City of Carson
Annual Financial Report of its

Proposition A Local Return Fund
Proposition C Local Return Fund
Measure R Local Return Fund
Measure M Local Return Fund
Transportation Development Act Article 3 Fund

As of and for the Years Ended June 30, 2025 and 2024
with Independent Auditor's Report

PAGE

FINANCIAL SECTION

FINANCIAL SECTION

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VASQUEZ
+ COMPANY LLP

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Carson, California and the
Los Angeles County Metropolitan Transportation Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Carson, California (the City) which comprise the Funds' balance sheets as of June 30, 2025 and 2024, the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the Funds financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Carson, California as of June 30, 2025 and 2024, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Carson, California, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025 and 2024, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the Funds' 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 Funds' basic financial statements or to the Funds' basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2025 on our consideration of the City's internal control over the Funds' 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 solely to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Funds' 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 the Funds' financial reporting and compliance.

Vasquez & Company LLP

Glendale, California
October 20, 2025

		June 30		
		2025		2024
ASSETS				
Cash and investments	**$**	**7,292,580**	$	5,623,726
Due from Metro		**-**		421,455
Total assets	**$**	**7,292,580**	$	6,045,181
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable and accrued liabilities	**$**	**283,056**	$	231,933
Accrued payroll		**47,716**		16,409
Total liabilities		**330,772**		248,342
Fund balance				
Restricted		**6,961,808**		5,796,839
Total fund balance		**6,961,808**		5,796,839
Total liabilities and fund balance	**$**	**7,292,580**	$	6,045,181

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Proposition A	**$ 2,418,842**	$ 2,449,106
Investment income	**868,616**	916,626
Proposition A Discretionary Incentive Program grant (Note 8)	**56,301**	228,507
Project generated revenues (Note 9)	**54,310**	50,882
Total revenues	**3,398,069**	3,645,121
Expenditures		
Various projects	**2,233,100**	1,962,756
Total expenditures	**2,233,100**	1,962,756
Excess of revenues over expenditures	**1,164,969**	1,682,365
Fund balance at beginning of year	**5,796,839**	4,114,474
Fund balance at end of year	**$ 6,961,808**	$ 5,796,839

See notes to Funds financial statements.

City of Carson
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2025
(With Comparative Actuals for 2024)

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Positive (Negative)	2024 Actual
105	Carson Circuit	$ 1,300,000	$ 1,110,938	$ 189,062	$ 1,031,671
105	Bus Operation	600,000	538,228	61,772	442,467
108	Dial-A-Ride	425,000	385,762	39,238	388,803
170	Bus Stop Maintenance	110,000	97,800	12,200	97,800
210	Vehicles/Buses Purchase	75,000	100,000	(25,000)	-
610	General Administration	450	372	78	2,015
	Total expenditures	$ 2,510,450	$ 2,233,100	$ 277,350	$ 1,962,756

See independent auditor's report.

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
FY 24/25	(2) 2025 EV Ford Buses	$ -	$ 100,000	$ -	$ 100,000
	Total	$ -	$ 100,000	$ -	$ 100,000

See independent auditor's report.

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 6,604,479**	$ 5,504,694
Due from Metro	**-**	159,566
Total assets	**$ 6,604,479**	$ 5,664,260
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and accrued liabilities	**$ 424,270**	$ 274,906
Accrued payroll	**5,137**	3,485
Total liabilities	**429,407**	278,391
Fund balance		
Restricted	**6,175,072**	5,385,869
Total fund balance	**6,175,072**	5,385,869
Total liabilities and fund balance	**$ 6,604,479**	$ 5,664,260

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Proposition C	**$ 2,006,368**	$ 2,031,477
Investment income	**808,839**	930,309
Total revenues	**2,815,207**	2,961,786
Expenditures		
Various projects	**2,026,004**	1,307,667
Total expenditures	**2,026,004**	1,307,667
Excess of revenues over expenditures	**789,203**	1,654,119
Fund balance at beginning of year	**5,385,869**	3,731,750
Fund balance at end of year	**$ 6,175,072**	$ 5,385,869

See notes to Funds financial statements.

Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2025
(With Comparative Actuals for 2024)

		2025			
Project Code	**Project Name**	**Metro Budget**	**Actual**	**Variance Positive (Negative)**	2024 Actual
105	Carson Circuit	$ 1,550,000	$ 1,299,496	$ 250,504	$ 1,249,476
108	Emergency Lyft Service	110,000	100,068	9,932	58,191
210	Vehicles/Buses Purchase	250,000	326,440	(76,440)	-
705	Citywide Street Repair	300,000	300,000	-	-
	Total expenditures	$ 2,210,000	$ 2,026,004	$ 183,996	$ 1,307,667

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
FY 15/16	Glaval Legacy Bus 2016	$ 158,201	$ -	$ -	$ 158,201
FY 15/16	2017 Blue Bird Bus	346,911	-	-	346,911
FY 16/17	Coin Sorter	5,854	-	-	5,854
FY 17/18	Project #1547 - Turmont St Rehabilitation	546,570	-	-	546,570
FY 20/21	Bus Shelters and Benches	145,750	-	-	145,750
FY 24/25	PW1791 - Citywide Street Repairs	-	300,000	-	300,000
FY 24/25	(2) 2025 EV Ford Buses	-	293,632	-	293,632
FY 24/25	(1) 2025 EV Chevrolet Equinox	-	32,808	-	32,808
	Total	$ 1,203,286	$ 626,440	$ -	$ 1,829,726

See independent auditor's report.

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 702,999**	$ 302,285
Due from Metro	**-**	120,026
Total assets	**$ 702,999**	$ 422,311
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and accrued liabilities	**$ 116,653**	$ 64,931
Accrued payroll	**-**	5,969
Retention payable	**76,373**	-
Total liabilities	**193,026**	70,900
Fund balance		
Restricted	**509,973**	351,411
Total fund balance	**509,973**	351,411
Total liabilities and fund balance	**$ 702,999**	$ 422,311

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Measure R	**$ 1,504,497**	$ 1,523,131
Investment income	**86,095**	50,632
Total revenues	**1,590,592**	1,573,763
Expenditures		
Various projects	**4,329,343**	3,544,160
Total expenditures	**4,329,343**	3,544,160
Deficiency of revenues over expenditures	**(2,738,751)**	(1,970,397)
Other financing source		
Transfer in from Measure R/M Bonds Fund (Note 10)	**2,897,313**	760,000
Total other financing source	**2,897,313**	760,000
Change in fund balance	**158,562**	(1,210,397)
Fund balance at beginning of year	**351,411**	1,561,808
Fund balance at end of year	**$ 509,973**	$ 351,411

See notes to Funds financial statements.

City of Carson
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2025
(With Comparative Actuals for 2024)

		2025			
Project Code	**Project Name**	**Metro Budget**	**Actual**	**Variance Positive (Negative)**	2024 Actual
301	Broadway Traffic Signal	$ -	$ -	$ -	$ 41,819
302	Traffic Signal Upgrades	350,000	-	350,000	-
630	General Administration	350,000	292,932	57,068	197,395
705	Measure M and R Bond Debt Service	683,950	683,950	-	727,700
705	Wilmington/I405 FWY Interchange	-	-	-	124,503
715	Annual Pavement Overlay	395,000	353,338	41,662	1,695,430
730	Leonardo Drive	2,900,000	2,999,123	(99,123)	757,313
	Total expenditures	$ 4,678,950	$ 4,329,343	$ 349,607	$ 3,544,160

See independent auditor's report.

