

**CITY OF INDUSTRY, CALIFORNIA**

**INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**



**CITY OF INDUSTRY, CALIFORNIA**

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**For the Year Ended June 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable City Council  
of the City of Industry  
Industry, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Industry, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's 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 financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 22 to the financial statements, the net position of the governmental activities, and the fund balance of the debt service fund as of July 1, 2019 were restated. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Report on Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule - General Fund, the schedule of proportionate share of net pension liability and related ratios, the schedule of plan contributions - pension, the schedule of changes in the net other postemployment benefit (OPEB) liability and related ratios, and the schedule of contributions - OPEB, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 financial statements. The combining and individual non-major fund financial statements and schedules and schedules of long-term debt are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non-major fund financial statements and schedules and schedules of long-term debt are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual non-major fund financial statements and schedules and schedules of long-term debt are fairly stated in all material respects in relation to the financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Irvine, California  
January 20, 2021

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# City of Industry

## Management Discussion and Analysis

### For the Year Ended June 30, 2020

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As management of the City of Industry and its component units (“City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the City’s financial statements.

#### Financial Highlights

- The assets and deferred outflows of the City’s governmental activities exceeded its liabilities and deferred inflows at June 30, 2020 by \$801.3 million (Net Position). Of this amount, \$262.2 million is invested in capital assets, \$156.3 million is restricted for capital projects activities, \$120.0 million is restricted for debt service and \$257.8 million in unrestricted net position. Net Position reflects an increase of \$17.8 million from prior period and is attributable to decrease in community development, general government expenditures, public works and interest expense and partially offset by a slight increase in support and community services and public safety.
- The assets of the City’s business-type activities exceeded its liabilities at June 30, 2020 by \$40.2 million (Net Position). Of this amount, \$28.3 million is invested in capital assets, net of related debt, and \$11.9 million in unrestricted net position. Net position increased by \$0.67 million due to a positive effect of net transfers and contributions over a net loss from operations during the year ended June 30, 2020.
- The City’s total debt and liabilities decreased by \$257.2 million, of which is primarily attributed to reductions in long-term liabilities due in more than one year as a result of scheduled and early redemption principal payments on long-term debts.
- In the General Fund, the net change in fund balance was an increase of \$19.9 million. The increase in fund balance was attributed mostly to a decrease in community development expenditures by \$38.2 million, from \$41.1 million in 2019 to \$2.9 million in 2020. In 2019, community development benefited from a \$37.5 million contributions to Tres Hermanos Conservation Authority, which did not occur again in 2020. At June 30, 2020, the General Fund’s ending fund balance was \$717.5 million with an unassigned balance of \$640.8 million.

#### General Overview of the Financial Statements

This annual report consists of four parts – *management’s discussion and analysis*, the *basic financial statements*, *required supplementary information*, and other supplementary information section that presents *combining financial statements* and *debt amortization schedules*. The basic financial statements are comprised of 3 parts – (1) the government-wide financial statements, (2) the fund financial statements and (3) the notes to the financial statements. The government-wide financial statements, the Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City’s finances. For governmental activities, these 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.

**City of Industry**  
**Management Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

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**Government-Wide 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 and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's Net Position and changes thereto. Net Position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources are one way to measure the City's financial health or financial position. Over time, increases or decreases in Net Position are an indicator of whether the financial health is improving or deteriorating.

However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Position and the Statement of Activities, present information about the following:

**Governmental Activities** - All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works, and community services. Property taxes, transient occupancy taxes, sales taxes, and franchise fees finance most of these activities.

**Proprietary Activities/Business Type Activities** - The City charges a fee to customers to cover all or most of the cost of the services provided. The Industry Public Utilities Commission (the "IPUC"), the Industry Hills Expo Center, and the Industry Property and Housing Authority (the "Housing Authority") are reported in this category.

**Component Units** - The City's government-wide financial statements include the blending with the City of the following entities: The Civic-Recreational-Industrial Authority ("CRI"), the Industry Public Utilities Commission, the City of Industry Public Facilities Authority (the "PFA") and the Industry Property and Housing Management Authority (the "Housing Authority"). Although legally separate, these "component units" are important because the City is financially accountable for them.

**Reporting the City's Most Significant Funds**

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds that aid in the administration of resources for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's three kinds of funds, governmental, proprietary and fiduciary, use different accounting approaches as explained below.

**Governmental Funds** - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with balances remaining at year-end that are available for spending. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

**City of Industry**  
**Management Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

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We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds through a reconciliation following the fund financial statements.

**Proprietary Funds** – The City maintains three enterprise funds. The enterprise funds are classified as proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the IPUC, Industry Hills Expo Center, and Housing Authority. These funds use the full accrual method of accounting.

**Fiduciary Funds** – Agency Funds are used to account for assets held by the City as an agent for individuals, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. The Private-Purpose Trust Fund is a fiduciary fund used by the City to report trust arrangements under which the principal and income benefits other governments. This fund reports the assets, liabilities and activities of the Successor Agency of the Industry Urban-Development Agency.

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners, and others. These fiduciary activities are reported in Private-Purpose Trust Fund. The City is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the City's other financial statements because the assets cannot be used to finance operations.

**The City as a Whole**

Our analysis focuses on the net position (Tables 1 and 3) and changes in net position (Tables 2 and 4) of the City's governmental and business activities.

**City of Industry**  
**Management Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

**Governmental Activities – Net Position**

Table 1  
Net Position

	Governmental Activities		
	2020	2019	Change
Current and other assets	\$ 1,184,496,891	\$ 1,360,980,743	\$ (176,483,852)
Capital assets, net	263,150,738	255,443,070	7,707,668
Total assets	<u>1,447,647,629</u>	<u>1,616,423,813</u>	<u>(168,776,184)</u>
Deferred outflows of resources			
Deferred loss on refunding, net	865,606	1,042,480	(176,874)
Deferred outflows of resources - pension	575,122	10,456,858	(9,881,736)
Deferred outflow of resources - OPEB	59,649	77,726	(18,077)
Total deferred outflows of resources	<u>1,500,377</u>	<u>11,577,064</u>	<u>(10,076,687)</u>
Long-term liabilities	538,857,907	814,663,403	(275,805,496)
Other liabilities	105,824,832	87,236,275	18,588,557
Total liabilities	<u>644,682,739</u>	<u>901,899,678</u>	<u>(257,216,939)</u>
Deferred inflows of resources			
Deferred inflows of resources - pension	669,967	761,973	(92,006)
Deferred inflows of resources - OPEB	2,515,159	115,723	2,399,436
Total deferred inflow of resources	<u>3,185,126</u>	<u>877,696</u>	<u>2,307,430</u>
Net position:			
Net investment in capital assets	262,235,738	250,990,943	11,244,795
Restricted for:			
Transportation and road	2,361,465	3,014,672	(653,207)
Capital projects	156,277,041	180,268,764	(23,991,723)
Debt service	120,042,972	127,070,797	(7,027,825)
Other post-employment benefit	2,517,979	2,116,290	401,689
Unrestricted	<u>257,844,946</u>	<u>220,034,122</u>	<u>37,810,824</u>
Total net position	<u>\$ 801,280,141</u>	<u>\$ 783,495,588</u>	<u>\$ 17,784,553</u>

As noted above, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities (combined governmental and business activities) by approximately \$801.3 million at June 30, 2020.

The largest portion of the Net Position is unrestricted by external sources on how the funds may be used. Approximately \$262.2 million is the City's net investment in its capital assets. In addition, \$156.3 million are restricted for transportation and capital projects, and \$120.0 million is restricted for the City's future debt service obligations. It should be noted that the resources needed to repay City's debt must be provided from sources other than capital assets, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's total Net Position under governmental activities increased over the prior year by \$17.8 million mainly attributable to reduction of expenditure in community development and in capital projects and public works.

**City of Industry**  
**Management Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

Total liabilities and deferred inflows/outflows of resources decreased by approximately \$257.2 million primarily attributable to reductions in long-term liabilities due in more than one year, as a result of regular scheduled and early redemption principal payments on long-term debt.

The increase in net investment in capital assets of \$11.2 million is a result of net additions and dispositions of capital assets, and depreciation expense for the current year.

**Governmental Activities – Changes in Net Position**

Table 2  
Change in Net Position

	Governmental Activities		
	2020	2019	Change
General revenues:			
Taxes	\$ 112,701,028	\$ 113,274,628	\$ (573,600)
Revenues from use of money and property	38,544,478	43,347,578	(4,803,100)
Other revenues	5,297,828	398,126	4,899,702
Total general revenues	<u>156,543,334</u>	<u>157,020,332</u>	<u>(476,998)</u>
Expenses in excess of program revenues:			
General government	3,665,456	7,064,304	(3,398,848)
Support services	5,871,912	4,973,722	898,190
Community development	59,754,298	82,841,695	(23,087,397)
Community services	7,022,020	6,195,780	826,240
Public safety	12,956,867	11,331,984	1,624,883
Public works	12,997,608	17,226,090	(4,228,482)
Interest expense	35,159,728	43,092,547	(7,932,819)
Total expenses in excess of program revenues	<u>137,427,889</u>	<u>172,726,122</u>	<u>(35,298,233)</u>
Decrease in net assets before Other Items	19,115,445	(15,705,790)	32,365,809
Transfers, net	<u>(1,330,892)</u>	<u>59,410,580</u>	<u>(60,741,472)</u>
Decrease in net position	17,784,553	43,704,790	(28,375,663)
Net position, beginning of year	<u>783,495,588</u>	<u>739,790,798</u>	<u>43,704,790</u>
Net position, end of year	<u>\$ 801,280,141</u>	<u>\$ 783,495,588</u>	<u>\$ 15,329,127</u>

The total revenues, reported as governmental activities, decreased by approximately \$0.5 million. This was due to a decrease in revenue from use of money and property of \$4.8 million attributable to a decrease in interest income and a reduced gain in the fair market value of City's investment in the 2015 Post Refunding Depository and 2004 General Fund Revenue Bonds.

The City's net expenses before other items decreased by approximately \$35.3 million from the prior year. The decrease was attributable to decreased expenditures for community development, a decrease in capital projects and public works and decrease in general government.

**City of Industry**  
**Management Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

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**Business-Type Activities – Net Position**

Table 3  
Net Position

	Business-Type Activities		
	2020	2019	Change
Current and other assets	\$ 26,117,532	\$ 24,933,123	\$ 1,184,409
Capital assets, net	28,284,314	29,163,988	(879,674)
Total assets	<u>54,401,846</u>	<u>54,097,111</u>	<u>304,735</u>
Liabilities	14,201,561	14,568,246	(366,685)
Total liabilities	<u>14,201,561</u>	<u>14,568,246</u>	<u>(366,685)</u>
Net position:			
Net investment in capital assets	28,284,314	29,163,988	(879,674)
Unrestricted	<u>11,915,971</u>	<u>10,364,877</u>	<u>1,551,094</u>
Total net position	<u>\$ 40,200,285</u>	<u>\$ 39,528,865</u>	<u>\$ 671,420</u>

Total net position for the City’s business type activities increased by approximately \$0.7 million as compared to the prior year. The increase was primarily attributable to an increase in cash held in the City’s Electric Fund.

**City of Industry**  
**Management Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

**Business-Type Activities – Change in Net Position**

The change in Net Position for business type activities is summarized as follows:

Table 4  
Change in Net Position

	Business-Type Activities		
	2020	2019	Change
<b>Revenues:</b>			
Charges for services	\$ 10,432,826	\$ 11,612,320	\$ (1,179,494)
Revenues from use of money and property	382,521	452,734	(70,213)
Total revenues	<u>10,815,347</u>	<u>12,065,054</u>	<u>(1,249,707)</u>
<b>Expenses:</b>			
Purchased electricity	4,128,587	4,386,619	(258,032)
Water transmission and distribution	3,725,998	2,940,656	785,342
Cost of expo operations	2,988,794	3,475,315	(486,521)
Cost of housing authority operations	631,440	1,196,833	(565,393)
Total expenses	<u>11,474,819</u>	<u>11,999,423</u>	<u>(524,604)</u>
Income (Loss) from operations before transfers	(659,472)	65,631	(725,103)
Transfers and contributions	<u>1,330,892</u>	<u>1,738,805</u>	<u>(407,913)</u>
Change in net position	671,420	1,804,436	(1,133,016)
Net position, beginning of year	39,528,865	37,724,429	1,804,436
Prior period adjustment			-
Net position, end of year	<u>\$ 40,200,285</u>	<u>\$ 39,528,865</u>	<u>\$ 671,420</u>

Revenues decreased by \$1.2 million over the prior year, primarily due to the Covid-19 pandemic. Extended lockdowns and social distancing rules have had a negative impact on City's revenues primarily from events and rentals, which has decreased over \$1.0 million from the prior year. Revenue from other service charges such as electricity and water have been less affected.

Transfers-in from the general fund decreased by \$0.4 million mostly as a result of an overall decrease in expenditures from lower operating costs across all Funds, except for City's Water Fund, which saw an uptick in operating costs.

**City of Industry**  
**Management Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

**Financial Analysis of the City's Funds**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Below is a summary of the general fund revenues and expenditures compared to the prior year.

Table 5  
General Fund Comparison

	2020	2019	Change
<b>Revenues:</b>			
Taxes	\$ 40,243,026	\$ 41,219,283	\$ (976,257)
Intergovernmental	190,209	854,905	(664,696)
Charges for services	1,786,951	2,398,422	(611,471)
Licenses and permits	1,931,417	1,577,203	354,214
Fines, forfeitures and penalties	509,407	466,248	43,159
Revenues from use of money and property	26,399,983	28,109,248	(1,709,265)
Other revenue	7,095,588	2,031,474	5,064,114
<b>Total revenues</b>	<b>78,156,581</b>	<b>76,656,783</b>	<b>1,499,798</b>
<b>Expenditures:</b>			
Legislative	686,477	660,501	25,976
General administration	5,409,321	5,289,352	119,969
Community development	2,901,090	41,072,341	(38,171,251)
Community services	6,338,321	5,507,993	830,328
Public safety	11,943,090	10,664,726	1,278,364
Public works	12,742,273	12,117,212	625,061
Support services	4,779,757	4,230,815	548,942
Capital projects	588,793	1,121,801	(533,008)
<b>Total expenditures</b>	<b>45,389,122</b>	<b>80,664,741</b>	<b>(35,275,619)</b>
<b>Excess of Revenues over Expenditures</b>	<b>32,767,459</b>	<b>(4,007,958)</b>	<b>36,775,417</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from sale of assets	-	15,969,242	(15,969,242)
Net Transfers	(12,819,801)	(21,986,943)	9,167,142
<b>Total other financing sources (uses)</b>	<b>(12,819,801)</b>	<b>(6,017,701)</b>	<b>(6,802,100)</b>
<b>Change in fund balances</b>	<b>\$ 19,947,658</b>	<b>\$ (10,025,659)</b>	<b>\$ 29,973,317</b>

The General Fund is the main operating fund of the City. At the end of the current fiscal year, the General Fund reflects a fund balance of \$717.6 million, which is an increase from prior year of \$19.9 million. The increase was attributed mostly to a decrease in community development expenditures by \$38.2 million, from \$41.1 million in 2019 to \$2.9 million in 2020. In 2019, community development benefitted from a \$37.5 million contributions to Tres Hermanos Conservation Authority, which did not occur again in 2020. Expenditures have increased slightly across the board in all segments, except for capital projects.

Other Financing Uses decreased by \$6.8 million over the prior year. There were no asset sales for the General Fund in the current fiscal year and net transfers to other funds decreased by \$9.2 million in the current year.

**City of Industry**  
**Management Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

**General Fund Budgetary Highlights**

The City adopts a budget every fiscal year. Differences between the budget and actual expenditures for the general fund are shown below:

Table 6  
 General Fund Budget to Actual Comparison

	Original Budget	Revised Budget	Actual	Variance
Legislative	\$ 708,920	\$ 710,995	\$ 686,477	\$ 24,518
General administration	4,977,420	5,226,430	5,409,321	(182,891)
Community development	3,776,710	2,314,050	2,901,090	(587,040)
Community services	5,865,675	6,994,975	6,338,321	656,654
Public safety	10,789,330	11,540,330	11,943,090	(402,760)
Public works	13,807,800	13,424,800	12,742,273	682,527
Support services	5,018,785	5,198,560	4,779,757	418,803
Capital outlay	-	3,500	588,793	(585,293)
Total expenditures	<u>\$ 44,944,640</u>	<u>\$ 45,413,640</u>	<u>\$ 45,389,122</u>	<u>\$ 24,518</u>

Overall, total expenditures for the City were in line with the budgeted amounts. Community services was under budget by \$0.7 million, primarily due to lower expenditures than expected at the El Encanto Hospital. Public works was under budget by \$0.7 million, primarily due to lower expenditures for streets, and capitalization of engineering work performed. Support services were also lower than budgeted for the finance department. Community development expenditures were over budget by \$0.6 million due to increased building and safety work done during the year. Lastly, public safety was also over budget by \$0.4 million primarily due to an increase in security expenditures.

**Capital Asset and Debt Administration**

**Capital Assets**

Net capital assets for governmental activities as of June 30, 2020 and 2019 are summarized as follows:

Table 7  
 Net Capital Assets at Year-End

	<u>Government Activities</u>		
	2020	2019	Change
Capital assets not being depreciated			
Land	\$ 103,360,621	\$ 102,993,546	\$ 367,075
Construction in progress	22,815,804	16,352,475	6,463,329
Total capital assets, not being depreciated	<u>126,176,425</u>	<u>119,346,021</u>	<u>6,830,404</u>
Capital assets being depreciated			
Buildings and improvements	120,597,040	119,152,156	1,444,884
Equipment, furniture and fixtures	6,550,499	6,550,499	-
Infrastructure	159,878,139	153,736,252	6,141,887
Total capital assets, being depreciated	<u>287,025,678</u>	<u>279,438,907</u>	<u>7,586,771</u>
Less accumulated depreciation	(150,051,365)	(143,341,858)	(6,709,507)
Total capital assets being depreciated, net	<u>136,974,313</u>	<u>136,097,049</u>	<u>877,264</u>
Total governmental activities	<u>263,150,738</u>	<u>255,443,070</u>	<u>7,707,668</u>

**City of Industry**  
**Management Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

As of June 30, 2020, the City's governmental activities had approximately \$263.2 million invested in capital assets including buildings, land, roads, and other general infrastructure, net of accumulated depreciation. This amount represents a net increase of \$7.7 million from prior year and it was due to additional capital improvement projects, as well as the City placing in service completed construction in progress projects for infrastructure, buildings and improvements. Accumulated depreciation increased by \$6.7 million.

