	4.00
City Manager	47.00	47.00	45.65	20.00	20.00	21.00	26.00	26.00	38.00	41.00
Human Resources							11.00	11.00	11.00	11.00
Administrative services	52.00	52.00	50.24	46.00	44.00	44.00	34.00	33.00	31.00	32.00
Public Works	82.00	82.00	71.15	136.00	131.00	133.00	130.00	131.00	114.00	130.00
Community Development	41.00	41.00	12.03	32.00	31.00	30.00	31.00	29.00	27.00	22.00
Community Services	158.00	158.00	154.00	84.00	88.00	88.00	88.00	82.00	63.00	65.00
Total	395.00	395.00	348.01	330.00	328.00	330.00	334.00	326.00	297.00	316.00

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Economic Development										
Housing and Block Grant Division:										
Mobile home rehab grant applications received	38	55	21	35	23	30	29	24	30	25
Mobile home rehab grants (qualified)	24	32	18	23	20	21	20	11	9	11
Mobile home rehab grants (dollar value)	$ 115,389	$ 137,705	$ 85,000	$ 172,500	$ 125,065	$ 166,710	$ 157,595	$ 102,434	$ 127,710	$ 123,370
Single family rehab loan applications received	64	35	36	30	35	15	32	31	45	42
Single family rehab loans granted	2	22	13	20	23	8	24	18	37	11
Single family rehab loans granted (dollar value)	$ 50,000	$ 139,185	$ 17,500	$ 230,000	$ 89,550	$ 139,275	$ 336,549	$ 261,024	$ 645,231	$ 168,659
Mobile home rent control increases processed	11	13	9	11	7	6	7	0	12	0
Employment Development Division:										
Job applicants processed	1,274	16,810	18,442	25,232	35,035	35,261	5,883	N/A	N/A	N/A
Summer youth employees hired	100	27	11	13	125	120	95	N/A	N/A	N/A
Business Development Division:										
Business visitations conducted	60	280	140	12	30	25	12	N/A	N/A	N/A
Redevelopment Division:										
Development agreements negotiated	5	17	0	0	2	0	3	2	0	0
Public Services										
Graffiti Abatement Division:										
Service request completed	2,050	1,882	1,412	817	932	869	937	N/A	740	805
Square feet of graffiti removed by waterblast	43,013	49,996	14,343	26,156	23,243	19,862	21,256	N/A	17,540	19,079
Square feet of graffiti removed by painting over	646,754	291,507	85,768	153,734	178,017	179,445	206,895	N/A	163,396	204,145
Building and Landscape Maintenance Division:										
Service request completed	1,719	1,715	1,672	N/A	1,520	602	498	N/A	540	1101
Vouchers issued	18	0	1	N/A	N/A	1	2	N/A	0	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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	4	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	4	4	4
Tennis courts	18	18	18	18	18	18	18	18	18	18
Basketball courts	28	28	28	28	28	28	28	28	28	28
Racquetball courts	8	8	8	8	8	8	8	8	8	8
Volleyball courts	4	4	4	4	4	4	4	4	4	4
Snack bars	10	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	5	4	4	4	4	4	4	0	0	0
Splash pads	0	0	0	0	0	0	0	1	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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FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_______
CITY OF CARSON
2020 TAXABLE PENSION OBLIGATION BONDS

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 a Trust Agreement, dated as of June 1, 2020 (the "**Trust Agreement**"), by and between the City of Carson 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 Trust Agreement, 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 Sandler & 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, 2021, with the report for the 2019-20 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 Tables 8, 9, 10, 11, 12, 13, 15, 16, and 17 of the Official Statement;

(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 Trust Agreement.

(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 Trust Agreement for amendments to the Trust Agreement 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 Trust Agreement, 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 Trust Agreement. 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: June ___, 2020

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: City to the Carson

Name of Issue: 2020 Taxable Pension Obligation Bonds

Date of Issuance: June ____, 2020

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 __________, 2020, 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: ________________________

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

Date of Delivery

City of Carson
701 East Carson Street
Carson, California 90745

Re : City of Carson 2020 Taxable Pension Obligation Bonds

Ladies and Gentlemen:

We have acted as bond counsel to the City of Carson (the "City") in connection with the issuance by the City of $____ initial principal amount of City of Carson 2020 Taxable Pension Obligation Bonds (the "Bonds"). The Bonds have been issued pursuant to the authority contained in Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, the Trust Agreement, dated as of June 1, 2020 (the "Trust Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and Resolution No. 20-015 adopted by the City on January 14, 2020. The Bonds have been issued for the purpose of refunding the City's obligations to the California Public Employees Retirement System ("CalPERS") evidenced by the contract between the Board of Administration of CalPERS and the City Council of the City, executed on April 30, 1969, as such contract has been amended from time-to-time to pay unamortized, unfunded accrued liability with respect to pension benefits under the Public Employee's Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code. In such connection, we have reviewed the Trust Agreement, certificates of the City, the Trustee, and others, opinions of City Attorney and counsel to the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions, including the default judgment entered on April 30, 2020 by the Superior Court of the County of Los Angeles, South Central District, in the action entitled City of Carson v. All Persons Interested et al., Case No. 20CMCV00028, and cover certain matters not directly addressed by such authorities.

Based upon the foregoing, and subject to the limitations herein, and in reliance thereon, we are of the opinion, under existing law, as follows:

1. The City is duly created and existing as a chartered city with power to enter into the Trust Agreement, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Trust Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, constitutes the valid and binding obligation of the City enforceable in accordance with its terms.

3. The Bonds have been duly authorized and issued by the City and are valid and binding obligations of the City enforceable in accordance with their terms. The Bonds do not constitute a debt of the City, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and do not constitute an obligation for which the City, the State of California or any political subdivision thereof is obligated to levy or pledge any form of taxation or for which the City, the State of California or any political subdivision thereof has levied or pledged any form of taxation.

4. Upon issuance and authentication of the Bonds in accordance with the Trust Agreement, the Bonds will be entitled to the benefits of the Trust Agreement.

5. Interest on the Bonds is exempt from California personal income tax.

Except as stated in the preceding paragraph, 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. Our 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 Trust Agreement and their enforceability may be subject to or limited by applicable law or equity, including bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium, initiative and other laws relating to or affecting creditors' rights or the availability of a particular remedy, to the application of equitable principles and remedies, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California. We express no opinion with respect to any indemnification, penalty (including any remedy deemed to constitute a penalty), choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. We undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated _______, 2020, or other offering material relating to the Bonds and express no opinion with respect thereto. We have not provided any financial advice related to the Bonds.

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. Our opinions are based on our review of existing California and federal law we deem relevant and in reliance upon the representations and covenants referenced above. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

Respectfully submitted,

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.

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