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
FY 12/13	Project 954 - Del Amo Median	$ 1,165,089	$ -	$ -	$ 1,165,089
FY 14/15	Project 1252 - Pedestrian Bridge 213th at	278,537	-	-	278,537
FY 14/15	Project 1359 - Citywide Annual Concrete	767,492	-	-	767,492
FY 14/15	Project 1360 - Citywide Annual Overlay	1,276,274	-	-	1,276,274
FY 17/18	Wilmington/I-405 Improvement	1,142,719	-	-	1,142,719
FY 18/19	PW919 - Wilmington/I-405 Improvement	320,434	-	-	320,434
FY 18/19	Broadway Traffic Signal Upgrade	3,337	-	-	3,337
FY 18/19	Sepulveda Blvd Widening	3,969	-	-	3,969
FY 19/20	Wilmington/I-405 Improvement	548,474	-	-	548,474
FY 19/20	PW1451 - Dominguez Channel Bike Path Phase I	10,286	-	-	10,286
FY 19/20	PW1452 - Dominguez Channel Bike Path Phase II	11,345	-	-	11,345
FY 19/20	PW1422 - Broadway Traffic Signal	1,140	-	-	1,140
FY 20/21	PW1393-3 Citywide Annual Pavement	484,244	-	-	484,244
FY 20/21	PW1411-2 Citywide Annual Concrete	50,283	-	-	50,283
FY 20/21	PW1422 - Broadway Traffic Signal	406,970	-	-	406,970
FY 21/22	PW919 - Wilmington/I-405 Improvement	126,741	-	-	126,741
FY 21/22	PW1393-3 Citywide Annual Concrete	1,264,710	-	-	1,264,710
FY 21/22	PW1411-3 Citywide Annual Concrete	96,371	-	-	96,371
FY 21/22	PW1422 - Broadway Traffic Signal Upgrade	235,712	-	-	235,712
FY 21/22	PW1554 - 189th Bridge	172,688	-	-	172,688
FY 21/22	PW675 - Sepulveda Widening	75,000	-	-	75,000
FY 22/23	PW1413-4 Citywide Annual Slurry Seal	470,035	-	-	470,035
FY23/24	PW1617 - Leonardo Drive	757,313	2,999,123	-	3,756,436
FY 23/24	PW1393-4 Citywide Annual Concrete	1,683,846	353,338	-	2,037,184
	Total	$ 11,353,009	$ 3,352,461	$ -	$ 14,705,470

See independent auditor's report.

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 1,437,938**	$ 19,640
Due from Metro	**-**	136,079
Total assets	**$ 1,437,938**	$ 155,719
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	**$ 626,744**	$ 298,591
Accrued payroll	**10,310**	2,863
Retention payable	**94,954**	-
Total liabilities	**732,008**	301,454
Fund balance (deficit)		
Restricted	**705,930**	(145,735)
Total fund balance (deficit)	**705,930**	(145,735)
Total liabilities and fund balance (deficit)	**$ 1,437,938**	$ 155,719

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Measure M	**$ 1,704,546**	$ 1,719,939
Investment income	**176,102**	3,320
Total revenues	**1,880,648**	1,723,259
Expenditures		
Various projects	**3,334,402**	4,111,275
Total expenditures	**3,334,402**	4,111,275
Deficiency of revenues over expenditures	**(1,453,754)**	(2,388,016)
Other funding source		
Transfer in from Measure R/M Bonds Fund (Note 10)	**2,305,419**	-
Total other funding source	**2,305,419**	-
Change in fund balance	**851,665**	(2,388,016)
Fund balance (deficit) at beginning of year	**(145,735)**	2,242,281
Fund balance (deficit) at end of year	**$ 705,930**	$ (145,735)

See notes to Funds financial statements.

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Positive (Negative)	2024 Actual
301	Traffic Signal Installation	$ 23,000	$ -	$ 23,000	$ 208,669
301	Traffic Signal/Del Amo - Tajauta	-	-	-	421,190
640	General Administration	110,000	113,983	(3,983)	98,844
705	Measure R and M Bond Debt Service	915,000	915,000	-	875,000
705	Citywide Annual Overlay	34,000	-	34,000	466,493
715	Annual Pavement Overlay	66,000	-	66,000	1,434,289
715	Sepulveda Street Improvement - Main to Avalon	-	-	-	606,790
730	Leonardo Drive	2,500,000	2,305,419	194,581	-
	Total expenditures	$ 3,648,000	$ 3,334,402	$ 313,598	$ 4,111,275

See independent auditor's report.