Net capital assets for business-type activities as of June 30, 2020 and 2019 are summarized as follows:

Table 8  
Net Capital Assets at Year-End

	<b><u>Business Type Activities</u></b>		
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Capital assets not being depreciated			
Land	\$ 6,764,880	\$ 6,764,880	\$ -
Water rights	441,200	441,200	-
Source of supply - water	-	441,688	(441,688)
Construction in progress	<u>617,615</u>	<u>6,515</u>	<u>611,100</u>
Total capital assets, not being depreciated	7,823,695	7,654,283	169,412
Capital assets being depreciated			
Buildings and improvements	54,998,629	54,998,629	-
Equipment, furniture and fixtures	1,322,648	1,322,648	-
Infrastructure	1,061,516	1,042,498	19,018
Source of supply - electric	<u>4,495,494</u>	<u>4,053,806</u>	<u>441,688</u>
Total capital assets, being depreciated	<u>61,878,287</u>	<u>61,417,581</u>	<u>460,706</u>
Less accumulated depreciation	(41,417,668)	(39,907,876)	(1,509,792)
Total capital assets being depreciated, net	<u>20,460,619</u>	<u>21,509,705</u>	<u>(1,049,086)</u>
			-
Total business activities	<u>28,284,314</u>	<u>29,163,988</u>	<u>(879,674)</u>

Capital assets in the Business-Type Activities belong to IPUC and the Industry Hills Expo Center. The decrease in net capital assets of \$0.9 million was primarily a result of a net increase in accumulated depreciation of \$1.5 million while construction in progress increased by \$0.6 million.

**City of Industry**  
**Management Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

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**Debt**

At June 30, 2020, the City had total long term debt and other non-current liabilities of approximately \$678.4 million which is a decrease of \$136.3 million from prior year. The reduction is primarily due to principal payments on outstanding debt.

Below is a summary of the outstanding debt at June 30, 2020:

Table 9  
 Outstanding Debt, at Year-End

	Governmental Activities		
	2020	2019	Change
General obligation bonds	58,520,000	\$ 70,890,000	\$ (12,370,000)
Revenue bonds	404,685,000	410,310,000	(5,625,000)
Refunding lease revenue bonds	915,000	1,795,000	(880,000)
Tax allocation bonds	210,015,000	327,435,000	(117,420,000)
Original issue premium	(4,963,744)	(4,899,518)	(64,226)
Compensated absences	172,239	110,668	61,571
Net pension liability	9,022,253	9,022,253	-
Total outstanding debt	\$ 678,365,748	\$ 814,663,403	\$ (136,297,655)

**City of Industry**  
**Management Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

**Economic Factors and Next Year’s Budgets and Rates**

Despite challenges caused by the Covid-19 pandemic, the City has experienced steady development within the City limits during the past year. Economic trends in the Los Angeles area are comparable with the indices. The assessed valuation of property located within the City boundaries including properties located in its redevelopment project areas amounted to approximately \$10.006 billion for the 2020-2021 fiscal year as compared to \$9.659 billion in the prior fiscal year which represents an increase of approximately 3.59% of assessed value.

The City’s General Fund has adopted a balanced operating budget of \$53.9 million in revenues and \$47.5 million in expenses. Additionally, approximately \$45.8 million in capital project expenditures is budgeted for several funds in the 2020-2021 fiscal year. The following is a summary of the major capital improvement projects for citywide.

Table 10  
Capital Projects For FY 2020-2021

Project Description	Budget 2020-21
1 Grade Separation Projects	\$ 438,000
2 Street Widening, Reconstruction, Resurfacing and Slurry Seal	18,615,000
3 Bridge Widening, Seismic Retrofit And Maintenance Improvements	1,240,000
4 Traffic Signal Improvements	1,660,000
5 Storm Drain Improvements	1,035,000
6 IPUC - Water Utility	1,620,000
7 IPUC - Electric Utility	5,170,000
8 Expo Center at Industry Hills	9,500,000
9 Industry Hills Gold & Convention Facilities	395,000
10 Open Spaces/Tonner Canyon/Tres Hermanos	1,415,000
11 Civic Center Facilities	10,000
12 Facilities Improvements	4,735,000
Total	<u>\$ 45,833,000</u>

The Operating Budget for Fiscal Year 2020-21 is a well-balanced budget that reflects the City’s commitment to the betterment of the community and stay within the City’s financial constraint. Budget documents are available online at [www.cityofindustry.org](http://www.cityofindustry.org). Questions or requests for information regarding the City of Industry’s budget should be sent to the Finance Department at the address below.

**Request for Information**

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any information provided in this report or request for additional financial information should be directed to the Finance Department at the City of Industry, 15625 East Stafford Street, City of Industry, California 91744.

## **FINANCIAL STATEMENTS**

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## **Government-Wide Financial Statements**

**City of Industry**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 8,875,929	\$ 4,622,138	\$ 13,498,067
Investments	295,537,904	19,205,983	314,743,887
Investments with fiscal agent - unrestricted	343,374,966	-	343,374,966
Accounts receivable, net	10,610,154	1,507,468	12,117,622
Interest receivables	5,738,190	45,664	5,783,854
Internal balances	(159,198)	159,198	-
Inventories	33,897	48,414	82,311
Prepaid Items	8,190,721	525,667	8,716,388
Deposits	-	3,000	3,000
Total current assets	<u>672,202,563</u>	<u>26,117,532</u>	<u>698,320,095</u>
Non-current assets:			
Investments with fiscal agent - restricted	275,931,486	-	275,931,486
Investments in SA to IUDA	210,015,000	-	210,015,000
Loans receivables	21,374,353	-	21,374,353
Net OPEB assets	4,973,489	-	4,973,489
Capital assets:			
Not being depreciated	126,176,425	7,823,694	134,000,119
Being depreciated (net of accumulated depreciation)	136,974,313	20,460,619	157,434,932
Total non-current assets	<u>775,445,066</u>	<u>28,284,313</u>	<u>803,729,379</u>
Total assets	<u>1,447,647,629</u>	<u>54,401,845</u>	<u>1,502,049,474</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on refunding, net	865,606	-	865,606
Deferred amounts from pension plans	575,122	-	575,122
Deferred amounts from OPEB	59,649	-	59,649
Total deferred outflows of resources	<u>1,500,377</u>	<u>-</u>	<u>1,500,377</u>

See accompanying notes to the financial statements.

**City of Industry**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	9,661,127	2,066,890	11,728,017
Accrued liabilities	757,756	1,609	759,365
Deposits	863,499	6,786,498	7,649,997
Interest payable	13,967,774	-	13,967,774
Unearned revenue	-	5,346,563	5,346,563
Long-term liabilities, current portion	80,574,676	-	80,574,676
Total current liabilities	<u>105,824,832</u>	<u>14,201,560</u>	<u>120,026,392</u>
Non-current liabilities:			
Long-term liabilities, net of current portion	538,818,819	-	538,818,819
Net pension liability	39,088	-	39,088
Total non-current liabilities	<u>538,857,907</u>	<u>-</u>	<u>538,857,907</u>
Total liabilities	<u>644,682,739</u>	<u>14,201,560</u>	<u>658,884,299</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts from pension plans	669,967	-	669,967
Deferred amounts from OPEB	2,515,159	-	2,515,159
Total deferred inflows of resources	<u>3,185,126</u>	<u>-</u>	<u>3,185,126</u>
<b>NET POSITION</b>			
Net investment in capital assets	262,235,738	28,284,313	290,520,051
Restricted for			
Transportation and road	2,361,465	-	2,361,465
Capital projects	156,277,041	-	156,277,041
Debt service	120,042,972	-	120,042,972
Other post-employment benefits	2,517,979	-	2,517,979
Unrestricted	257,844,946	11,915,972	269,760,918
Total net position	<u>\$ 801,280,141</u>	<u>\$ 40,200,285</u>	<u>\$ 841,480,426</u>

See accompanying notes to the financial statements.

**City of Industry**  
**Statement of Net Position**  
**For the year ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,386,456	\$ 1,721,000	\$ -	\$ -
Support services	5,871,912	-	-	-
Community development	63,580,710	3,826,412	-	-
Community services	7,022,020	-	-	-
Public safety	13,617,112	502,247	157,998	-
Public works	17,933,950	-	890,748	4,045,594
Interest expense and fiscal charges	35,159,728	-	-	-
Total governmental activities	<u>148,571,888</u>	<u>6,049,659</u>	<u>1,048,746</u>	<u>4,045,594</u>
Business-type activities:				
Industry Public Utilities Commission				
Water Utility	3,725,997	3,243,807	-	-
Electric Utility	4,128,585	5,749,959	-	-
Industry-Hill Expo Center	2,988,795	1,272,700	-	-
Property and Housing Management Authority	631,442	166,360	-	-
Total business-type activities	<u>11,474,819</u>	<u>10,432,826</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 160,046,707</u>	<u>\$ 16,482,485</u>	<u>\$ 1,048,746</u>	<u>\$ 4,045,594</u>

General revenues:

Taxes:

Property tax

Sales tax

Franchise tax

Documentary transfer tax

Transient occupancy tax

Total taxes

Investment income

Other

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

See accompanying notes to the financial statements.

Net Revenue (Expense) and Change in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (3,665,456)	\$ -	\$ (3,665,456)
(5,871,912)	-	(5,871,912)
(59,754,298)	-	(59,754,298)
(7,022,020)	-	(7,022,020)
(12,956,867)	-	(12,956,867)
(12,997,608)	-	(12,997,608)
(35,159,728)	-	(35,159,728)
<u>(137,427,889)</u>	<u>-</u>	<u>(137,427,889)</u>
-	(482,190)	(482,190)
-	1,621,374	1,621,374
-	(1,716,095)	(1,716,095)
-	(465,082)	(465,082)
<u>-</u>	<u>(1,041,993)</u>	<u>(1,041,993)</u>
<u>(137,427,889)</u>	<u>(1,041,993)</u>	<u>(138,469,882)</u>
76,369,687	-	76,369,687
33,665,615	-	33,665,615
1,787,471	-	1,787,471
287,757	-	287,757
590,498	-	590,498
<u>112,701,028</u>	<u>-</u>	<u>112,701,028</u>
38,544,478	382,521	38,926,999
5,297,828	-	5,297,828
(1,330,892)	1,330,892	-
<u>155,212,442</u>	<u>1,713,413</u>	<u>156,925,855</u>
17,784,553	671,420	18,455,973
<u>783,495,588</u>	<u>39,528,865</u>	<u>823,024,453</u>
<u>\$ 801,280,141</u>	<u>\$ 40,200,285</u>	<u>\$ 841,480,426</u>

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## **Fund Financial Statements**

**City of Industry**  
**Balance Sheet**  
**June 30, 2020**

	General Fund	Capital Projects Funds	Debt Service Funds	Non-Major Governmental Funds	Total
<b>ASSETS</b>					
Cash	\$ 7,838,682	\$ 66,036	\$ 1,964	\$ 969,247	\$ 8,875,929
Investments	291,279,102	966,751	1,906,717	1,385,334	295,537,904
Investments with fiscal agent - unrestricted	343,374,966	-	-	-	343,374,966
Accounts receivable, net	9,530,379	222,000	1,061,401	18,374	10,832,154
Accrued interest	1,376,025	3,314	5,881,294	5,712	7,266,345
Inventory	33,897	-	-	-	33,897
Prepaid items	514,395	-	7,676,326	-	8,190,721
Site lease prepayment	-	-	3,731,437	-	3,731,437
Due from other funds	1,357	-	-	5,919	7,276
Notes receivable	21,374,353	-	-	-	21,374,353
Investments with fiscal agent - restricted	-	157,898,183	118,033,303	-	275,931,486
Other investments	-	-	257,509,574	-	257,509,574
Advances to other funds	54,823,853	-	-	-	54,823,853
<b>Total assets</b>	<b><u>\$ 730,147,009</u></b>	<b><u>\$ 159,156,284</u></b>	<b><u>\$ 395,802,016</u></b>	<b><u>\$ 2,384,586</u></b>	<b><u>\$ 1,287,489,895</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 7,042,839	\$ 2,817,524	\$ 1,000	\$ 21,764	\$ 9,883,127
Accrued expenses	757,756	-	-	-	757,756
Deposits	863,499	-	-	-	863,499
Due to other funds	165,117	-	-	1,357	166,474
Site lease unearned revenues	3,731,437	-	-	-	3,731,437
Advance from other funds	-	3,352,052	51,471,801	-	54,823,853
<b>Total liabilities</b>	<b><u>12,560,648</u></b>	<b><u>6,169,576</u></b>	<b><u>51,472,801</u></b>	<b><u>23,121</u></b>	<b><u>70,226,146</u></b>
Fund Balances:					
Nonspendable	76,746,498	-	11,407,763	-	88,154,261
Restricted	-	152,924,989	332,921,452	2,361,465	488,207,906
Assigned	-	61,719	-	-	61,719
Unassigned	640,839,863	-	-	-	640,839,863
<b>Total fund balances</b>	<b><u>717,586,361</u></b>	<b><u>152,986,708</u></b>	<b><u>344,329,215</u></b>	<b><u>2,361,465</u></b>	<b><u>1,217,263,749</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 730,147,009</u></b>	<b><u>\$ 159,156,284</u></b>	<b><u>\$ 395,802,016</u></b>	<b><u>\$ 2,384,586</u></b>	<b><u>\$ 1,287,489,895</u></b>

See accompanying notes to the financial statements.

**City of Industry**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2020**

Fund balances of governmental funds		\$ 1,217,263,749
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, therefore, are not included in the funds. These assets consist of		
Capital assets	\$ 413,202,103	
Accumulated depreciation	<u>(150,051,365)</u>	263,150,738
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Long-term liabilities are included in the statement of net position as follows:		
City of Industry		
Bonds payable	(463,205,000)	
(Premium) discount, net	5,231,976	
Compensated absences	(172,239)	
Deferred loss on refunding, net	865,606	
City of Industry Public Facilities Authority		
Bonds payable	(210,930,000)	
(Premium) discount, net	<u>(268,232)</u>	(668,477,889)
Accrued interest payable for the current portion of interest due on bonds are not reported in the governmental funds.		
		(15,495,929)
Internal activities are eliminated in the governmental activities		
Investment in City Bonds	(47,494,574)	
Bonds payable	<u>49,950,000</u>	2,455,426
Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities:		
Deferred outflows of resources	575,122	
Deferred inflows of resources	(669,967)	
Pension liability	<u>(39,088)</u>	(133,933)
OPEB related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to OPEB are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities:		
Deferred outflows of resources	59,649	
Deferred inflows of resources	(2,515,159)	
OPEB asset	<u>4,973,489</u>	<u>2,517,979</u>
Net position of governmental activities		<u>\$ 801,280,141</u>

See accompanying notes to the financial statements.

**City of Industry**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year ended June 30, 2020**

	General Fund	Capital Projects Funds	Debt Service funds	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Taxes	\$ 40,243,026	\$ -	\$ 73,037,879	\$ 5,272	\$ 113,286,177
Intergovernmental	190,208	849,999	-	199,785	1,239,992
Charges for services	1,786,951	-	-	-	1,786,951
Licenses and permits	1,931,417	-	-	-	1,931,417
Fines, forfeitures and penalties	509,407	-	-	-	509,407
Use of money and property	26,399,983	3,888,991	13,305,362	40,360	43,634,696
Other revenue	7,095,588	-	-	-	7,095,588
<b>Total revenues</b>	<b>78,156,580</b>	<b>4,738,990</b>	<b>86,343,241</b>	<b>245,417</b>	<b>169,484,228</b>
<b>EXPENDITURES</b>					
Current:					
Legislative	686,477	-	-	-	686,477
General administration	5,682,264	-	19,750	-	5,702,014
Support services	4,779,757	-	-	-	4,779,757
Community development	2,628,147	-	61,149,385	-	63,777,532
Community services	6,338,321	-	-	-	6,338,321
Public safety	11,943,090	-	-	-	11,943,090
Public works	12,742,273	2,935,154	-	208,888	15,886,315
Capital outlay	588,793	13,094,878	-	733,504	14,417,175
Debt service:					
Principal retirement	-	-	136,295,000	-	136,295,000
Interest and fiscal charges	-	-	43,033,751	-	43,033,751
Cost of issuance	-	-	-	-	-
<b>Total expenditures</b>	<b>45,389,122</b>	<b>16,030,032</b>	<b>240,497,886</b>	<b>942,392</b>	<b>302,859,432</b>
Excess (deficiency) of revenues over (under) expenditures	32,767,458	(11,291,042)	(154,154,645)	(696,975)	(133,375,204)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	24,713,420	15,583,213	24,508,489	43,768	64,848,890
Transfers out	(37,533,221)	(28,646,561)	-	-	(66,179,782)
<b>Total other financing sources (uses)</b>	<b>(12,819,801)</b>	<b>(13,063,348)</b>	<b>24,508,489</b>	<b>43,768</b>	<b>(1,330,892)</b>
Net change in fund balances	19,947,657	(24,354,390)	(129,646,156)	(653,207)	(134,706,096)
Fund balances, beginning of year, as restated	697,638,704	177,341,098	473,975,371	3,014,672	1,351,969,845
Fund balances, end of year	<u>\$ 717,586,361</u>	<u>\$ 152,986,708</u>	<u>\$ 344,329,215</u>	<u>\$ 2,361,465</u>	<u>\$ 1,217,263,749</u>

See accompanying notes to the financial statements.

**City of Industry**

**Reconciliation of Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Government-Wide Statement of Activities  
For the Year Ended June 30, 2020**

Net change in fund balances of governmental funds		\$(134,706,096)
Amount 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 the estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation and disposals in the current period.		
Capital outlay expense	14,417,175	
Depreciation expense	<u>(6,709,507)</u>	7,707,668
The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatments of long-term debt and related items.		
Principal repayments	136,295,000	
Bond defeasance amortization	(176,874)	
Bond premium and discount amortization	<u>64,226</u>	136,182,352
Accrued interest for long-term liabilities. This is the net change in accrued interest in the current period.		4,305,078
Net effect of internal activities are eliminated in the statement of activities		2,455,426
Compensated absences 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.		(61,571)
Pension expenditures reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.		2,070,735
OPEB expenditures reported in the governmental funds includes the actual premium payments. In the statement of activities, OPEB expense includes the change in the net OPEB liability and related change in OPEB amounts for deferred outflows deferred inflows of resources.		401,689
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		<u>(570,728)</u>
Change in net position of governmental activities		<u><u>\$ 17,784,553</u></u>

See accompanying notes to the financial statements.