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
FY 17/18	Project #1547 - Turmont St Rehabilitation	$ 84,336	$ -	$ -	$ 84,336
FY 18/19	PW1413 - Citywide Annual Slurry Seal	675,414	-	-	675,414
FY 18/19	PW1547 - Turmont Street Rehab	1,136	-	-	1,136
FY 18/19	PW1393 - Citywide Pavement Overlay	17,601	-	-	17,601
FY 19/20	PW1393 - Citywide Pavement Overlay	55,770	-	-	55,770
FY 19/20	PW1603 - Albertoni Street Rehab	11,272	-	-	11,272
FY 20/21	PW1611 - Traffic Signal Installation	2,220	-	-	2,220
FY 20/21	PW-1422 Broadway Traffic Signal	3,439	-	-	3,439
FY 20/21	PW-1413-3 Citywide Annual Slurry Seal	729,391	-	-	729,391
FY 21/22	PW1422 - Broadway Traffic Signal	189,270	-	-	189,270
FY 21/22	PW1611 - Traffic Signal Installation	211,422	-	-	211,422
FY 21/22	PW1621 - Sepulveda Street Improvement	608,001	-	-	608,001
FY 21/22	PW1628 - Traffic Signal/Del Amo - Tajuata	426,322	-	-	426,322
FY22/23	PW1413-4 Annual Slurry Seal	591,502	-	-	591,502
FY22/23	PW-1393-3 Citywide Annual Overlay	1,654,394	-	-	1,654,394
FY23/24	PW1411-4 Citywide Annual Overlay	466,493	-	-	466,493
FY24/25	PW1617 - Lenardo Road	-	2,305,419	-	2,305,419
	Total	$ 5,727,983	$ 2,305,419	$ -	$ 8,033,402

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 40,371**	$ 214
Due from Metro	**270**	-
Total assets	**$ 40,641**	$ 214
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable and accrued liabilities	**$ 40,640**	$ -
Deferred revenue	**270**	-
Total liabilities	**40,910**	-
Fund balance (deficit)		
Restricted	**(269)**	214
Total fund balance (deficit)	**(269)**	214
Total liabilities and fund balance (deficit)	**$ 40,641**	$ 214

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Intergovernmental Allocation:		
Article 3 (Note 11)	**$ 75,686**	$ 31,499
Total revenues	**75,686**	31,499
Expenditures		
Purchase and Installation of Bus Shelters and Benches Along Sidewalk	**76,169**	31,285
Total expenditures	**76,169**	31,285
Excess (deficiency) of revenues over expenditures	**(483)**	214
Fund balance at beginning of year	**214**	-
Fund balance (deficit) at end of year	**$ (269)**	$ 214

See notes to Funds financial statements.

Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2025

		Totals to Date			
Project Description	**Program Year**	**Allocations**	**Expenditures**	**Unexpended Allocations**	**Project Status**
Local Allocations:					
Purchase and Installation of Bus Shelters and Benches Along Sidewalk	2025	$ 75,686	$ 76,169	$ (483)	On-going
Totals		$ 75,686	$ 76,169	(483)	
Fund balance at beginning of year				214	
Fund deficit at end of year				$ (269)	

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), the Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), the Measure M Local Return Fund (MMLRF) and the Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20%, respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF is derived from 15% of the county-wide ½ cent Measure R sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

MMLRF is derived from 17% of the county-wide ½ cent Measure M sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

TDAA3F is a Special Revenue Fund that accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement Focus

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F are reported as Special Revenue Funds of the City and are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred.

Special Revenue Funds are reported on a spending or "financial flow" measurement focus. This means that generally, only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statements of revenues, expenditures and changes in fund balances for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are based on budgets approved by Metro and are presented in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's Annual Comprehensive Financial Report (ACFR) for detailed disclosures regarding the City's investments policy and fair value measurement disclosures.

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the 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 PALRF, PCLRF, MRLRF, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2025 and 2024:

- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances is restricted for projects approved by Metro.

Information regarding the fund balance reporting policy adopted by the City is described in the City's ACFR.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and deferred inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

Deferred inflows of resources reported by the City represent resources that are not available for spending as of June 30, 2025 and 2024.

NOTE 2 ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2025 and 2024, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

NOTE 3 PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

The Proposition A Ordinance requires that Local Return (LR) funds be used exclusively to benefit public transit. Expenditures related to fixed route and paratransit services, Transportation Demand Management, Transportation Systems Management and fare subsidy programs that exclusively benefit transit are all eligible uses of Proposition A LR funds. Proposition A LR funds may also be traded with other Jurisdictions in exchange for general or other funds.

The Proposition C Ordinance directs that LR funds also be used to benefit public transit, as described above, but provides an expanded list of eligible project expenditures including Congestion Management Programs, bikeways and bike lanes, street improvements supporting public transit service, and Pavement Management System projects. Proposition C LR funds cannot be traded.

Proposition A and Proposition C LR funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated.

In accordance with *Proposition A and Proposition C Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs. See accompanying Compliance Matrix.

NOTE 4 MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

The Measure R Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure R LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

In accordance with *Measure R Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs. See accompanying Compliance Matrix.

NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

Measure M was approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Los Angeles County Traffic Improvement Plan Ordinance approved by the Metro Board of Directors on June 23, 2016. The Measure M Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure M LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

In accordance with *Measure M Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

NOTE 6 TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with *Public Utilities Code Section 99234*, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

NOTE 7 CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F cash balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average quarterly balances to the total of the pooled cash and investments.

Please refer to the City's ACFR for a full description of risks relating to cash and investments.

NOTE 8 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT

The City entered into various Memorandum of Understanding (MOU) agreements with Metro to receive Proposition A Discretionary Incentive Program grant for participating in the National Transit Database (NTD) Voluntary Reporting program. The amount received for the years ended June 30, 2025 and 2024, consisted of the following:

Agreement Date	Program Year	MOU Amount	Amount Received 2025	Amount Received 2024
5/1/2023	FY 2020/21	$ 228,507	**$ -**	$ 228,507
5/1/2024	FY 2021/22	56,301	**56,301**	-
			$ 56,301	$ 228,507

NOTE 9 PROJECT GENERATED REVENUES

Project generated revenues for the years ended June 30, 2025 and 2024 consisted of the following:

PALRF		2025		2024
Dial-A-Ride fares	$	**48,089**	$	48,502
Carson Circuit fares		**106**		851
Bus shelter billboard advertisement		**6,115**		1,529
	$	**54,310**	$	50,882

NOTE 10 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS (LIMITED TAX BONDS)

On October 10, 2019, the City issued $18,830,000 Measure M and R Limited Tax Bonds (Bonds) for the purpose of financing the design, acquisition, and construction of certain roadway and street improvement projects in the City, pay cost of issuance of the bonds, purchase a municipal bond insurance policy and purchase a reserve surety for the debt service reserve fund. The bonds are secured and payable solely from the City's annual Measure M and Measure R Sales Tax receipts.

Interest on the bonds is payable semi-annually each June 1 and December 1, beginning June 1, 2020. Principal matures each June 1 beginning 2020 and maturing in 2039. Interest rates on the bonds vary between 3.00% and 4.00%. Proceeds from the issuance were recorded under Measure M and R Bond Fund. The principal balance outstanding at June 30, 2025 and 2024 was $14,000,000 and $14,915,000, respectively.

In FY2024/25, the City paid principal and interest amounting to $915,000 and $683,950, respectively, $683,950 of the debt service cost was paid out of MRLRF and $915,000 was paid out of MMLRF.

In FY 2024/25, the City incurred a penalty of $1,056,606 assessed by the Internal Revenue Service (IRS) related to the Limited Tax Bonds. The penalty was due to noncompliance with federal arbitrage rebate and yield restriction requirements under the Internal Revenue Code applicable to tax-exempt bond proceeds. The penalty was paid directly from investment earnings allocated to the bond fund. The City is reviewing its post-issuance compliance procedures to ensure future adherence to federal tax regulations.