**City of Industry**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

	Industry Public Utilities Commission Fund	Civic Recreational Industrial Authority Industry Hills Expo Center Fund	Property and Housing Management Authority Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 4,508,714	\$ 34,668	\$ 78,756	\$ 4,622,138
Investments	19,202,753	-	3,230	19,205,983
Accounts receivable, net	1,263,805	237,821	5,842	1,507,468
Accrued interest	45,653	-	11	45,664
Inventory of materials and supplies	10,000	38,414	-	48,414
Prepaid items	516,973	8,694	-	525,667
Due from other funds	159,198	-	-	159,198
Deposits	-	3,000	-	3,000
Total current assets	<u>25,707,096</u>	<u>322,597</u>	<u>87,839</u>	<u>26,117,532</u>
Non-current assets:				
Capital assets:				
Capital assets not being depreciated	1,090,314	-	6,733,380	7,823,694
Capital assets being depreciated, net	11,589,299	5,115,834	3,755,486	20,460,619
Total capital assets, net				
accumulated depreciation)	<u>12,679,613</u>	<u>5,115,834</u>	<u>10,488,866</u>	<u>28,284,313</u>
Total non-current assets	<u>12,679,613</u>	<u>5,115,834</u>	<u>10,488,866</u>	<u>28,284,313</u>
Total assets	<u>38,386,709</u>	<u>5,438,431</u>	<u>10,576,705</u>	<u>54,401,845</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,995,665	24,545	46,680	2,066,890
Accrued liabilities	-	1,609	-	1,609
Deposits	6,741,498	43,700	1,300	6,786,498
Unearned revenue from reclaimed water sales	5,249,539	97,024	-	5,346,563
Total current liabilities	<u>13,986,702</u>	<u>166,878</u>	<u>47,980</u>	<u>14,201,560</u>
<b>NET POSITION</b>				
Net investment in capital assets	12,679,613	5,115,834	10,488,866	28,284,313
Unrestricted	11,720,394	155,719	39,859	11,915,972
Total net position	<u>\$ 24,400,007</u>	<u>\$ 5,271,553</u>	<u>\$ 10,528,725</u>	<u>\$ 40,200,285</u>

See accompanying notes to the financial statements.

**City of Industry**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	Industry Public Utilities Commission Fund	Civic Recreational Industrial Authority Industry Hills Expo Center Fund	Property and Housing Management Authority Fund	Total
<b>OPERATING REVENUES</b>				
Water sales and service	\$ 3,164,632	\$ -	\$ -	\$ 3,164,632
Electric and solar energy sales	5,080,861	-	-	5,080,861
Event and rental revenues	-	1,271,833	166,360	1,438,193
Other revenue	748,273	867	-	749,140
Total operating revenues	<u>8,993,766</u>	<u>1,272,700</u>	<u>166,360</u>	<u>10,432,826</u>
<b>OPERATING EXPENSES</b>				
Purchased water	373,001	-	-	373,001
Purchased electricity	2,237,445	-	-	2,237,445
General administration	4,601,153	1,152,085	41,268	5,794,506
Expo center operations	-	1,118,334	-	1,118,334
Housing authority operations	-	-	441,741	441,741
Depreciation	642,983	718,376	148,433	1,509,792
Total operating expenses	<u>7,854,582</u>	<u>2,988,795</u>	<u>631,442</u>	<u>11,474,819</u>
Operating income (loss)	<u>1,139,184</u>	<u>(1,716,095)</u>	<u>(465,082)</u>	<u>(1,041,993)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	382,456	-	65	382,521
Total non-operating revenues (expenses)	<u>382,456</u>	<u>-</u>	<u>65</u>	<u>382,521</u>
Income (loss) before transfers	<u>1,521,640</u>	<u>(1,716,095)</u>	<u>(465,017)</u>	<u>(659,472)</u>
Transfers in	-	1,029,500	388,000	1,417,500
Transfers out	(86,608)	-	-	(86,608)
Total transfers	<u>(86,608)</u>	<u>1,029,500</u>	<u>388,000</u>	<u>1,330,892</u>
Changes in net position	1,435,032	(686,595)	(77,017)	671,420
Net position, beginning of year	<u>22,964,975</u>	<u>5,958,148</u>	<u>10,605,742</u>	<u>39,528,865</u>
Net position, end of year	<u>\$ 24,400,007</u>	<u>\$ 5,271,553</u>	<u>\$ 10,528,725</u>	<u>\$ 40,200,285</u>

See accompanying notes to the financial statements.

**City of Industry**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	Industry Public Utilities Commission Fund	Civic Recreational Industrial Authority Industry Hills Expo Center Fund	Property and Housing Management Authority Fund	Total
<b>Cash flows from operating activities:</b>				
Cash received from customers and users	\$ 7,690,814	\$ 1,136,855	\$ 165,585	\$ 8,993,254
Cash payments for water purchases	(373,001)	-	-	(373,001)
Cash payments for electric purchases	(2,237,445)	-	-	(2,237,445)
Cash payments for services and supplies	(3,513,737)	(2,386,690)	(501,641)	(6,402,068)
Net cash provided by (used for) operating activities	<u>1,566,631</u>	<u>(1,249,835)</u>	<u>(336,056)</u>	<u>(19,260)</u>
<b>Cash flows from non-capital financing activities:</b>				
Cash received from other funds	-	1,029,500	388,000	1,417,500
Cash paid to other funds	(91,356)	-	-	(91,356)
Net cash provided by (used for) non-capital financing activities	<u>(91,356)</u>	<u>1,029,500</u>	<u>388,000</u>	<u>1,326,144</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(630,118)	-	-	(630,118)
Net cash used for capital and related financing activities	<u>(630,118)</u>	<u>-</u>	<u>-</u>	<u>(630,118)</u>
<b>Cash flows from investing activities:</b>				
Proceeds from sale of investments	5,678,783	-	-	5,678,783
Interest received	426,776	-	74	426,850
Net cash provided by investing activities	<u>6,105,559</u>	<u>-</u>	<u>74</u>	<u>6,105,633</u>
Net change in cash and cash equivalents	6,950,716	(220,335)	52,018	6,782,399
Cash and cash equivalents, beginning of year	16,760,751	255,003	29,968	4,502,153
Cash and cash equivalents, end of year	<u>\$ 23,711,467</u>	<u>\$ 34,668</u>	<u>\$ 81,986</u>	<u>\$ 23,828,121</u>
<b>Cash and cash equivalents</b>				
Cash	\$ 4,508,714	\$ 34,668	\$ 78,756	\$ 4,622,138
Investment in LAIF	19,202,753	-	3,230	19,205,983
Total cash and cash equivalents	<u>\$ 23,711,467</u>	<u>\$ 34,668</u>	<u>\$ 81,986</u>	<u>\$ 23,828,121</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 1,139,184	\$ (1,716,095)	\$ (465,082)	\$ (1,041,993)
<b>Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:</b>				
Depreciation	642,983	718,376	148,433	1,509,792
<b>Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:</b>				
(Increase) decrease in accounts receivable	(150,821)	(121,643)	(774)	(273,238)
(Increase) decrease in due from other agencies	-	-	-	-
(Increase) decrease in prepaid expense	137,159	4,562	-	141,721
(Increase) decrease in inventory	-	11,144	-	11,144
(Increase) decrease in deposits	-	-	-	-
Increase (decrease) in claims payable	-	-	-	-
Increase (decrease) in accounts payable	950,257	(73,470)	(18,633)	858,154
Increase (decrease) in accrued liabilities	-	(17,311)	-	(17,311)
Increase (decrease) in retentions payable	-	-	-	-
Increase (decrease) in customer deposits	(640,188)	(14,202)	-	(654,390)
Increase (decrease) in unearned revenues	(511,943)	(41,196)	-	(553,139)
Increase (decrease) in compensated absences	-	-	-	-
Increase (decrease) in deferred inflows of resources	-	-	-	-
Total adjustments	<u>427,447</u>	<u>466,260</u>	<u>129,026</u>	<u>1,022,733</u>
Net cash provided by (used for) operating activities	<u>\$ 1,566,631</u>	<u>\$ (1,249,835)</u>	<u>\$ (336,056)</u>	<u>\$ (19,260)</u>

See accompanying notes to the financial statements.

**City of Industry**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

	Private- Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash	\$ 824,187	\$ 292,805
Investments	30,092,735	1,004,886
Accounts	1,107,786	6,883
Notes receivables	8,733,293	-
Property held for sale or disposition	222,094,683	-
Restricted assets:		
Investments	60,253,406	-
Investments with fiscal agent	62,940,197	522,702
Capital assets, net of depreciation	183,854,578	-
Total assets	<u>569,900,865</u>	<u>\$ 1,827,276</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding, net	11,495,952	\$ -
Total deferred outflows of resources	<u>11,495,952</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	1,672,340	-
Interest payable	4,353,060	-
Due to bond holders	-	1,827,276
Bonds payable, due within one year	61,837,772	-
Total current liabilities	<u>67,863,172</u>	<u>1,827,276</u>
Noncurrent liabilities:		
Bonds payable, due in more than one year	148,445,178	-
Total noncurrent liabilities	<u>148,445,178</u>	<u>-</u>
Total liabilities	<u>216,308,350</u>	<u>\$ 1,827,276</u>
<b>NET POSITION</b>		
Fiduciary net position held in trust for Successor Agency	<u>\$ 365,088,467</u>	

See accompanying notes to the financial statements.

**City of Industry**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2020**

	Private- Purpose Trust Fund
<b>ADDITIONS:</b>	
Taxes, net	\$ 62,291,008
Revenues from use of money and property	
Interest income	2,718,312
Rental and other income	7,310,071
Contribution from City of Industry	60,867,303
Gain on sale of properties, net	-
Other revenues	3,257
	133,189,951
<b>DELETIONS:</b>	
General administration	204,300
Project expenses	3,046,132
Bond interest expense	58,535,474
	61,785,906
<b>CHANGES IN NET POSITION</b>	<b>71,404,045</b>
<b>NET POSITION</b>	
Beginning of the year	293,684,422
End of the year	\$ 365,088,467

See accompanying notes to the financial statements.

## **Notes to Financial Statements**

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**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The financial statements of the City of Industry, California (the City), have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental agencies. 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. Description of the Reporting Agency**

The City is a municipal corporation governed by an elected five-member council of which the mayor is appointed by the members of the city council. The accompanying financial statements present the financial activities of the City, which is the primary government and the financial activities of its component units, which are entities for which the City is financially accountable. Although legally separate entities, blended component units are in substance, part of the City's operations and are reported as an integral part of the City's financial statements. Blended component units, which include the Civic-Recreational-Industrial Authority (referred to as CRIA), the Industry Public Utilities Commission (referred to as IPUC), and the Industry Public Facilities Authority (referred to as the IPFA) and the Industry Property and Housing Management Authority (referred to as the Housing Authority). They are reported as blended for the following reasons: (1) the governing board is substantively the same as the primary government, and there is a financial benefit or burden relationship between the primary government and the component unit; and (2) the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it.

**Blended Component Units**

CRIA was established to develop and finance projects within the City and is governed by a commission of five members. Four members are appointed by the City Council and one member by the Council of the City of La Puente. The City transfers funds to CRIA to fund operations and capital projects. CRIA is represented by capital projects and proprietary funds.

IPUC was established to provide reliable utility service at reasonable rates to the residents and to assist in the promotion and stability for business owners in the City. IPUC manages the Industry Waterworks System and the Industry Electric System. The board that governs the IPUC consists of the council members of the City. The IPUC is reported as a proprietary fund.

IPFA was established for the purpose of establishing a vehicle to reduce local borrowing costs, accelerate construction, repair and maintenance of needed public capital improvements. The Board consists of all members of the City Council. IPFA receives all of its funding from payments received on bonds issued by the City and SA to IUDA which IPFA owns as investments. IPFA is reported as part of the debt service fund.

The Housing Authority was established to manage the property and housing rental activity in the City. The Board consists of five members who are appointed by the City Council. The Housing Authority is reported as proprietary funds.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

A. Description of the Reporting Agency (Continued)

**Fiduciary Component Unit**

The City has elected to become the Successor Agency to the Industry Urban-Development Agency (referred to as the SA to IUDA). The City and the SA to IUDA have separate Board of Directors. However, individuals serving on the City's Council also serve on the SA to IUDA Board. The SA to IUDA is reported as private purpose trust fund of the City that is fiduciary in nature and is reported in the statements of fiduciary net position and changes in fiduciary net position within the City's fiduciary funds.

Complete financial statements of certain individual blended component units may be obtained from the finance department, which is located at 15625 East Stafford Street, City of Industry, CA 91744.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The types of transactions reported as program revenues for the City are reported in three categories:

1. Charges for services,
2. Operating grants and contributions, and
3. Capital grants and contributions.

Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

The accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Fund Financial Statements (Continued)

Fund financial statements for the primary government are governmental and proprietary funds, which are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and agency fund. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital projects (other than those financed by Proprietary Funds).

Debt Service Funds - The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs. On September 26, 2013, pursuant to resolution no. CC 2013-25, the City has established a segregated fund in the treasury designated the Agency Override Fund and shall deposit all Agency Override Portion received by the City into the Agency Override Fund. Upon notification by the SA to IUDA of the debt service shortfall, the City shall apply the necessary amount (but only to the extent available) from the Agency Override Fund to pay the bond trustee or, to the extent that there is no trustee for any bond issue, the bondholders directly, to cover the debt service shortfall. The City subsequently assigns, and covenants and agrees to transfer to the IPFA and only to the IPFA as and when received by the City, all such override revenues for deposit in the revenue fund, to the extent permitted by law, as consideration to IPFA for refunding all SA to IUDA debts by the IPFA.

The City reports the following major proprietary funds:

Industry Public Utilities Commission (IPUC) Enterprise Fund - This fund accounts for activities of providing water and limited electrical services to the public.

Civic-Recreational-Industrial Authority (CRIA) Industry Hills Expo Center Enterprise Fund - This fund accounts for space rentals for events and equestrian activities to the general public.

Industry Property and Housing Management Authority (Housing Authority) Enterprise Fund - This fund accounts for property and housing rental activity.

Additionally, the City reports the following fund types:

*Governmental Fund Types*

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects), that are restricted to expenditures for special purposes.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Fund Financial Statements (Continued)

*Fiduciary Fund Types*

The Private-Purpose Trust Fund is a fiduciary fund type used by the City to report trust arrangements under which the principal and income benefits other governments. This fund reports the assets, liabilities and activities of the Successor Agency of the Industry Urban-Development Agency.

Agency Fund is used to account for assets held by the City as an agent for individuals, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. The assets, liabilities, and activities of the Assessment District is reported in Agency Fund.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary private-purpose trust. The City's fiduciary agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

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 statements of net position.

Operating statements present increases (revenues) and decreases (expenses) in total 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. 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, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the transit, water, sewer, golf, and internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.”

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. Noncurrent portions of long-term receivables are reported on the funds’ balance sheets in spite of their spending measurement focus.

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 general long-term liabilities, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

Property taxes, franchise fees, licenses, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

E. New Accounting Pronouncements

**Current-Year Standards**

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Paragraphs 4 and 5 are applicable to fiscal year 2019-2020. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. New Accounting Pronouncements (Continued)

**Current-Year Standards (Continued)**

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these paragraphs did not impact the City.

**Pending Accounting Standards**

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

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the financial statements.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, early application is encouraged.

In June 2017, GASB issued Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, early application is encouraged.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

E. New Accounting Pronouncements (Continued)

**Pending Accounting Standards (Continued)**

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

F. Cash and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Investments in inactive public deposits, securities and short-term obligations are stated at cost or amortized cost, which approximates fair value.

Short-term investments are reported at cost, which approximates fair value. Investments that exceed more than one year in maturity and that are traded on a national exchange are valued at their quoted market price. Certain investments that exceed more than one year in maturity may be valued by pricing models that require inputs to the valuation methodology that include quoted prices of similar assets and certain observable inputs.

G. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. A receivable balance is charged off in the period in which the receivable is deemed uncollectible. Management evaluates uncollectible amounts based on its assessment of the current status of individual accounts.

H. Inventories

Inventories of the Industry Hills Expo Center Enterprise Fund consist of food and beverages. Inventories of IPUC Enterprise Fund consist of materials and supplies. The inventories are carried at the lower of cost or market on the first-in, first-out basis of accounting.

I. Prepaid Items

Prepaid items are payments made to vendors for services or insurance premiums that will benefit periods beyond the fiscal year ended.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

J. Property Held for Sale or Disposition

Property held for sale or disposition is reported in the fiduciary fund financial statements at the lower of cost or net realizable value.

K. Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets in the financial statements because their use is limited by applicable bond covenants

L. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and governmental funds balance sheet 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 so 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:

- Unamortized loss on bond defeasance reported in the government-wide statement of net position and the fiduciary funds financial statements. An unamortized loss on bond defeasance results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.
- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability and the net OPEB liability.
- Deferred outflow related to pensions and OPEB 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 and OPEB through the plans.
- Deferred outflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining services lives of all employees that are provided with pensions through the plans.

Deferred outflows related to pensions for the changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. 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.

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

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

L. Deferred Outflows and Inflows of Resources (Continued)

- Deferred inflow related to pensions and OPEB resulting from the difference in projected and actual earnings on investments of the pension and OPEB plans fiduciary net position. These amounts are amortized over five years.
- Deferred inflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred inflow 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 related to pensions for the changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. 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.

M. Capital Assets and Depreciation

Capital assets, including infrastructure, are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Donated capital assets are reported at acquisition value on the date of donation. Generally capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of two years or more. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

If a cost does not extend an asset's useful life, increase its productivity or improve its operating efficiency the cost is regarded as repairs and maintenance and recognized as an expense as incurred; if it does, the cost is regarded as major renewals and betterments and capitalized.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government - wide financial statements and in the fund financial statements of the proprietary fund types. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position.

N. Capital Assets and Depreciation

The range of lives used for depreciation purposes for each capital asset class is as follows:

Building and Improvement	45 years
Equipment	3-10 years
Infrastructure	20-50 years

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

O. Unearned Revenue and Unavailable Revenue

Unavailable revenues arise when revenue susceptible to accrual does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, unearned revenue reported as liabilities and unavailable revenue reported as deferred inflows of resources are removed from the balance sheet and revenues are recognized.