The following is the movement in the outstanding bonds and interest payable during the years ended June 30, 2025 and 2024:

		Principal		Interest		Total
Oustanding balance as of June 30, 2023	$	15,790,000	$	5,643,600	$	21,433,600
Less: Payment of principal and interest		(875,000)		(727,700)		(1,602,700)
Oustanding balance as of June 30, 2024		14,915,000		4,915,900		19,830,900
Less: Payment of principal and interest		(915,000)		(683,950)		(1,598,950)
Oustanding balance as of June 30, 2025	$	14,000,000	$	4,231,950	$	18,231,950

NOTE 10 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS (LIMITED TAX BONDS) (CONTINUED)

The following is the movement in the bonds' cash balance for the years ended June 30, 2025 and 2024 under the Bonds Fund:

	2025	2024
Fund balance at beginning of year	$ 23,879,157	$ 23,323,051
Interest income earned	984,957	1,316,106
Debt service payment during the year	(1,598,950)	(1,602,700)
Transfer in from MRLRF and MMLRF	1,598,950	1,602,700
Transfer out to MRLRF and MMLRF	(5,202,732)	(760,000)
Arbitrage rebate penalty	(1,056,606)	-
Fund balance at end of year	18,604,776	23,879,157
Interest receivable	-	(531,842)
Cash balance at end of year	$ 18,604,776	$ 23,347,315

NOTE 11 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the years ended June 30, 2025 and 2024 consisted of the following:

	2025	2024
FY 2019/20 allocation	$ 52,168	$ 31,499
FY 2020/21 allocation	23,518	-
	$ 75,686	$ 31,499

NOTE 12 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2025 and 2024, the City has funds on reserve as follows:

	2025	2024
FY 2020/21 allocation	$ -	$ 52,168
FY 2021/22 allocation	44,679	68,197
FY 2022/23 allocation	86,300	86,300
FY 2023/24 allocation	108,062	108,062
FY 2024/25 allocation	94,666	-
Total reserve	$ 333,707	$ 314,727

NOTE 12 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED (CONTINUED)

For FY2024/25, any TDA Article 3 funds left on reserve for FY 2020/21 or prior, are subject to lapse if not claimed by the City by June 30, 2025. There were no funds that lapsed in FY2024/25.

NOTE 13 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2025 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through October 20, 2025, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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+ COMPANY LLP

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**To the Honorable Members of the City Council of the
City of Carson, California and the
Los Angeles County Metropolitan Transportation Authority**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Carson, California (the City) as of and for the year ended June 30, 2025, and the related notes to the Funds financial statements, and have issued our report thereon dated October 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Funds' financial statements, we considered the City's internal control over the Funds' financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Vasquez & Company LLP

Glendale, California
October 20, 2025

COMPLIANCE SECTION

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+ COMPANY LLP

Independent Auditor's Report on Compliance and on Internal Control Over Compliance Required by the Guidelines

To the Honorable Members of the City Council of the City of Carson, California and the Los Angeles County Metropolitan Transportation Authority

Report on Compliance

Opinion

We have audited the City of Carson, California's (the City) compliance with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2025.

In our opinion, the City of Carson, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guidelines. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for the City's compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the requirements, which is described in the accompanying Schedule of Findings and Questioned Costs as Findings #2025-001. Our opinion is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
October 20, 2025

Compliance Requirements	In Compliance Yes	In Compliance No	In Compliance N/A	Questioned Costs	If no, provide details and management response
A. Proposition A and Proposition C Local Return Funds					
1. Uses the State Controller's Uniform System of Accounts and Records or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes.	X				
2. Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.	X				
3. Funds were expended with Metro's approval and were not substituted for property tax.	X				
4. Timely use of funds.	X				
5. Administrative expenses are within the 20% cap.	X				
6. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.			X		
7. Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X				
8. Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X				
9. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.		X			See Finding #2025-001
10. Local Return Account is credited for reimbursable expenditures.	X				
11. Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.			X		

See independent auditor's report on compliance.