P. Property Taxes

The valuation of property is determined as of March 1st each year and equal installments of taxes levied upon secured property become delinquent on the following 10th of December and April. Taxes on unsecured property are due when billed and become delinquent after August 31st. If taxes are not paid on or before the date and time they become delinquent, a penalty of 10% is added. Unsecured property accrues an additional penalty of 1% per month beginning the first day of the third month following the delinquency date.

An initiative Constitutional Amendment, commonly known as the “Jarvis-Gann Initiative,” providing for, among other things, certain property tax limitations, was approved as Proposition 13 on the June 6, 1978 statewide election. The principal thrust of Proposition 13 is to limit the amount of ad valorem taxes on real property to one percent of “full cash value,” to define “full cash value” as the 1975-76 full cash value, to limit annual increases to two percent and to provide for reassessment after sale, transfer, or construction.

Q. Bond Issuance Costs and Premiums/Discounts

Bond premiums and discounts in the government-wide and fiduciary funds financial statements are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expense in the period incurred in the statement of changes in net position. In the governmental fund financial statements, governmental funds report bond premiums and discounts as other financial sources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

R. Defined Benefit Pension Plan

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

S. Other Postemployment Benefits (OPEB) Plan

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

T. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave (compensated absences). All vacation pay and eligible sick leave pay is accrued when incurred in the government-wide financial statements. Compensated absences are reported in governmental funds only if they matured (i.e., unused reimbursable leave still outstanding following an employee's termination from employment). Typically, the General Fund has been used in prior years to liquidate the liability for compensated absences.

U. Net Position

Net position in the government-wide and proprietary fund financial statements is classified as following:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition of these assets, net of unspent debt proceeds, related deferred outflows and inflows of resources, and retention payable.

Restricted - This component of net position consists of assets, net of any related liabilities, which have had restrictions imposed on them by external creditors, grantors, contributors, or laws or regulations of other governments or laws through constitutional provisions or enabling legislations.

Unrestricted - This component of net position consists of amounts that do not meet the definition of net investment in capital assets or restricted net position.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources, as they are needed.

V. Fund Balance

In the governmental fund financial statements, fund balances are classified in the following categories:

Nonspendable - items that cannot be spent because they are not in spendable form or items that are legally or contractually required to be maintained intact.

Restricted - restricted fund balances are amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (b) imposed by law by constitutional provisions or enabling legislation.

Committed - committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the City imposes upon itself at its highest level of decision making authority (the City Council) through resolutions and that remain binding unless removed in the same manner.

Assigned - assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. The City Council is authorized for this purpose.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

V. Fund Balance (Continued)

Unassigned - includes the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When both restricted and unrestricted resources are available in a fund, expenditures are to be paid first from restricted resources, and then from unrestricted resources in the order of committed, assigned, then unassigned.

W. Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates

**NOTE 2 - CASH AND INVESTMENTS**

At June 30, 2020, cash and cash investments are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Unrestricted cash and investments:			
Cash	\$ 13,498,067	\$ 1,116,992	\$ 14,615,059
Investments	314,743,887	31,097,621	345,841,508
Investments with fiscal agent	343,374,966	-	343,374,966
Restricted cash and investments:			
Investment	-	60,253,406	60,253,406
Investments with fiscal agent	275,931,486	63,462,899	339,394,385
Investments in IUDA bonds	210,015,000	-	210,015,000
Total cash and investments	<u>\$ 1,157,563,406</u>	<u>\$ 155,930,918</u>	<u>\$ 1,313,494,324</u>

At June 30, 2020, cash and investments consisted of the following:

Cash on hand	\$ 18,921
Deposits with financial institutions	14,596,138
Investments	616,109,914
Investments with fiscal agent	682,769,351
Total cash and investments	<u>\$ 1,313,494,324</u>

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

A. Demand Deposits

The carrying amount of the City's cash deposits were \$14,596,138 at June 30, 2020. Bank balances before reconciling items were \$ 15,213,063 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below. The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The City, however, has not waived the collateralization requirements.

At June 30, 2020, the City and SA to IUDA's deposits that exceeded federally insured limits are secured by the financial institutions that hold such deposits for the City and SA to IUDA.

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

Under provision of the City's Investment Policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
U.S. government sponsored enterprise securities	5 years	None	None
Money market funds (composed entirely of security of U.S. government and agencies)	N/A	20%	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	None	None
Non-negotiable certificates of deposit	5 years	None	None
Local Agency Investment Fund ("LAIF")	N/A	None	None
Repurchase agreements	1 year	None	None
Los Angeles County Investment Pool	N/A	None	None
U.S. corporate bonds/notes	5 years	30%	None

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

C. Investments Authorized by Debt Agreements

Investments of debt proceeds held by a bond trustee 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 a bond trustee. 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 Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. government sponsored enterprise securities	None	None	None
Money market funds	None	None	None
Certificates of deposit	None	None	None
Commercial paper	None	None	None
Banker's acceptances	18 months	None	None
U.S. corporate bonds/notes	None	None	None
Municipal bonds	None	None	None
Non-investment grade bonds	None	10%	None
Exchange traded funds	None	None	None
Mortgage-backed securities	None	None	None
Investment contracts	None	None	None
LAIF	None	None	None
Foreign government bonds	None	None	None
Foreign corporate bonds/notes	None	None	None

D. Risk Disclosures

**Interest Rate Risk**

Interest rate risk is the risk of 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 the market interest rates. One of the ways that the City and its component units 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 evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

D. Risk Disclosures (Continued)

**Interest Rate Risk (Continued)**

The City and its component units and fiduciary funds monitor the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

Investment Type	Amounts	Weighted-Average Maturity (in months)
Investments - unrestricted:		
Money market funds	\$ 18,323,840	N/A
U.S. government sponsored mortgage-backed securities	26,040,355	29.29
U.S. Treasury obligation	232,497,667	7.81
Commercial paper	69,891,968	5.36
Corporate Bonds	59,737,586	9.70
LAIF	90,000,867	N/A
Investment - restricted:		
Treasury notes	118,112,827	1.60
LAIF	16,750,784	N/A
Commercial paper	7,144,957	1.89
Investment held by fiscal agent:		
Money market funds	450,363,414	N/A
Investment in SA to IUDA bonds	210,015,000	23.40
	<u>\$ 1,298,879,265</u>	

**Credit Risk**

Credit risk is generally 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 organization. Presented below is the minimum rating required by Section 53601 and Section 53635 of the California Government Code, Section 33603 of the Health and Safety Code, the City and its component unit's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

D. Risk Disclosures (Continued)

**Credit Risk (Continued)**

Investment Type	Total as of June 30, 2020	Min. Legal Rating	Aaa/P-1	AA/Aa-A/A	Exempt from Rating	Not Rated
Investments - unrestricted:						
Money market funds	\$ 18,323,840	N/A	\$ -	\$ -	\$ -	\$ 18,323,840
U.S. government sponsored mortgage-backed securities	26,040,355	N/A	26,040,355	-	-	-
U.S. Treasury obligation	232,497,667	N/A	-	-	232,497,667	-
Commercial paper	69,891,968	A-1	69,891,968	-	-	-
Corporate Bonds	59,737,586	A-1	-	59,737,586	-	-
LAIF	90,000,867	N/A	-	-	-	90,000,867
Investment - restricted:						
Treasury notes	118,112,827	N/A	-	-	118,112,827	-
LAIF	16,750,784	N/A	-	-	-	16,750,784
Commercial paper	7,144,957	A-1	7,144,957	-	-	-
Investment held by fiscal agent:						
Money market funds	450,363,414	N/A	450,363,414	-	-	-
Investment in SA to IUDA bonds	210,015,000	N/A	-	-	-	210,015,000
Total	\$ 1,298,879,265		\$ 553,440,694	\$ 59,737,586	\$ 350,610,494	\$ 335,090,491

**Concentration of Credit Risk**

The investment policy of the City and its component units contain no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The investments subjected to 5% concentration credit risk disclosure and represent 5% or more of the total investments of the City are IUDA bonds.

E. State of California Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is 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.

F. Investment in IUDA Bonds

As of June 30, 2020, the City has investments in IUDA bonds in the amounts totaling to \$210,015,000. The City intends to hold the investments until the maturity date. As a result, these investments are reported at amortized cost, instead of fair value.

G. Investment in City Bonds

As of June 30, 2020, the IPFA has investments in City bonds in the amounts totaling to \$49,950,000. These investments are reported in the Debt Service Fund. These assets arise from interfund activity and have been eliminated from the government-wide financial statements

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

H. Fair Value Measurement

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative 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 valued using a matrix pricing technique in where investments are valued based on the investments' relationship to benchmark quoted prices, and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Measurement Input				Uncategorized	Total
	Significant Other		Unobservable Input (Level 3)	-		
	Observable Input (Level 1)	Observable Input (Level 2)				
Investments - unrestricted:						
Money market funds	\$ -	\$ -	\$ -		\$ 18,323,840	\$ 18,323,840
U.S. government sponsored mortgage-backed securities	-	26,040,355	-	-	-	26,040,355
U.S. Treasury obligation	-	232,497,667	-	-	-	232,497,667
Commercial paper	-	69,891,968	-	-	-	69,891,968
Corporate Bonds	-	59,737,586	-	-	-	59,737,586
LAIF	-	-	-	90,000,867	-	90,000,867
Investments - restricted:						-
Treasury notes	-	118,112,827	-	-	-	118,112,827
LAIF	-	-	-	16,750,784	-	16,750,784
Commercial paper	-	7,144,957	-	-	-	7,144,957
Investment held by fiscal agent:						
Money market funds	-	-	-	450,363,414	-	450,363,414
Investment in SA to IUDA bonds	-	-	210,015,000	-	-	210,015,000
Total	\$ -	\$ 513,425,360	\$ 210,015,000	\$ 575,438,905	-	\$ 1,298,879,265

Investments in U.S. government sponsored enterprise securities, and City of Industry bonds are valued based on institutional bond quotes while the investments in commercial papers are valued based on a variety of market makers using a curve-based approach.

**NOTE 3 - ACCOUNTS RECEIVABLE**

As of June 30, 2020, accounts receivable for governmental funds consisted of the following:

	General Fund	Debt Service Funds	Nonmajor Governmental Funds	Total
Sales tax receivable	\$ 6,760,530	\$ -	\$ -	\$ 6,760,530
Property tax receivable	159,370	1,061,401	-	1,220,771
Receivable from Successor Agency	533,909	-	-	533,909
Refuse receivable	1,192,207	-	-	1,192,207
Other	884,363	-	18,374	902,737
	<u>\$ 9,530,379</u>	<u>\$ 1,061,401</u>	<u>\$ 18,374</u>	<u>\$ 10,610,154</u>

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 4 - NOTES RECEIVABLE**

As of June 30, 2020, notes receivable consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Fund</u>
Notes receivable:		
City of La Puente	\$ 1,374,353	\$ -
San Gabriel Valley Water and Power LLC	20,000,000	-
Developer notes receivable - construction loans	-	5,016,536
Developer notes receivable - Nissan	-	3,716,757
	<u>                    </u>	<u>                    </u>
Total notes receivable	<u>\$ 21,374,353</u>	<u>\$ 8,733,293</u>

A. City of La Puente Loan

In October 2015, The City entered into an agreement with the City of La Puente to mitigate of noise, traffic and railroad impact and for other public purposes. As part of the agreement, the City of Industry agreed to lend to the City of La Puente, and the City of La Puente agreed to borrow and repay to the City, the loan in the amount of \$5,952,908 for La Puente to use in constructing a sound wall along the north side of Valley Boulevard and the railroad tracks on the south side of Valley Boulevard along with other public improvements. The City of La Puente has borrowed a total of \$1,801,762 of the original amount of the loan. The project has been completed and the City of La Puente does not plan on borrowing any additional funds. In October 2019, the loan agreement has been modified to pay off the remaining \$1,422,945 over 28 years. Beginning November 1, 2019, the annual payment will be \$53,287 including interest at 0.33%.

B. San Gabriel Valley Water and Power, LLC

The City entered into master lease agreement (the Lease) with San Gabriel Valley Water and Power, LLC (SGVWP) and leased properties to SGVWP for a period of twenty-five years for the development of solar projects. As part of the Lease, as further amended, the City agreed to advance \$20,000,000 for funding of the project development costs. At June 30, 2020, the outstanding balance of the advance was in the amount of \$20,000,000. Also refer to Note 16 for more contingency disclosures.

C. Developer Notes Receivable - Grand Central Recycling & Transfer Station, Inc. Construction Loan

In June 2000, IUDA entered into an agreement with a Developer to redevelop certain real property located within the City, Redevelopment Plan for Project Area No. 1. As part of the agreement, the Developer purchased the land from IUDA for \$12,900,000. In order to finance construction costs, IUDA has provided the Developer with construction loans totaling \$14,703,280. The promissory notes for the construction loans and land purchase is secured by a deed of trust and is payable in equal installments over 20 years including principal and interest at a rate of 4% per annum and consisted of the following:

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 4 - NOTES RECEIVABLE (CONTINUED)**

C. Developer Notes Receivable - Grand Central Recycling & Transfer Station, Inc. Construction Loan (Continued)

	<u>Outstanding Balance at June 30, 2020</u>	<u>Principal Amounts due within one year</u>	<u>Principal Amounts due in more than one year</u>
Due June 2022, payable in monthly payments of \$78,171 including interest at 4.00% per annum beginning July 2002	\$ 2,396,528	\$ 1,478,482	\$ 918,046
Due June 2022, payable in monthly payments of \$66,658 including interest at 4.00% per annum beginning July 2002	659,895	396,347	263,548
Due June 2022, payable in monthly payments of \$22,441 including interest at 4.00% per annum beginning July 2002	<u>1,960,113</u>	<u>1,177,285</u>	<u>782,828</u>
Totals	<u>\$ 5,016,536</u>	<u>\$ 3,052,114</u>	<u>\$ 1,964,422</u>

Total interest received on these loans during the June 30, 2020, was in the amount of \$332,665.

D. Developer Notes Receivable - Nissan Auto Mall

In May 2010, IUDA entered into an agreement with a Developer to redevelop certain real property located within the City of Industry, Redevelopment Plan for Project Area No. 1. In order to finance the property acquisition, IUDA provided the Developer with a loan of \$4,500,000, of which \$3,716,757 was outstanding as of June 30, 2020.

	<u>Outstanding Balance at June 30, 2020</u>	<u>Principal Amounts due within one year</u>	<u>Principal Amounts due in more than one year</u>
Due May 2022, payable in monthly payments of \$25,069 and a final balloon payment of \$3,427,959 including interest at 4.00% per annum beginning May 2012	<u>\$ 3,716,757</u>	<u>\$ 162,039</u>	<u>\$ 3,554,718</u>

Total interest received on this loan during the June 30, 2020, was in the amount of \$137,492.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 5 - INDUSTRY CONVALESCENT HOSPITAL**

During 1992, the City Council passed a resolution stating that periodic advances made to Industry Convalescent Hospital dba El Encanto Healthcare and Habilitation Center in the past, as well as currently, are treated as loans. The note is payable on demand with simple interest at 6% per annum on the unpaid balance. During the June 30, 2020, the City advanced additional \$1,904,364 to the Hospital. As of June 30, 2020, the unpaid note balance amounted to \$23,114,364 and accrued interest amounted to \$28,360,716. As the collectability of this note and accrued interest is uncertain, the loan amounts are offset with allowance for doubtful account in the financial statements; and the City will recognize the collections on the note receivable as revenue as the amounts are collected.

The Hospital leased property from SA to IUDA for \$1 a year, which was renewed annually, and at the time of renewal the lease may be terminated or the lease payment renegotiated by SA to IUDA. In November 2018, the SA to IUDA sold the property to the City. The City is currently working with the Hospital on the new lease agreement. During the June 30, 2020, the City incurred expenses on behalf of the Hospital totaling \$422,399 relating to contract labor, security, and repairs and maintenance.

**NOTE 6 - PREPAID ITEMS**

At June 30, 2020, government-wide financial statements report the following prepaid items:

	Governmental Activities	Business-Type Activities	Total
Prepaid bond insurance	\$ 7,676,326	\$ -	\$ 7,676,326
Other prepaid items	514,395	525,667	1,040,062
	<u>\$ 8,190,721</u>	<u>\$ 525,667</u>	<u>\$ 8,716,388</u>

At June 30, 2020, fund financial statements reported the following prepaid items:

	Governmental Fund			Enterprise Fund		
	General Fund	Debt Service Fund	Total	IPUC Fund	Industry Hills- Expo Center Fund	Total
Prepaid bond insurance	\$ -	\$ 7,676,326	\$ 7,676,326	\$ -	\$ -	\$ -
Other prepaid items	514,395	-	514,395	516,973	8,694	525,667
Total	<u>\$ 514,395</u>	<u>\$ 7,676,326</u>	<u>\$ 8,190,721</u>	<u>\$ 516,973</u>	<u>\$ 8,694</u>	<u>\$ 525,667</u>

**NOTE 7 - INTERFUND TRANSACTIONS**

All interfund assets, liabilities, fund equity, revenues, expenditures, and operating transfers have been eliminated in the statement of net position and the statement of activities.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 7 - INTERFUND TRANSACTIONS (CONTINUED)**

A. Due to/from Other Funds

Due to/from other funds consisted of the following at June 30, 2020:

Due to Other Funds	Due from Other Funds			Total
	Governmental Fund		Proprietary Fund	
	General Fund	Nonmajor Governmental Fund	IPUC Enterprise Fund	
Governmental Funds:				
General Fund	\$ -	\$ 5,919	\$ 159,198	\$ 165,117
Nonmajor Governmental Funds	1,357	-	-	1,357
Total	\$ 1,357	\$ 5,919	\$ 159,198	\$ 166,474

The majority of the interfund balances were a result of routine short-term borrowing or reimbursement of expenditures.

B. Advances to/from Other Funds

Advances to/from other funds consisted of the following at June 30, 2020:

Advance from Other Funds	Advance to Other Funds
	Governmental Fund
	General Fund
Governmental Fund:	
Debt Service Fund	\$ 51,471,801
Capital Projects Fund	3,352,052
Total	\$ 54,823,853

On December 1, 2015, the IPFA entered into loan agreement with the City to borrow \$51,460,000 for the purchase of City of Industry Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable). The loan bears interest ranging from 2.75% to 7.75% annually, due February 1 and August 1 each year. The principal payments are due on February 1 each year and range from \$520,000 to \$3,905,000.

As of June 30, 2020, the total outstanding balance amounted to \$51,471,801 (principal of \$49,950,000 and accrued interest of \$1,521,801). Interest revenue for the City and interest expense for the IPFA in the amount of \$3,681,593 is eliminated in the statement of activities.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 7 - INTERFUND TRANSACTIONS (CONTINUED)**

B. Advances to/from Other Funds (Continued)

The repayment schedule for the advances is as following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 540,000	\$ 3,668,448	\$ 4,208,448
2022	560,000	3,645,497	4,205,497
2023	585,000	3,620,298	4,205,298
2024	615,000	3,592,510	4,207,510
2025	645,000	3,561,760	4,206,760
2026-2030	3,815,000	17,218,258	21,033,258
2031-2035	5,275,000	15,756,463	21,031,463
2036-2030	7,505,000	13,526,700	21,031,700
2041-2045	10,810,000	10,227,687	21,037,687
2046-2050	15,695,000	5,344,013	21,039,013
2051	3,905,000	302,637	4,207,637
Total	<u>\$ 49,950,000</u>	<u>\$ 80,464,271</u>	<u>\$ 130,414,271</u>

As of June 30, 2020, the General Fund has advanced funds totaling \$3,352,052 to the Capital Projects Fund for various projects.

C. Site Lease Prepayment

In March 2010, the IPFA made the site lease prepayment to the City in the amount of \$7,462,875. The lease revenues for the City and lease expenditures for the IPFA are to be recognized over the life of the lease. As of June 30, 2020, the remaining site lease prepayment to be amortized was in the amount of \$3,731,437. See Note 10D for more information.

Lease revenue/expenditures paid from IPFA to City on site lease prepayment between IPFA and City was in the amount of \$373,144 for the June 30, 2020. Lease revenue/expenditures paid from City to IPFA on lease-back between IPFA and City was in the amount of \$934,659 for the June 30, 2020.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 7 - INTERFUND TRANSACTIONS (CONTINUED)**

D. Transfers

Transfers in and transfer out for the June 30, 2020, consisted of the following:

Transfers In	Transfers Out			
	Governmental Funds		Proprietary Funds	
	General Fund	Capital Projects Funds	IPUC Fund	Total
Governmental Funds:				
General Fund	\$ -	\$ 24,670,580	\$ 42,840	\$ 24,713,420
Capital Projects Funds	15,583,213	-	-	15,583,213
Debt Service Funds	21,562,008	2,946,481	-	24,508,489
Other Governmental Funds	-	-	43,768	43,768
Proprietary Funds:				
Expo Center Enterprise Fund	-	1,029,500	-	1,029,500
PHMA Enterprise Fund	388,000	-	-	388,000
Total	\$ 37,533,221	\$ 28,646,561	\$ 86,608	\$ 66,266,390

General Fund made the following transfers:

- \$13,735,974 to Capital Projects Funds to fund project expenditures and \$1,847,329 to Capital Projects Funds to fund CRIA project and program costs.
- \$21,562,008 net transferred to Debt Service Funds to fund sales tax revenue bond payments which consists of \$34,689,224 transferred from the General Fund net of \$13,127,216 transferred from Debt Service to the General Fund.
- \$388,000 to PHMA Enterprise Fund for cover housing project costs.

Capital Projects Funds made the following transfers:

- \$24,670,580 to General Fund to reimburse General Fund for project cost incurred.
- \$2,946,481 to Debt Service Funds was to transfer interest income earned on bond proceeds for the project funds.
- \$1,029,500 to Expo Center Enterprise Fund to provide funding for the operation of the Expo Center.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 8 - CAPITAL ASSETS**

A. Governmental Activities

Summary of changes in capital asset activity for the June 30, 2020, is as follows:

Capital Assets	Beginning Balance July 1, 2019	Additions	Deletions	Transfer and Reclassification	Ending Balance June 30, 2020
<u>Primary Government</u>					
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 102,993,546	\$ 367,075	\$ -	\$ -	\$ 103,360,621
Construction in progress	16,352,475	14,046,600	-	(7,583,271)	22,815,804
Total capital assets, not being depreciated	<u>119,346,021</u>	<u>14,413,675</u>	<u>-</u>	<u>(7,583,271)</u>	<u>126,176,425</u>
Capital assets, being depreciated					
Buildings and improvements	119,152,156	-	-	1,444,884	120,597,040
Machinery and equipment	1,926,746	-	-	-	1,926,746
Furniture and fixture	4,623,753	-	-	-	4,623,753
Infrastructure	153,736,252	3,500	-	6,138,387	159,878,139
Total capital assets, being depreciated	<u>279,438,907</u>	<u>3,500</u>	<u>-</u>	<u>7,583,271</u>	<u>287,025,678</u>
Less accumulated depreciation:					
Buildings and improvements	(66,432,598)	(2,607,823)	-	-	(69,040,421)
Machinery and equipment	(1,865,423)	(29,112)	-	-	(1,894,535)
Furniture and fixture	(4,431,917)	(87,829)	-	-	(4,519,746)
Infrastructure	(70,611,920)	(3,984,743)	-	-	(74,596,663)
Total accumulated depreciation	<u>(143,341,858)</u>	<u>(6,709,507)</u>	<u>-</u>	<u>-</u>	<u>(150,051,365)</u>
Total capital assets, being depreciated, net	<u>136,097,049</u>	<u>(6,706,007)</u>	<u>-</u>	<u>7,583,271</u>	<u>136,974,313</u>
Total Governmental activities	<u>\$ 255,443,070</u>	<u>\$ 7,707,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,150,738</u>

Depreciation expense was charged to the primary government in the governmental activities in the amount of \$6,709,507 to the following function:

General government	\$ 564,940
Support services	1,608,940
Community development	112,049
Community services	683,699
Public safety	1,674,022
Public works	<u>2,065,857</u>
Total depreciation expense	<u>\$ 6,709,507</u>

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 8 - CAPITAL ASSETS (CONTINUED)**

B. Business-Type Activities

Summary of changes in capital asset activity for the June 30, 2020, is as follows:

Capital Assets	Beginning Balance July 1, 2019	Additions	Deletions	Transfer and Reclassification	Ending Balance June 30, 2020
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 6,764,880	\$ -	\$ -	\$ -	\$ 6,764,880
Water rights	441,200	-	-	-	441,200
Source of supply-Water	441,688	-	-	(441,688)	-
Construction in progress	6,515	630,117	-	(19,018)	617,614
Total capital assets, not being depreciated	<u>7,654,283</u>	<u>630,117</u>	<u>-</u>	<u>(460,706)</u>	<u>7,823,694</u>
Capital assets, being depreciated					
Buildings and improvements	54,998,629	-	-	-	54,998,629
Equipment, furniture and fixtures	1,322,648	-	-	-	1,322,648
Infrastructure	1,042,498	-	-	19,018	1,061,516
Source of supply-Electric	4,053,806	-	-	441,688	4,495,494
Total capital assets, being depreciated	<u>61,417,581</u>	<u>-</u>	<u>-</u>	<u>460,706</u>	<u>61,878,287</u>
Less accumulated depreciation:					
Buildings and improvements	(20,257,380)	(1,365,017)	-	(16,544,119)	(38,166,516)
Equipment, furniture and fixtures	(18,163,506)	(19,150)	-	16,891,174	(1,291,482)
Infrastructure	-	(36,210)	-	(75,179)	(111,389)
Source of supply-Electric	(1,486,990)	(89,415)	-	(271,876)	(1,848,281)
Total accumulated depreciation	<u>(39,907,876)</u>	<u>(1,509,792)</u>	<u>-</u>	<u>-</u>	<u>(41,417,668)</u>
Total capital assets, being depreciated, net	<u>21,509,705</u>	<u>(1,509,792)</u>	<u>-</u>	<u>460,706</u>	<u>20,460,619</u>
Total Business-type activities	<u>\$ 29,163,988</u>	<u>\$ (879,675)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,284,313</u>

Depreciation expenses for business activities in the amount of \$1,540,650 were charged to the activities:

IPUC:	
Water	\$ 529,627
Electric	113,356
CRIA Expo Center	718,376
IPHMA	<u>148,433</u>
Total depreciation expense	<u>\$ 1,509,792</u>

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 8 - CAPITAL ASSETS (CONTINUED)**

C. Private-Purpose Trust Fund

The SA to IUDA has the following assets held for sale or disposition. The SA to IUDA no longer records depreciation expense on these assets as these assets are being held for sale or disposition.

Property Held for Sale or Disposition	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
Land	\$ 57,215,707	\$ -	\$ -	\$ 57,215,707
Construction in progress	145,233,224	17,033,486	-	162,266,710
Buildings and improvements	2,969,734	-	-	2,969,734
Vehicles	33,312	-	-	33,312
Less accumulated depreciation:	(390,780)	-	-	(390,780)
Total property held for sale or disposition	\$ 205,061,197	\$ 17,033,486	\$ -	\$ 222,094,683

In addition, the SA to IUDA has the following capital asset at June 30, 2020.

Capital assets, being depreciated	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
Infrastructure	204,294,396	-	-	204,294,396
Less accumulated depreciation:	(20,439,818)	-	-	(20,439,818)
Capital assets, net	\$ 183,854,578	\$ -	\$ -	\$ 183,854,578

**NOTE 9 - UNEARNED REVENUE FROM RECLAIMED WATER SALES**

**Reclaimed Water Sales**

The City purchases 10,000 acre feet of reclaimed water from LA County Sanitation District annually. The City also entered into separate joint use and development agreements with the Rowland Water District (RWD) and the Upper San Gabriel Valley Water District (SGVWD). The purpose of the agreements is to sell 3,400 and 2,500 acre feet of reclaimed water to RWO and SGVWD, respectively. Under the agreements, RWD and SGVWD had the option to pay their allocated shares of cost in advance or over 20 years. On July 15, 2009, RWD paid its allocated share of cost in advance in the amount of \$5,958,516. Subsequently, SGVWD also paid its allocable share of cost in advance in the amount of \$4,280,345 on November 10, 2012. Both advances are to be amortized and recognized as revenue over 20 years. At June 30, 2020, total unearned revenue from the sale of reclaimed water to RWD and SGVWD was in the amount of \$5,249,539.

**Civic-Recreational-Industrial Authority**

Unearned revenue for CRIA are for event rental fees collected prior to the event. At June 30, 2020, unearned revenue for CRIA was in the amount of \$97,024.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 10 - LONG-TERM LIABILITIES**

Summary of changes in the governmental activities long-term liabilities for the June 30, 2020, is as follows:

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020	Amount Due in One Year	Amount Due In More Than One Year
Governmental activities:						
Other Debt:						
Bonds payable:						
City of Industry:						
General obligation bonds	\$ 70,890,000	\$ -	\$ (12,370,000)	\$ 58,520,000	\$ 12,660,000	\$ 45,860,000
Sales tax revenue bonds	359,840,000	-	(5,105,000)	354,735,000	5,225,000	349,510,000
Public Facilities Authority:						
Tax allocation bonds	327,435,000	-	(117,420,000)	210,015,000	61,730,000	148,285,000
Lease revenue bonds	1,795,000	-	(880,000)	915,000	915,000	-
Subtotal	759,960,000	-	(135,775,000)	624,185,000	80,530,000	543,655,000
Deferred amounts:						
Unamortized premium/discounts	(4,899,518)	-	(64,226)	(4,963,744)	(22,724)	(4,941,020)
Total bonds payable	755,060,482	-	(135,839,226)	619,221,256	80,507,276	538,713,980
Compensated absences	110,668	128,971	(67,400)	172,239	67,400	104,839
Total long-term liabilities	\$ 755,171,150	\$ 128,971	\$ (135,906,626)	\$ 619,393,495	\$ 80,574,676	\$ 538,818,819

**A. City of Industry General Obligation Bonds**

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020	Amount Due In More Than One Year
General obligation bonds:					
2009 GO Refunding Bonds, Series A	\$ 4,545,000	\$ -	\$ (4,545,000)	\$ -	\$ -
2009 GO Refunding Bonds, Series B	11,035,000	-	(5,395,000)	5,640,000	5,640,000
2010 GO Refunding Bonds	26,325,000	-	(2,430,000)	23,895,000	2,550,000
2014 GO Refunding Bonds	28,985,000	-	-	28,985,000	4,470,000
Total general obligation bonds	\$ 70,890,000	\$ -	\$ (12,370,000)	\$ 58,520,000	\$ 12,660,000

2009 General Obligation Refunding Bonds, Series A

In May 2009, the City issued \$37,860,000 of General Obligation Refunding Bonds (the 2009 GO Refunding Bonds, Series A). Proceeds from the 2009 GO Refunding Bonds, Series A, along with other funds, were used to refund the \$61,935,000 City General Obligation Refunding Bonds, Issue of 2001. In addition to the funds received, the City used approximately \$4,000,000 from other funds to fund the redemption of the 2001 bonds. The 2001 General Obligation Bonds were fully redeemed on July 1, 2009.

The bonds were paid off during the fiscal year.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

A. City of Industry General Obligation Bonds (Continued)

2009 General Obligation Refunding Bonds, Series B

On July 30, 2009, the City issued \$50,975,000 of General Obligation Refunding Bonds, Series B (the 2009 GO Refunding Bonds, Series B). Proceeds from the 2009 GO Refunding Bonds, Series B were used to refund the \$72,490,000 of Public Works Capital Improvement General Obligation Refunding Bonds, Issue of 2003. The 2003 General Obligation Bonds were fully redeemed on August 18, 2009.

Principal ranges from \$5,395,000 to \$5,640,000 maturing annually through July 1, 2020. The bonds bear interest rate of 4.500%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 5,640,000	\$ 127,800	\$ 5,767,800

2010 General Obligation Refunding Bonds

On August 31, 2010, the City issued \$43,340,000 of General Obligation Refunding Bonds (the 2010 GO Refunding Bonds). Proceeds from the 2010 GO Refunding Bonds were used to refund the \$27,245,000 2004 GO Refunding Bonds, Series A, and the \$29,015,000 2004 GO Refunding Bonds, Series B. The defeased bonds were fully redeemed on September 17, 2010.

Principal ranges from \$1,550,000 to \$3,240,000 maturing annually through July 1, 2029. The bonds bear interests at rates range from 4.000% to 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 2,550,000	\$ 1,051,000	\$ 3,601,000
2022	2,675,000	924,825	3,599,825
2023	2,800,000	792,400	3,592,400
2024	2,940,000	648,900	3,588,900
2025	3,095,000	498,025	3,593,025
2026-2030	9,835,000	910,801	10,745,801
Total	<u>\$ 23,895,000</u>	<u>\$ 4,825,951</u>	<u>\$ 28,720,951</u>

2014 General Obligation Refunding Bonds

In May 2014, the City issued \$28,985,000 of General Obligation Refunding Bonds, Series 2014 (Federally Taxable) (the 2014 GO Refunding Bonds). Proceeds from the 2014 GO Refunding Bonds, along with other funds, were used to refund the \$35,000,000 Taxable General Obligation Bonds, Issue of 2002. In addition to the funds received, the City used approximately \$1,764,000 from other funds to fund the redemption of the 2002 bonds. The 2002 Taxable General Obligation Bonds were fully redeemed on May 28, 2014.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

A. City of Industry General Obligation Bonds (Continued)

2014 General Obligation Refunding Bonds (Continued)

Principal ranges from \$4,470,000 to \$6,395,000 maturing annually through July 1, 2024. The bonds bear interests at rates range from 2.500% to 3.125%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2021	\$ 4,470,000	\$ 777,089	\$ 5,247,089
2022	5,875,000	640,432	6,515,432
2023	6,035,000	472,897	6,507,897
2024	6,210,000	292,993	6,502,993
2025	6,395,000	99,921	6,494,921
Total	<u>\$ 28,985,000</u>	<u>\$ 2,283,332</u>	<u>\$ 31,268,332</u>

All the general obligation bonds are secured by property taxes received by the City. The general obligation bonds will be paid off through the fiscal year ending 2030. Principal and interest payments outstanding at June 30, 2020, on the bonds amounted to \$65,757,083. Annual principal and interest payments on the general obligation bonds are expected to require 24% of the property taxes. For the June 30, 2020, total monies received to pay for these bonds amounted to \$15,184,588. Principal and interest paid on the bonds during the June 30, 2020, amounted to \$14,871,339.

B. City of Industry Sales Tax Revenue Bonds

	Beginning Balance <u>July 1, 2019</u>	Additions	Deletions	Ending Balance <u>June 30, 2020</u>	Amount Due Within <u>One Year</u>
Sales tax revenue bonds:					
2015 Sales Tax Revenue					
Refunding Bonds, Series A	\$ 332,160,000	\$ -	\$ (1,960,000)	\$ 330,200,000	\$ 2,010,000
2015 Sales Tax Revenue Bonds, Series B	50,470,000	-	(520,000)	49,950,000	540,000
2017 Sales Tax Refunding Revenue Bonds	27,680,000	-	(3,145,000)	24,535,000	3,215,000
Elimination of City bonds issued to PFA	<u>(50,470,000)</u>	-	<u>520,000</u>	<u>(49,950,000)</u>	<u>(540,000)</u>
Total sales tax revenue bonds	<u>\$ 359,840,000</u>	<u>\$ -</u>	<u>\$ (5,105,000)</u>	<u>\$ 354,735,000</u>	<u>\$ 5,225,000</u>

2015 Taxable Sales Tax Revenue Refunding Bonds, Series A

On December 3, 2015, the City issued \$336,570,000 Senior Sales Tax Revenue Refunding Bonds, Series A (Taxable) to (1) refund its 2005 and 2008 Sales Tax Revenue Bonds, (2) to finance certain improvements and expenditures of the City, (3) purchase a surety for the reserve fund for the bonds, (4) purchase a municipal bond insurance policy for the bonds, and (5) pay certain costs of issuance of the bonds. The 2005 Taxable Sales Tax Revenue Bonds and 2008 Taxable Sales Tax Revenue Bonds were fully redeemed on December 13, 2015.