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds					
13. A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.			X		
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.	X				
17. All on-going and carryover projects were reported on Form B or electronic equivalent.	X				
18. Cash or cash equivalents are maintained.	X				
19. Accounting procedures, record keeping, and documentation are adequate.	X				

See independent auditor’s report on compliance.

Compliance Requirements	In Compliance Yes	In Compliance No	In Compliance N/A	Questioned Costs	If no, provide details and management response
B. Measure R Local Return Fund					
1. Funds were expended for transportation purposes.	X				
2. Separate Measure R Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.	X				
8. Expenditure Plan (Form One or electronic equivalent) was submitted timely.	X				
9. Annual Expenditure Report (Form Two or electronic equivalent) was submitted timely.	X				
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X		
11. Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
B. Measure R Local Return Fund					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

See independent auditor's report on compliance.

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
C. Measure M Local Return Fund					
1. Funds were expended for transportation purposes.	X				
2. Separate Measure M Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.	X				
8. Expenditure Plan (Form M-One or electronic equivalent) was submitted timely.	X				
9. Expenditure Report (Form M-Two or electronic equivalent) was submitted timely.	X				
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X		
11. Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
C. Measure M Local Return Fund					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

See independent auditor's report on compliance.

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
D. Transportation Development Act Article 3 Fund					
1. Timely use of funds.	X				
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				
3. Annual Claim Form was submitted on time.	X				

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PCLRF: Finding #2025-001

Compliance Reference	Section II (C)(7) Pavement Management Systems (PMS) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems (PMS) when proposing "Street Repair and Maintenance" or "Bikeway projects". "Self-certifications executed by the jurisdiction's Engineer or designated, registered civil engineer, must be submitted with Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy "Street Repair and Maintenance" and "Bikeway" project eligibility criteria." "A Pavement Management System (PMS) Certification Form should be prepared and submitted to Metro with project codes 705, 710, 806, and 840."
Condition	The City did not submit a current Pavement Management System (PMS) certification during FY 2024/25. A PMS assessment and inventory is required to be conducted and maintained every 3 years. The City's latest certification submitted to Metro on June 28, 2022 has a January 2022 inventory update and review of pavement condition completion date which was already over three years as of June 30, 2025. A PMS Certification is required for PCLRF Project code 705, Citywide Street Repair project.
Cause	There was a turnover in permanent staff and a turnover in consultants.
Effect	The City was not in compliance with respect to the certification of PMS in conformance with the criteria stipulated in the Local Return Guidelines.
Recommendation	We recommend that the City submit to Metro and keep on file an updated PMS certification for eligibility for its new or ongoing street maintenance or bikeway projects.
Management's Response	The City acknowledges the oversight in not submitting a current PMS certification for FY 2024/25. The City is actively working to rectify this issue. A new PMS assessment has been initiated, and the updated certification is currently under internal review. The City anticipates presenting it to City Council for formal approval within the next quarter. Once approved, the certification will be promptly submitted to Metro.

EXIT CONFERENCE

An exit conference was held on October 7, 2025 with the City of Carson representatives. Those in attendance were:

Vasquez and Company LLP representatives:
Cristy Canieda – Partner
Erica Ong – Senior Audit Manager

City of Carson representatives:
Phat Nguyen – Acting Senior Accountant
Priscilla Carreras – Accountant

Matters discussed:

Results of the audit disclosed an issue of noncompliance with the Guidelines.

A copy of this report was forwarded to the following City of Carson representatives for comments prior to the issuance of the final report:

William Jefferson – Finance Director
Hnin Phyu – Accounting Manager
Phat Nguyen – Senior Accountant

Vasquez & Company LLP
655 North Central Avenue, Suite 1550
Glendale, CA 91203

RE: CITY OF CARSON, CALIFORNIA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, THE PROPOSITION C LOCAL RETURN FUND, THE MEASURE R LOCAL RETURN FUND, THE MEASURE M LOCAL RETURN FUND AND THE TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE YEARS ENDED JUNE 30, 2025 AND 2024.

I have received the annual financial report of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund, for the years ended June 30, 2025 and 2024 for the City of Carson and agreed with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

____
Name

____
Title

____
Date

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