The refunding was structured to combine the refunding and new money component. As a result, there is no savings in aggregate debt service payments due to the final maturity was extended from 2027 to 2051. However, the refunding resulted in economic gain in the amount of \$3,884,174.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

B. City of Industry Sales Tax Revenue Bonds (Continued)

2015 Taxable Sales Tax Revenue Refunding Bonds, Series A (Continued)

Principal ranges from \$2,010,000 to \$21,875,000 maturing annually through January 1, 2051. The bonds bear interests at rates range from 2.500% to 5.125%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 2,010,000	\$ 16,248,363	\$ 18,258,363
2022	2,065,000	16,193,087	18,258,087
2023	2,130,000	16,131,138	18,261,138
2024	2,200,000	16,061,913	18,261,913
2025	2,270,000	15,990,412	18,260,412
2026-2030	27,480,000	78,029,138	105,509,138
2031-2035	45,010,000	69,982,200	114,992,200
2036-2040	57,260,000	57,726,975	114,986,975
2041-2045	73,515,000	41,471,244	114,986,244
2046-2050	94,385,000	20,600,194	114,985,194
2051	21,875,000	1,121,094	22,996,094
Total	<u>\$ 330,200,000</u>	<u>\$ 349,555,758</u>	<u>\$ 679,755,758</u>

2015 Taxable Sales Tax Revenue Refunding Bonds, Series B

On December 3, 2015, the City issued \$51,460,000 Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable) to finance working capital expenditures and/or project costs. Principal ranges from \$540,000 to \$3,905,000 maturing annually through February 1, 2051. The bonds bear interests at rates range from 4.250% to 7.750%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 540,000	\$ 3,668,448	\$ 4,208,448
2022	560,000	3,645,497	4,205,497
2023	585,000	3,620,298	4,205,298
2024	615,000	3,592,510	4,207,510
2025	645,000	3,561,760	4,206,760
2026-2030	3,815,000	17,218,258	21,033,258
2031-2035	5,275,000	15,756,463	21,031,463
2036-2040	7,505,000	13,526,700	21,031,700
2041-2045	10,810,000	10,227,687	21,037,687
2046-2050	15,695,000	5,344,013	21,039,013
2051	3,905,000	302,637	4,207,637
Total	<u>\$ 49,950,000</u>	<u>\$ 80,464,271</u>	<u>\$ 130,414,271</u>

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

B. City of Industry Sales Tax Revenue Bonds (Continued)

2017 Senior Taxable Sales Tax Revenue Refunding Bonds

On April 11, 2017, the City issued \$34,340,000 Senior Sales Tax Revenue Refunding Bonds (Taxable) to (1) defease its 2010 Sales Tax Revenue Bonds, (2) purchase a surety for the reserve fund for the bonds, (3) purchase a municipal bond insurance policy for the bonds, and (4) pay certain costs of issuance of the bonds.

The refunding resulted in savings in debt service payments in the amount of \$7,396,509. It also resulted in economic gain in the amount of \$1,784,623. Outstanding balance for the defeased 2010 Sales Tax Revenue Bonds at June 30, 2020, was in the amount of \$27,515,000. The 2010 Sales Tax Revenue Bonds were fully redeemed in January 1, 2020. Principal ranges from \$3,215,000 to \$3,835,000 maturing annually through January 1, 2027. The bonds bear interests at rates range from 2.250% to 3.500%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 3,215,000	\$ 758,194	\$ 3,973,194
2022	3,295,000	677,819	3,972,819
2023	3,390,000	587,206	3,977,206
2024	3,490,000	485,506	3,975,506
2025	3,595,000	376,444	3,971,444
2026-2027	7,550,000	393,831	7,943,831
Total	<u>\$ 24,535,000</u>	<u>\$ 3,279,000</u>	<u>\$ 27,814,000</u>

*Revenue Pledged*

The sales tax revenue bonds are secured by sales tax revenues received by the City until the bonds are paid off in fiscal year 2051. Principal and interest payments outstanding at June 30, 2020, on the bonds amounted to \$864,423,303. Annual principal and interest payments on the sales tax revenue bonds are expected to require 25% of the sales tax revenues. For the June 30, 2020, total sales tax revenues received to pay for these bonds amounted to \$34,236,343. Principal and interest paid on the bonds during the June 30, 2020, amounted to \$26,439,266.

C. Public Facilities Authority Tax Allocation Revenue Bonds

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020	Amount Due Within One Year
Tax allocation revenue bonds:					
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)	\$ 134,400,000	\$ -	\$ (37,925,000)	\$ 96,475,000	\$ 39,090,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 2)	5,210,000	-	(770,000)	4,440,000	805,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 2)	154,155,000	-	(74,520,000)	79,635,000	17,490,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 3)	5,275,000	-	(780,000)	4,495,000	815,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 3)	28,395,000	-	(3,425,000)	24,970,000	3,530,000
Total tax allocation revenue bonds	<u>\$ 327,435,000</u>	<u>\$ -</u>	<u>\$(117,420,000)</u>	<u>\$ 210,015,000</u>	<u>\$ 61,730,000</u>

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

C. Public Facilities Authority Tax Allocation Revenue Bonds (Continued)

2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)

On July 1, 2015, the IPFA issued the \$239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) for the purpose of acquiring the SA to IUDA's Project No. 1 2015 A Bonds, which was issued to defease all IUDA Project No. 1's 2002 Tax Allocation Refunding Bonds Series B, 2003 Tax Allocation Bonds, Series A, 2003 Tax Allocation Bonds, Series B, 2003 Subordinate Lien Tax Allocation Refunding Bonds, 2005 Subordinate Lien Tax Allocation Refunding Bonds, 2007 Subordinate Lien Tax Allocation Refunding Bonds, and 2008 Subordinate Lien Tax Allocation Refunding Bonds. The IPFA has funded its debt service bond reserve requirement by purchasing insurance in the amount of \$23,952,000. Principal ranges from \$6,835,000 to \$39,090,000 maturing annually through January 1, 2025. The bonds bear interests at rates range from 3.139% to 4.344%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 39,090,000	\$ 3,649,628	\$ 42,739,628
2022	30,740,000	2,292,814	33,032,814
2023	9,705,000	1,118,239	10,823,239
2024	10,105,000	725,769	10,830,769
2025	6,835,000	148,456	6,983,456
Total	<u>\$ 96,475,000</u>	<u>\$ 7,934,906</u>	<u>\$ 104,409,906</u>

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 2)

On July 1, 2015, the IPFA issued the \$7,140,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) for the purpose of acquiring the SA to IUDA's Project No. 2 2015A Bonds, issued to defease all IUDA Project No. 2's outstanding 2002 Tax Allocation Refunding Bonds. The IPFA also issued the \$249,770,000 Tax Allocation Revenue Refunding Bonds, Series 2015B {Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) for the purpose of acquiring the SA to IUDA's Project No. 2 2015B Bonds, issued to defease a portion of 2003 Subordinate Lien Tax Allocation Refunding Bonds (with outstanding accreted value of \$178,967,753) and all IUDA Project No. 2's outstanding 2003 Tax Allocation Bonds, 2005 Subordinate Lien Tax Allocation Refunding Bonds, 2008 Subordinate Lien Tax Allocation Refunding Bonds, 2010 Subordinate Tax Allocation Refunding Bonds. For Series A, principal ranges from \$805,000 to \$975,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 805,000	\$ 222,000	\$ 1,027,000
2022	845,000	181,750	1,026,750
2023	885,000	139,500	1,024,500
2024	930,000	95,250	1,025,250
2025	975,000	48,750	1,023,750
Total	<u>\$ 4,440,000</u>	<u>\$ 687,250</u>	<u>\$ 5,127,250</u>

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

C. Public Facilities Authority Tax Allocation Revenue Bonds (Continued)

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 2) (Continued)

For Series B, the IPFA early redeemed \$57,615,000 of the bonds during the June 30, 2020. The remaining principal ranges from \$17,490,000 to \$39,595,000 maturing annually through January 1, 2023. The bonds bear interests at rates ranges from 3.389% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 17,490,000	\$ 3,350,258	\$ 20,840,258
2022	22,550,000	2,629,494	25,179,494
2023	39,595,000	1,700,210	41,295,210
Total	<u>\$ 79,635,000</u>	<u>\$ 7,679,962</u>	<u>\$ 87,314,962</u>

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 3)

On July 1, 2015, the IPFA issued the \$7,230,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) for the purpose of acquiring the SA to IUDA's Project No. 3 2015A Bonds, which was issued to defease IUDA's Project No. 3 outstanding 2002 Tax Allocation Refunding Bonds. The IPFA also issued the \$37,425,000 Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) for the purpose of acquiring the SA to IUDA's Project No. 3 2015B Bonds, which was issued to defease IUDA's Project No. 3 2003 Tax Allocation Bonds, 2003 Subordinate Lien Tax Allocation Refunding Bonds, and 2008 Subordinate Lien Tax Allocation Refunding Bonds. The IPFA has funded its debt service reserve fund requirement by purchasing insurance in the amount of \$4,524,216.

For Series A, principal ranges from \$815,000 to \$985,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 815,000	\$ 224,750	\$ 1,039,750
2022	855,000	184,000	1,039,000
2023	900,000	141,250	1,041,250
2024	940,000	96,250	1,036,250
2025	985,000	49,250	1,034,250
Total	<u>\$ 4,495,000</u>	<u>\$ 695,500</u>	<u>\$ 5,190,500</u>

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

C. Public Facilities Authority Tax Allocation Revenue Bonds (Continued)

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 3) (Continued)

For Series B, principal ranges from \$3,530,000 to \$3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 3.000% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 3,530,000	\$ 1,259,487	\$ 4,789,487
2022	3,435,000	1,081,434	4,516,434
2023	3,605,000	908,172	4,513,172
2024	3,795,000	726,336	4,521,336
2025	3,990,000	534,916	4,524,916
2026-2027	6,615,000	501,626	7,116,626
Total	<u>\$ 24,970,000</u>	<u>\$ 5,011,971</u>	<u>\$ 29,981,971</u>

*Revenue Pledged*

All of the 2015 Tax Allocation Refunding Bonds described in Note 10C are secured and payable in the following order of priority: (1) pledged tax revenue through ownership to local obligation bonds, (2) investment income with respect to the funds and accounts established under the indenture, and (3) certain override revenues until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2020, amounted to \$232,024,589.

At June 30, 2020, IPFA and the Successor Agency had funds held by the bond trustee that was and will be used to fund the bond payments on the 2015 A & B Public Facilities Authority Tax Allocation Revenue Refunding Bonds as follows:

PFA Tax Override Funds:		
Tax Override Funds transferred during the year ended June 30, 2020	\$	57,932,929
Carryover from prior year and interest income		<u>802,294</u>
Total Tax Override Funds Held by PFA Bond Trustee at June 30, 2020		58,735,223
Successor Agency RPTTF Funds:		
Total Tax Override and SA RPTTF Funds Held by Bond Trustee at June 30, 2020		<u>62,940,197</u>
	\$	<u>121,675,420</u>

2015A & B IPFA Tax Allocation Revenue Refunding Bond Payments during the Year Ending June 30, 2020:

Payment Date	Principal	Interest	Total
July 1, 2020	\$ -	\$ 4,353,061	\$ 4,353,061
January 1, 2021	61,730,000	4,353,061	66,083,061
Total	<u>\$ 61,730,000</u>	<u>\$ 8,706,122</u>	<u>\$ 70,436,122</u>

IPFA will have approximately \$48,000,000 funds available to fund an early redemption of the 2015 A & B Public Facilities Authority Tax Allocation Revenue Refunding Bonds.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

C. Public Facilities Authority Tax A/location Revenue Bonds (Continued)

*Prior Years' Defeased Obligations*

In prior years, the IPFA defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2020, the IPFA had redeemed all prior year bonds that are considered defeased.

D. Public Facilities Authority Lease Revenue Refunding Bonds

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020	Amount Due Within One Year
Lease revenue refunding bonds					
2010 Lease Revenue Refunding Bonds					
Total	\$ 1,795,000	\$ -	\$ (880,000)	\$ 915,000	\$ 915,000

2010 Lease Revenue Refunding Bonds and City Certificates of Participation

In order to assist the City in financing the construction of various projects, on August 1, 2000, IUDA and the City entered into a lease agreement for certain properties owned by the City for a one-time site lease payment in the amount of \$11,000,000. The IUDA agreed to lease back these properties to the City. In conjunction with the signing of these lease agreements on August 30, 2000, the City issued \$12,620,000 of Certificates of Participation Series 2000 bonds (2000 Certificates) to fund IUDA's site lease payment. Under the lease agreement, the certificates represented direct, undivided fractional interests of the owners in lease payments to be made by the City to IUDA. The term of both leases ceased on the date in which all the outstanding 2000 Certificates were paid in full as discussed below.

In March 2010, the City terminated its lease agreement with IUDA and leased the properties to IPFA under a Site Lease Agreement between the City and IPFA. As consideration, IPFA paid an upfront rental payment of approximately \$8,500,000 to the City for the lease of certain properties. The funds were then used by the City to prepay the 2000 Certificates. These funds were placed in an irrevocable trust to provide for all future debt service payments on the 2000 Certificates. Accordingly, the trust account and the defeased Certificates are not included in the City's financial statements.

In order to prepay the Site Lease, IPFA issued \$8,460,000 of 2010 Refunding Lease Revenue Bonds. Principal ranges from \$880,000 to \$915,000 maturing annually through August 1, 2020. The bonds bear interests at rates range from 4.125% to 4.250%, due semiannually on February 1 and August 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 915,000	\$ 19,444	\$ 934,444

In order to secure payments of the bond principal and interest, IPFA then leased back the property to the City in which the City is then obligated to pay semi-annual lease payments as rental payments for the leased back properties. IPFA has assigned its right to receive the lease payments to U.S. Bank Trust National Association as trustee for the holders of the Refunding Lease Revenue Bonds.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

D. Public Facilities Authority Lease Revenue Refunding Bonds (Continued)

2010 Lease Revenue Refunding Bonds and City Certificates of Participation (Continued)

The term of both leases will cease on the date on which all the outstanding principal and interest payments of the 2010 Refunding Lease Revenue Bonds are paid in full or a provision has been made for such payment, but not later than August 1, 2030.

IPFA will amortize the site lease prepayment over the term of the lease as follows:

Year Ending June 30,	Lease Expense
2021	\$ 373,144
2022	373,144
2023	373,144
2024	373,144
2025	373,144
Thereafter	1,865,717

The following is a schedule of future minimum lease payments to be received by IPFA and paid by the City:

Year Ending June 30,	Amount
2021	\$ 937,658

E. Non-City Obligation Bonds

In December 1998, the City issued \$6,735,000 of 1998 Revenue Bonds, the purpose of providing funds to acquire the City of industry Limited Obligation Refunding Improvement Bonds, Assessment District No. 91-1. These funds were used to advance refund and to defease the 1991 Assessment Bonds.

The 1998 Revenue Bonds are special obligations of the City, payable from revenues consisting primarily of debt service payments received from the Refunding Improvement Bonds which revenues are secured by liens of unpaid reassessments on the properties within the Assessment

Any surplus revenues, after paying administrative costs or paying of installments upon properties which are subject to the reassessment, will be paid over to the City to be used for any lawful purpose of the City. The 1998 Revenue Bonds and the City of industry Limited Obligation Refunding Improvement Bonds, Assessment District No. 91-1 are not debt or liabilities of the City. However, the bonds are payable solely by the revenues and funds pledged in the indenture. Accordingly, these obligations have not been reflected as obligations on the financial statements of the City.

F. Compensated Absences

At June 30, 2020, compensated absences totaled to \$172,239, which will be liquidated by the General Fund.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 11 - SUCCESSOR AGENCY BONDS PAYABLE**

Summary of changes in the Successor Agency to IUDA's bonds payables for the June 30, 2020, is as following:

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020	Amount Due in One Year	Amount Due In More Than One Year
Project Area 1:						
2015 Tax Allocation Revenue						
Refunding Bonds, Series A	\$ 134,400,000	\$ -	\$ (37,925,000)	\$ 96,475,000	\$ 39,090,000	\$ 57,385,000
Total Project Area 1	<u>134,400,000</u>	<u>-</u>	<u>(37,925,000)</u>	<u>96,475,000</u>	<u>39,090,000</u>	<u>57,385,000</u>
Project Area 2:						
2015 Tax Allocation Revenue						
Refunding Bonds, Series A	5,210,000	-	(770,000)	4,440,000	805,000	3,635,000
2015 Tax Allocation Revenue						
Refunding Bonds, Series B	<u>154,155,000</u>	<u>-</u>	<u>(74,520,000)</u>	<u>79,635,000</u>	<u>17,490,000</u>	<u>62,145,000</u>
Total Project Area 2	<u>159,365,000</u>	<u>-</u>	<u>(75,290,000)</u>	<u>84,075,000</u>	<u>18,295,000</u>	<u>65,780,000</u>
Project Area 3:						
2015 Tax Allocation Revenue						
Refunding Bonds, Series A	5,275,000	-	(780,000)	4,495,000	815,000	3,680,000
2015 Tax Allocation Revenue						
Refunding Bonds, Series B	<u>28,395,000</u>	<u>-</u>	<u>(3,425,000)</u>	<u>24,970,000</u>	<u>3,530,000</u>	<u>21,440,000</u>
Total Project Area 3	<u>33,670,000</u>	<u>-</u>	<u>(4,205,000)</u>	<u>29,465,000</u>	<u>4,345,000</u>	<u>25,120,000</u>
Total tax allocation bonds	<u>327,435,000</u>	<u>-</u>	<u>(117,420,000)</u>	<u>210,015,000</u>	<u>61,730,000</u>	<u>148,285,000</u>
Deferred amounts:						
Unamortized premium/discounts	<u>400,079</u>	<u>-</u>	<u>(132,129)</u>	<u>267,950</u>	<u>107,772</u>	<u>160,178</u>
Total bonds payable	<u>\$ 327,835,079</u>	<u>\$ -</u>	<u>\$(117,552,129)</u>	<u>\$ 210,282,950</u>	<u>\$ 61,837,772</u>	<u>\$ 148,445,178</u>

**2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)**

On July 1, 2015, the SA to IUDA issued the \$239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) for the purpose to defease all IUDA Project No. 1 outstanding 2002 Tax Allocation Refunding Bonds Series B, 2003 Tax Allocation Bonds, Series A, 2003 Tax Allocation Bonds, Series B, 2003 Subordinate Lien Tax Allocation Refunding Bonds, 2005 Subordinate Lien Tax Allocation Refunding Bonds, 2007 Subordinate Lien Tax Allocation Refunding Bonds, and 2008 Subordinate Lien Tax Allocation Refunding Bonds. Principal ranges from \$6,835,000 to \$39,090,000, maturing annually through January 1, 2025. The bonds bear interests at rates range from 3.139% to 4.344%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 39,090,000	\$ 3,649,628	\$ 42,739,628
2022	30,740,000	2,292,814	33,032,814
2023	9,705,000	1,118,239	10,823,239
2024	10,105,000	725,769	10,830,769
2025	<u>6,835,000</u>	<u>148,456</u>	<u>6,983,456</u>
Total	<u>\$ 96,475,000</u>	<u>\$ 7,934,906</u>	<u>\$ 104,409,906</u>

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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***NOTE 11 - SUCCESSOR AGENCY BONDS PAYABLE (CONTINUED)***

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 2)

On July 1, 2015, the SA to IUDA issued the \$7,140,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) for the purpose to defease all IUDA Project No. 2 outstanding 2002 Tax Allocation Refunding Bonds. The SA to IUDA also issued the \$249,770,000 Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) for the purpose to defease a portion of 2003 Subordinate Lien Tax Allocation Refunding Bonds (with outstanding accreted value of \$178,967,753) and all IUDA Project No. 2 outstanding 2003 Tax Allocation Bonds, 2005 Subordinate Lien Tax Allocation Refunding Bonds, 2008 Subordinate Lien Tax Allocation Refunding Bonds, 2010 Subordinate Tax Allocation Refunding Bonds.

For Series A, principal ranges from \$805,000 to \$975,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 805,000	\$ 222,000	\$ 1,027,000
2022	845,000	181,750	1,026,750
2023	885,000	139,500	1,024,500
2024	930,000	95,250	1,025,250
2025	975,000	48,750	1,023,750
Total	<u>\$ 4,440,000</u>	<u>\$ 687,250</u>	<u>\$ 5,127,250</u>

For Series B, the SA to IUDA early redeemed \$57,615,000 of the bonds during the year ended June 30, 2020. The remaining principal ranges from \$17,490,000 to \$39,595,000 maturing annually through January 1, 2023. The bonds bear interests at rates ranges from 3.389% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 17,490,000	\$ 3,350,258	\$ 20,840,258
2022	22,550,000	2,629,494	25,179,494
2023	39,595,000	1,700,210	41,295,210
Total	<u>\$ 79,635,000</u>	<u>\$ 7,679,962</u>	<u>\$ 87,314,962</u>

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 3)

On July 1, 2015, the SA to IUDA issued the \$7,230,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) for the purpose to defease IUDA's Project No. 3 outstanding 2002 Tax Allocation Refunding Bonds. The SA to IUDA also issued the \$37,425,000 Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) for the purpose to defease all IUDA's Project No. 3 outstanding 2003 Tax Allocation Bonds, 2003 Subordinate Lien Tax Allocation Refunding Bonds, and 2008 Subordinate Lien Tax Allocation Refunding Bonds.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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***NOTE 11 - SUCCESSOR AGENCY BONDS PAYABLE (CONTINUED)***

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 3) (Continued)

For Series A, principal ranges from \$815,000 to \$985,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 815,000	\$ 224,750	\$ 1,039,750
2022	855,000	184,000	1,039,000
2023	900,000	141,250	1,041,250
2024	940,000	96,250	1,036,250
2025	985,000	49,250	1,034,250
Total	<u>\$ 4,495,000</u>	<u>\$ 695,500</u>	<u>\$ 5,190,500</u>

For Series B, principal ranges from \$3,530,000 to \$3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 3.000% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 3,530,000	\$ 1,259,487	\$ 4,789,487
2022	3,435,000	1,081,434	4,516,434
2023	3,605,000	908,172	4,513,172
2024	3,795,000	726,336	4,521,336
2025	3,990,000	534,916	4,524,916
2026-2027	6,615,000	501,626	7,116,626
Total	<u>\$ 24,970,000</u>	<u>\$ 5,011,971</u>	<u>\$ 29,981,971</u>

The 2015 Tax Allocation Revenue Refunding Bonds collectively resulted in an economic gain in the amount of \$42,816,814 and total savings in debt service payments in the amount of \$149,432,987.

*Prior Years' Defeased Obligations*

In prior years, the SA to IUDA defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2020, the SA to IUDA had redeemed all prior year bonds that are considered defeased.

*Revenue Pledged*

All of the bonds described in this note are secured by a pledge of all future payments from the Redevelopment Property Tax Trust Fund (RPTTF) funds until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2020, amounted to \$232,024,589. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the June 30, 2020, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to \$75,541,884, which the SA received \$62,291,008 after deductions.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 11 - SUCCESSOR AGENCY BONDS PAYABLE (CONTINUED)**

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 3) (Continued)

*Revenue Pledged (Continued)*

Prior to the dissolution of the Industry Urban-Development Agency, the IUDA undertook a program to redevelop each Project Area pursuant to the Community Redevelopment Law. The IUDA issued bonds discussed in the note and secured the bonds by a pledge of tax increment revenues allocated and paid to the IUDA pursuant to HSC Section 33670(b). In 1978, the City's voters authorized the City to levy an ad valorem tax (the Property Tax Override) and the City continues to levy the Property Tax Override on taxable properties in the City, including properties within three Project Areas.

Since the Property Tax Override was authorized in 1978, the tax increment revenues allocated and paid to the IUDA before its dissolution in 2012 included a portion of the Property Tax Override. Pursuant to the IUDA bond indentures, the tax increment revenues pledged to the IUDA bonds included the Property Tax Override. Pursuant to the mandate set forth in HSC Section 34175, the pledge of property tax revenues for the IUDA bonds must not be affected and pledged revenues must continue to include the Agency Override Portion. However, the Los Angeles Auditor-Controller in administering the allocation of property taxes pursuant to AB XI 26, is disbursing the Agency Override Portion to the City of Industry, instead of depositing the Agency Override Portion into the Successor Agency's RPTTF fund.

In recognition of the above the SA to IUDA has adopted resolution no. SA 2013-10 on September 25, 2013, authorizing the Executive Director to do as follows, if during each six month ROPS period the moneys received by the SA to IUDA from the Los Angeles Auditor-Controller's RPTTF disbursement is insufficient to pay the principal and interest payments with respect to the IUDA bonds coming due during the ROPS period, the Executive Director shall notify the City of the shortfall.

On September 26, 2013, pursuant to resolution no. CC 2013-25, the City has established a segregated fund in the treasury designated the Agency Override Fund and shall deposit all Agency Override Portion received by the City into the Agency Override Fund. Upon notification by the SA to IUDA of the Debt Service Shortfall, the City shall apply the necessary amount (but only to the extent available) from the Agency Override Fund to pay the bond trustee or, to the extent that there is no trustee for any bond issue, the bondholders directly, to cover the Debt Service Shortfall. The City subsequently assigns, and covenants and agrees to transfer to the IPFA and only to the IPFA as and when received by the City, all such override revenues for deposit in the revenue fund, to the extent permitted by law, as consideration to IPFA for refunding all SA to IUDA debts by the IPFA.

The SA to IUDA received RPTTF Funds for the June 30, 2020, was as follows:

RPTTF Funds	\$ 75,541,884
Less:	
Administrative expenses	(1,369,653)
Pass through payments	<u>(11,881,223)</u>
Net RPTTF Funds	<u><u>\$ 62,291,008</u></u>

At June 30, 2020, the IPFA owned 100% of the outstanding bonds of the SA to the IUDA.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 12 - DEFINED BENEFIT PENSION PLAN**

A. General Information about the Pension Plan

**Plan Description**

The City contributes to CalPERS, a cost-sharing multiple-employer defined pension plan, for its miscellaneous employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS's annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, CA 95814.

**Benefits 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 nonindustrial 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 Plans' provisions and benefits in effect at the measurement date ended June 30, 2019, are summarized as follows:

	Classic Tier 1	Classic Tier 2	PEPRA
Hire date			
Benefit formula	2% <sup>@</sup> 55	2% <sup>@</sup> 60	2% <sup>@</sup> 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 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7.00%	7.00%
Required employer contribution rates:			
Normal cost rate	14.375%	9.692%	7.557%
Payment of unfunded liability	\$ -	\$ -	\$ -

**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's 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.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 39,088</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of the measurement date ended June 30, 2018 and 2019, was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2018	-0.00150%
Proportion - June 30, 2019	0.00038%
Change - Increase (Decrease)	0.00188%

For the year ended June 30, 2020, the City recognized pension expense of \$1,052,155. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 245,590	\$ -
Differences between actual and expected experience	2,715	(210)
Change in assumptions	1,864	(661)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	324,953	(668,413)
Net differences between projected and actual earnings on plan investments	-	(683)
Total	<u>\$ 575,122</u>	<u>\$ (669,967)</u>

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

\$245,590 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, 2021. 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
2021	\$ (89,169)
2022	(75,801)
2023	(175,603)
2024	138
2025	-
Thereafter	-

**Actuarial Assumptions**

The total pension liability for the June 30, 2019, measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

- (1) Varies by entry age and service
- (2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.
- (3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**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 of 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. The expected real rates of return by asset class are as followed:

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.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City’s proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 3,964,041
Current Discount Rate	7.15%
Net Pension Liability	\$ 39,088
1% Increase	8.15%
Net Pension Liability (Asset)	\$ (3,200,684)

**Pension Plan Fiduciary Net Position**

Detailed information about the plan’s fiduciary net position is available in the separately issued CalPERS’s financial report and can be obtained from CalPERS’s website under Forms and Publications.

C. Payable to the Pension Plan

At June 30, 2020, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

**NOTE 13 - DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights (until paid or made available to the employees or other beneficiary) are solely the property and rights of the participant and are not subject to the claims of the City’s general creditors.

Investments are managed by the plan’s trustee under one of several investment options, or a combination thereof. The choice of the investment options is made by the participants. Plan assets are held in trust for the exclusive benefit of participant and their beneficiaries; and therefore, are not included in the accompanying financial statements. As of June 30, 2020, the plan had investments in the amount of \$1,910,982.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS**

A. General Information about the OPEB Plan

**Plan Description**

The City contributes to an agent multiple-employer defined benefit plan to provide postemployment medical benefits. Specifically, the City offers postretirement medical, dental and vision benefits to all employees who retire from the City. The plan does not provide a publicly available financial report.

Benefits provided by the plan is as follow:

	<u>General Employees</u>	<u>Management</u>
Benefit Types Provided	Medical, dental, and vision	Medical, dental, and vision
Duration of Benefits	Lifetime	Lifetime
Required Services	15 years**	15 years**
Minimum Age	50 years old	50 years old
Dependent Coverage	Yes	Yes
City Contribution %	100.00%	100.00%
City Cap	None	None

\* Elected and appointed officials qualify for City-paid coverage after 8 or more years.

\*\* 25 years for those hired 4/26/1990 to 6/30/2012; 10 years for those hired prior to 4/26/1990

**Employees Covered by Benefit Term**

At the June 30, 2019 valuation date, the following employees were covered by the benefit term:

Active employees	27
Inactive employees receiving benefits	<u>27</u>
Total	<u><u>54</u></u>

**Contribution**

The obligation of the City to contribute to the plan is established and may be amended by the City Council. For the June 30, 2020, the average contribution rate was not applicable. Employees are not required to contribute to the plan.

B. Net OPEB Liability (Asset)

The City's net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2019.

**Actuarial Assumptions**

Total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**B. Net OPEB Liability (Asset) (Continued)**

**Actuarial Assumptions (Continued)**

Actuarial Cost Method:	Entry age actuarial cost method
Actuarial Assumptions:	
Inflation	2.75%
Investment Rate of Return / Discount Rate	7.00%
Healthcare Cost Trend	4.00%
Payroll Increase	2.75%
Mortality Rate Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rate	Hired < 1/1/2013: 2009 CalPERS 2.7% @ 55 Rates for Misc. Employees Hired < 12/31/2012: 2009 CalPERS 2.0% @ 60 Rates for Misc. Employees adjusted to reflect minimum retirement age of 52
Service Requirement	General Employee - Hired before 4/26/90: 100% at 10 years of service General Employee - Hired 4/26/90 to 6/30/12: 100% at 25 years of service General Employee - Hired 7/1/12 or later: 100% at 8 years of service Elected and Appointed Officials - 100% at 8 years of service Management - 100% at 15 years of service
Medical Costs	General Employees - Future Retirees Pre-65 \$24,715 General Employees - Future Retirees Post-65 \$13,135 Management - Future Retirees Pre-65 \$24,715 Management - Future Retirees Post-65 \$13,135
Participation Rate	< 65 Non-Medicare Participation % at 100% > 65 Medicare Participation % at 100%
Turnover	2009 CalPERS Turnover for Miscellaneous Employees

**Discount Rate**

The discount rate of 7% was used in the valuation. It was assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The City used historic 27 year real rates of return for each asset class along with the assumed long-term inflation assumption to set the discount rate. The City offset the expected investment return by investment expenses of 25 basis points. The following is the assumed asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	59.00%	7.795%
All Fixed Income	25.00%	4.500%
Real Estate Investment Trusts	8.00%	7.500%
All Commodities	3.00%	7.795%
Treasury Inflation Protected Securities (TIPS)	5.00%	3.250%
	100.00%	

The City looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. The City used geometric means.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

C. Change in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability / (Asset)
Balance at June 30, 2018 (Measurement Date)	\$ 9,313,496	\$ 11,467,783	\$ (2,154,287)
Changes recognized for the measurement period:			
Service Cost	268,372	-	268,372
Interest on total OPEB liability	638,477	-	638,477
Difference between expected and actual experience	(3,185,366)	-	(3,185,366)
Employer contributions	-	-	-
Employee contributions	-	-	-
Investment income	-	715,105	(715,105)
Administrative expenses	-	(2,471)	2,471
Benefit payments	(825,116)	(825,116)	-
Actual minus expected benefit payments	171,949	-	171,949
Net change during measurement period 2018-2019	(2,931,684)	(112,482)	(2,819,202)
Balance at June 30, 2019 (Measurement Date)	\$ 6,381,812	\$ 11,355,301	\$ (4,973,489)

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

The following presents the net OPEB liability (asset) of the City, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current discount rate:

Measurement Date	Net OPEB Liability (Asset)		
	Current		
	Discount Rate -1% (6.00%)	Discount Rate (7.00%)	Discount Rate +1% (8.00%)
June 30, 2019	\$ (4,284,630)	\$ (4,973,489)	\$ (5,549,468)

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability (asset) of the City, as well as what the City's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.0% decreasing to 3.0%) or one percentage point higher (4.0% increasing to 5.0%) than the current healthcare cost trend rates:

Measurement Date	Net OPEB Liability (Asset)		
	Healthcare Cost Trend Rate	Current Healthcare Trend Rate	Healthcare Cost Trend Rate
	-1% (3.00%)	(4.00%)	+1% (5.00%)
June 30, 2019	\$ (5,569,499)	\$ (4,973,489)	\$ (4,270,307)

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
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**NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the June 30, 2020, the City recognized OPEB expense in the amount of \$401,689. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 59,649	\$ (2,475,306)
Net differences between projected and actual earnings on plan investments	-	(39,853)
Total	<u>\$ 59,649</u>	<u>\$ (2,515,159)</u>

The amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in the future OPEB expense as follow:

<u>Year Ended June 30,</u>	<u>Deferred Outflows / (Inflows) of Resources</u>
2021	\$ (537,230)
2022	(537,230)
2023	(537,230)
2024	(520,958)
2025	(322,862)
Thereafter	-
	<u>\$ (2,455,510)</u>

**NOTE 15 - SELF-INSURANCE PLAN**

The City established a Self-insurance Plan (the Plan) to pay for liability claims against the City and its component units. The Plan is administered by an insurance committee which is responsible for approving all claims of \$25,000 or less and for making provision to have sufficient funds available to pay approved claims and legal and investigative expenses. The insurance committee has vested this responsibility to the City Manager. Potential liability for claims in excess of \$250,000 up to \$10,000,000 is covered by excess liability insurance policies.

As of June 30, 2020, there are \$728,314 in pending liability claims and litigation outstanding against the City and its component units. Based on information presently available, the City believes that there are substantial defenses to such litigation and disputes and that, in any event, the ultimate liability, if any, resulting there from will not have a material effect on the financial position of the City and its component units.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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***NOTE 16 - COMMITMENTS AND CONTINGENCIES***

Los Angeles Regional Water Quality Control Board

On October 27, 2015, the Los Angeles Regional Water Quality Control Board (the Regional Board) issued Administrative Civil Liability Complaint R4-2015-0207 (Complaint) to the City proposing \$5,758,792 in administrative civil liabilities alleging that unpermitted grading activities resulted in unauthorized discharge of dredged and/or fill material in the Eastern Fork of the San Gabriel River in May 2012. The Regional Board and the City entered into settlement agreement in October 2016 to the imposition of administrative civil liability in the amount of \$5 million. Of that amount, the City agreed and paid \$2.5 million in December 2016. The remaining \$2.5 million is suspended pending completion of an Enhanced Compliance Action (ECA). The City will develop a stormwater quality improvement project as an ECA. The proposed timeline for the design and construction of the ECA is approximately three years from inception to completion by October 27, 2020. As of June 30, 2020, the City is still in the process of developing the ECA.

San Gabriel Valley Water and Power, LLC

On or about May 17, 2016, the City entered into the Lease with SGVWP. The Lease was ratified by the City Council on or about October 12, 2017. Among the Lease's various provisions, the City provided SGVWP with a \$20 million loan (Note 4) for SGVWP to analyze the feasibility of constructing a "solar farm" and other necessary public infrastructure improvements. The Lease potentially included two separate and adjacent properties.

Under Section 25.3 of the Lease, repayment on the loan would be triggered "upon commencement of construction of the first project pursuant to the Lease." In January 2018, SGVWP failed to comply with certain material provisions of the Lease. The City gave SGVWP written notice of its obligations under the Lease and requested immediate compliance. On or about May 23, 2018, under Section 17.2.1 of the Lease, because SGVWP had failed to cure its default, the City informed SGVWP that the lease was null and void and of no further force or effect. During the June 30, 2020, the City filed the lawsuit against SGVWP. At this time, given the termination of the Lease and the litigation, it is unknown whether SGVWP will repay the loan.

***NOTE 17 - JOINT GOVERNED ORGANIZATION - TRES HERMANOS CONSERVATION AUTHORITY***

The Tres Hermanos Ranch (the Ranch) consists of approximately 2,445 acres of largely undeveloped property. Approximately 1,750 acres are within the City of Chino Hills (Chino Hills) and 695 acres are within the City of Diamond Bar (Diamond Bar). The Ranch was acquired by the IUDA in 1978 and owned by SA to IUDA due to the dissolution of the IUDA. On January 19, 1999, Chino Hills and Diamond Bar entered into a certain Joint Exercise of Powers (1999 Agreement) for the purpose to coordinate the overall development and conservation of the Ranch. The City was made an ex-officio nonvoting member in 1999. As previously discussed in Note 4B, the City entered into a master lease agreement with SGVWP for the development of the solar project located at the Ranch with the plan to purchase the Ranch from SA to IUDA. Litigation was brought against the development of the solar project by Chino Hills and Diamond Bar. The three cities later entered into a settlement agreement dated February 4, 2019 where (1) Chino Hills and Diamond Bar collectively contribute 10% of the City's \$41,650,000 purchase price for the Ranch from SA to IUDA, (2) preserve the Ranch as environmental, scientific, educational, and recreational resources, and (3) transfer the ownership of the Ranch to a re-constituted Tres Hermanos Conservation Authority (the Authority).

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 17 - JOINT GOVERNED ORGANIZATION -TRES HERMANOS CONSERVATION AUTHORITY (CONTINUED)**

On February 6, 2019, the three cities entered into Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement (the Agreement) which superseded the 1999 Agreement in its entirety. The general purpose of the Authority is to coordinate the overall conservation, use and potential improvement of the Ranch through collaboration by its members. The board consist of seven voting directors where three appointed by the City and two each appointed by Chino Hills and Diamond Bar. Each member city pays an equal one-third share of the cost for the reasonable annual and recurring maintenance of the Ranch. Any costs over the annual maintenance cost will be allocated and invoiced separately to the member cities based on the benefits provided. In addition, the City is responsible for a onetime remediation work for the Arnold Reservoir dam. After the completion of the one-time remediation work, the City will not be responsible for any future repair, maintenance or other work to the Arnold Reservoir dam.

In February 2019, Chino Hills and Diamond Bar collectively contributed \$4,165,000, and the City contributed the remaining \$37,480,000 toward the purchase of the Ranch for the Authority. The financial statement of the Authority can be obtained at 14000 City Center Drive, Chino Hills.

**NOTE 18 - TRANSACTIONS WITH RELATED PARTIES**

The related party transactions of the City are summarized as follows:

<u>Service Provided by Vendor</u>	<u>Related Parties</u>	<u>Expenditures for the Year Ended June 30, 2020</u>	
Engineering services for the City and management services for the Expo Center	City Council member	\$ 6,294,970	
Auto body and towing services	City Council member	39,643	
Landscaping services	City Council member	2,236,054	
			Amount for the Year Ended June 30, 2020
<u>Other Related Party Transactions</u>	<u>Related Parties</u>		<u>Amount for the Year Ended June 30, 2020</u>
Tenant of the City's (Housing Authority) Properties	City Council members, Commissioners, and Board members	\$	64,050

**NOTE 19 - INDUSTRY HILLS REGIONAL PUBLIC PARK AND RECREATION AREA**

On September 30, 2000, a lease was entered into with a third party and the City for the operation and management of what was formerly known as the Industry Hills Sheraton Resort and Conference Center. The term of the lease is for 25 years with six five-year options to extend the lease. The initial annual rental payment was \$300,000 with nothing due for the first year. Rent will be increased \$20,000 per year from the initial period of the lease. This lease is accounted for in the General Fund of the City.

On June 1, 2002, CRIA assumed control over the operations of the Industry Hills Equestrian Center and Equestrian Center Trails. During 2004, the name was formally changed to The Industry Hills Expo Center. CRIA has employed a management company to manage the daily operations of the Expo Center. The activities of the Expo Center are accounted for in the enterprise fund in the accompanying proprietary funds financial statements under the heading "Industry Hills Expo Center," CRIA shall have available the use of all funds held or accruing in its Capital Improvement Fund for capital improvements. If any funds are expended for the maintenance and operation expenses, the City will reimburse CRIA from the General Fund.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 20 - RENTAL PROPERTIES**

The City and its component units rent land, buildings and housing to others through noncancelable rental agreements. Rental income for the June 30, 2020, amounted to \$11,982,545. Rental income of \$4,506,114 is reported in the Governmental Fund financial statements, \$166,360 in the IPHMA Enterprise Fund financial statements, and \$7,310,071 in the Fiduciary Fund financial statements.

Future minimum rental income payments based on terms in effect at June 30, 2020, are as follows:

Year Ending June 30,	City/IPHMA	IUDA
2021	\$ 2,087,753	\$ 7,415,858
2022	1,839,505	10,797,603
2023	1,541,963	7,259,933
2024	913,041	7,259,933
2025	908,778	7,259,933
2026-2030	807,898	36,299,665
2031-2035	612,898	36,299,665
2036-2040	612,898	36,299,665
Thereafter	-	202,753,964

The Successor Agency is in the process of winding down its activities in accordance with the dissolution of redevelopment agencies in the State of California. The above table does not take into account when or if the property will be sold in the future.

On April 28, 2005, IUDA entered into an agreement with a private company (the Company) to lease land owned by IUDA to the Company for the purpose of having the land developed and operated by the Company. SA to IUDA is required to perform substantial public improvements surrounding the project area. The term of the agreement continues for 65 years from the commencement date.

The agreement allows for SA to IUDA and the Company to split revenues generated by rents of the buildings after deductions for any loan payments or costs associated with the ownership, operation, financing, maintenance, and leasing of the various buildings.

In the event that rental income on the buildings is insufficient to repay any loans outstanding related to any financing of such building projects, and operation and maintenance of the various buildings, the SA to IUDA is required to contribute 50% for any shortfall as a capital contribution if the Company issues a demand for additional capital. Such payments if made by SA to IUDA on the projects would be subject to return by the Company with interest at the prime rate plus 3% provided that future rents generate revenue for SA to IUDA.

**CITY OF INDUSTRY, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

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**NOTE 21 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

During the June 30, 2020, expenditures in excess of appropriations are as follows:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund:			
General administration	\$ 5,540,130	\$ 5,682,264	\$ (142,134)
Public safety	11,540,330	11,943,090	(402,760)
Capital outlay	3,500	588,793	(585,293)
Debt Service Fund:			
General administration	16,700	19,750	(3,050)
Interest	23,315,608	23,444,953	(129,345)
Industry Public Facilities Authority Debt Service Fund:			
Community development	-	61,149,385	(61,149,385)
Principal retirement	94,685,000	118,300,000	(23,615,000)
Interest and fiscal charges	18,379,536	19,588,798	(1,209,262)
Proposition A Sales Tax Special Revenue Fund:			
Capital outlay	533,000	733,504	(200,504)
Measure M Special Revenue Fund:			
Public works	10,000	18,707	(8,707)

**NOTE 22 - RESTATEMENT OF NET POSITION/FUND BALANCE**

Net position and fund balance at July 1, 2019, was restated as follows:

	<u>Governmental Activities</u>	<u>Debt Service Fund</u>
Net Position/Fund balance, as originally reported	\$ 725,513,586	\$ 415,993,369
To adjust balance of prepaid bond insurance amount	(3,167,383)	(3,167,383)
To reclassify bond payment deposits to transfers in	61,149,385	61,148,385
Net Position/Fund Balance, as restated	<u>\$ 783,495,588</u>	<u>\$ 473,974,371</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Industry**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the City's Proportionate Share of the Plan's Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2020**

Last Ten Years\*

California Public Employees' Retirement System ("CalPERS") Miscellaneous Classic Plan

Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Reporting period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Plan's proportion of the net pension liability/(asset)	0.00038%	-0.00150%	0.09069%	0.09088%	0.09232%	0.07687%
Plan's proportionate share of the net pension liability/(asset)	\$ 39,088	\$ (144,690)	\$ 8,994,206	\$ 7,864,664	\$ 6,336,456	\$ 4,782,916
Plan's covered payroll	\$ 1,730,895	\$ 1,680,481	\$ 2,072,156	\$ 1,936,492	\$ 1,988,262	\$ 1,779,595
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered - employee payroll	2.26%	-8.61%	434.05%	406.13%	318.69%	268.76%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	69.13%	69.70%	70.71%	77.21%	83.03%

Notes to Schedule:

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but

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:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

\* Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as they become available.

**City of Industry**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pension**  
**For the Year Ended June 30, 2020**

Last Ten Years\*

California Public Employees' Retirement System ("CalPERS") Miscellaneous Classic Plan

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	\$ 245,590	\$ 195,741	\$ 640,586	\$ 567,355	\$ 534,918	\$ 255,850	\$ 303,098
Contributions in relation to the actuarially determined contributions	<u>(245,590)</u>	<u>(195,741)</u>	<u>(9,206,926)</u>	<u>(567,355)</u>	<u>(534,918)</u>	<u>(255,850)</u>	<u>(303,098)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,566,340)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,376,701	\$ 1,730,895	\$ 1,680,481	\$ 2,072,156	\$ 1,936,492	\$ 1,988,262	\$ 1,779,595
Contributions as a percentage of covered payroll	24.16%	24.16%	24.16%	27.38%	27.62%	12.87%	17.03%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2012
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**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method	15 Year Smoothed Market Method
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(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) 50-67 years old
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\* Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as they become available.

**City of Industry**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Other Postemployment Benefits Liability (Asset) and Related Ratios**  
**For the Year Ended June 30, 2020**

Last Ten Fiscal Years\*

Measurement Period Ended	June 30, 2019	June 30, 2018	June 30, 2017
Reporting Period	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability:</b>			
Service cost	\$ 268,372	\$ 261,189	\$ 254,199
Interest on total pension liability	638,477	619,722	602,445
Differences between expected and actual experience	(3,185,366)	95,803	-
Benefit payments	(825,116)	(579,992)	(653,626)
Actual minus expected benefit payments	171,949	(95,803)	-
Net Change in Total Pension Liability	(2,931,684)	300,919	203,018
Total Pension Liability - Beginning of Year	9,313,496	9,012,577	8,809,559
Total Pension Liability - End of Year (a)	<u>\$ 6,381,812</u>	<u>\$ 9,313,496</u>	<u>\$ 9,012,577</u>
<b>OPEB Fiduciary Net Position:</b>			
Investment income	\$ 715,105	\$ 904,934	\$ 1,136,614
Benefit payments	(825,116)	(579,992)	(653,626)
Administrative expenses	(2,471)	(20,767)	(9,512)
Other	-	2,091	-
Net Change in OPEB Fiduciary Net Position	(112,482)	306,266	473,476
Total Pension Liability - Beginning of Year	11,467,783	11,161,517	10,688,041
Total Pension Liability - End of Year (a)	<u>\$ 11,355,301</u>	<u>\$ 11,467,783</u>	<u>\$ 11,161,517</u>
Net OPEB liability (Asset)	<u>\$ (4,973,489)</u>	<u>\$ (2,154,287)</u>	<u>\$ (2,148,940)</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	177.93%	123.13%	123.84%
Covered-employee payroll	\$ 1,730,895	\$ 1,680,481	\$ 2,072,156
Net OPEB liability (asset) as percentage of covered-employee payroll	-287.34%	-128.19%	-103.71%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2017 to June 30, 2018:

There were no changes in assumption

From fiscal year June 30, 2018 to June 30, 2019:

There were no changes in assumption

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumption

\* Historical information is presented only for measurement periods for which GASB 75 is applicable. Additional years of information will be presented as they become available.

**City of Industry**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 40,110,000	\$ 40,110,000	\$ 40,243,026	\$ 133,026
Intergovernmental	4,894,300	4,894,300	190,208	(4,704,092)
Charges for services	1,655,600	1,655,600	1,786,951	131,351
License and permits	1,686,400	1,686,400	1,931,417	245,017
Fines, forfeitures and penalties	488,000	488,000	509,407	21,407
Use of money and property	17,998,098	17,998,098	26,399,983	8,401,885
Other	3,325,000	3,325,000	7,095,588	3,770,588
Total revenues	<u>70,157,398</u>	<u>70,157,398</u>	<u>78,156,580</u>	<u>7,999,182</u>
<b>EXPENDITURES</b>				
Current:				
Legislative	708,920	710,995	686,477	24,518
General administration	5,288,220	5,540,130	5,682,264	(142,134)
Support services	5,018,785	5,198,560	4,779,757	418,803
Community development	3,465,910	2,000,350	2,628,147	(627,797)
Community services	5,870,675	7,099,975	6,338,321	761,654
Public safety	10,789,330	11,540,330	11,943,090	(402,760)
Public works	13,802,800	13,319,800	12,742,273	577,527
Capital outlay	-	3,500	588,793	(585,293)
Total expenditures	<u>44,944,640</u>	<u>45,413,640</u>	<u>45,389,122</u>	<u>24,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,212,758</u>	<u>24,743,758</u>	<u>32,767,458</u>	<u>8,023,700</u>
<b>OTHER FINANCING USES</b>				
Transfers in	-	-	24,713,420	(24,713,420)
Transfers out	(29,593,940)	(30,305,740)	(37,533,221)	(7,227,481)
Total other financing uses	<u>(29,593,940)</u>	<u>(30,305,740)</u>	<u>(12,819,801)</u>	<u>(31,940,901)</u>
Net change in fund balance	(4,381,182)	(5,561,982)	19,947,657	(23,917,201)
Fund balance, beginning of year	<u>697,638,704</u>	<u>697,638,704</u>	<u>697,638,704</u>	<u>-</u>
Fund balance, end of year	<u>\$ 693,257,522</u>	<u>\$ 692,076,722</u>	<u>\$ 717,586,361</u>	<u>\$ (23,917,201)</u>

See accompanying note to required supplementary information.

**CITY OF INDUSTRY, CALIFORNIA**  
**Note to Required Supplementary Information**  
**For the Year Ended June 30, 2020**

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The City Council adopts an annual budget, submitted by the City Manager prior to June 30<sup>th</sup>. The appropriated budget is prepared by fund, function and department. All annual appropriations lapse at the end of the fiscal year. The City Council has the legal authority to amend the budget at any time during the fiscal year. There were no amendments to the budget during the year. The City Manager has the authority to make adjustments to the operating budget within a fund. Transfers of operating budgets between funds or from appropriated reserve accounts, use of unappropriated fund balances, cancellation of appropriation and all changes in capital improvement project budgets require the approval of the City Council.

The annual budget is prepared on a basis consistent with generally accepted accounting principles and is adopted for all governmental type funds.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is at the fund level.

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## **SUPPLEMENTARY INFORMATION**

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**City of Industry**  
**Combining Balance Sheet Schedule**  
**Capital Projects Fund**  
**June 30, 2020**

	Capital Projects Fund	Civic- Recreational- Industrial Authority Capital Projects Fund	Total
<b>ASSETS</b>			
Cash	\$ 5,843	\$ 60,193	\$ 66,036
Investments	883,857	82,894	966,751
Accounts receivable, net	-	222,000	222,000
Accrued Interest	3,034	280	3,314
Investments with fiscal agent	157,898,183	-	157,898,183
<b>Total assets</b>	<b>\$ 158,790,917</b>	<b>\$ 365,367</b>	<b>\$ 159,156,284</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 2,513,876	\$ 303,648	\$ 2,817,524
Advance from other funds	3,352,052	-	3,352,052
<b>Total liabilities</b>	<b>5,865,928</b>	<b>303,648</b>	<b>6,169,576</b>
Fund Balances:			
Restricted	152,924,989	-	152,924,989
Assigned for capital projects	-	61,719	61,719
<b>Total fund balances</b>	<b>152,924,989</b>	<b>61,719</b>	<b>152,986,708</b>
<b>Total liabilities and fund balances</b>	<b>\$ 158,790,917</b>	<b>\$ 365,367</b>	<b>\$ 159,156,284</b>

**City of Industry**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2020**

	Capital Projects Fund	Civic- Recreational- Industrial Authority Capital Projects Fund	Total
<b>REVENUES</b>			
Intergovernmental revenue	\$ 849,999	\$ -	\$ 849,999
Use of money and property	3,887,324	1,667	3,888,991
Total revenues	<u>4,737,323</u>	<u>1,667</u>	<u>4,738,990</u>
<b>EXPENDITURES</b>			
Current:			
Public works	2,149,749	785,405	2,935,154
Capital outlay	13,094,878	-	13,094,878
Total expenditures	<u>15,244,627</u>	<u>785,405</u>	<u>16,030,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,507,304)</u>	<u>(783,738)</u>	<u>(11,291,042)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	13,735,974	1,847,239	15,583,213
Transfers out	(27,617,061)	(1,029,500)	(28,646,561)
Total other financing sources (uses)	<u>(13,881,087)</u>	<u>817,739</u>	<u>(13,063,348)</u>
Net change in fund balances	(24,388,391)	34,001	(24,354,390)
Fund balances, beginning of year	177,313,380	27,718	177,341,098
Fund balances, end of year	<u>\$ 152,924,989</u>	<u>\$ 61,719</u>	<u>\$ 152,986,708</u>

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Use of money and property	\$ 2,607,000	\$ 2,607,000	\$ 3,887,324	\$ 1,280,324
Total revenues	<u>2,607,000</u>	<u>2,607,000</u>	<u>4,737,323</u>	<u>2,130,323</u>
<b>EXPENDITURES</b>				
Current:				
Public works	2,149,749	2,149,749	2,149,749	-
Capital outlay	71,072,251	41,150,651	13,094,878	28,055,773
Total expenditures	<u>73,222,000</u>	<u>43,300,400</u>	<u>15,244,627</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,615,000)</u>	<u>(40,693,400)</u>	<u>(10,507,304)</u>	<u>30,186,096</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	(1,400,000)	(1,400,000)	13,735,974	15,135,974
Transfers out	<u>-</u>	<u>-</u>	<u>(27,617,061)</u>	<u>27,617,061</u>
Total other financing sources	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>(13,881,087)</u>	<u>42,753,035</u>
Net change in fund balance	(72,015,000)	(42,093,400)	(24,388,391)	72,939,131
Fund balance, beginning of year	<u>177,313,380</u>	<u>177,313,380</u>	<u>177,313,380</u>	<u>-</u>
Fund balance, end of year	<u>\$ 105,298,380</u>	<u>\$ 135,219,980</u>	<u>\$ 152,924,989</u>	<u>\$ 72,939,131</u>

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Civic-Recreational-Industry Authority Capital Projects Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 3,010	\$ 3,010	\$ 1,667	\$ (1,343)
Total revenues	<u>3,010</u>	<u>3,010</u>	<u>1,667</u>	<u>(1,343)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	527,400	796,400	785,405	10,995
Total expenditures	<u>527,400</u>	<u>796,400</u>	<u>785,405</u>	<u>10,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(524,390)</u>	<u>(793,390)</u>	<u>(783,738)</u>	<u>9,652</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	677,900	1,340,100	1,847,239	507,139
Transfers out	<u>(150,500)</u>	<u>(693,700)</u>	<u>(1,029,500)</u>	<u>(335,800)</u>
Total other financing sources	<u>527,400</u>	<u>646,400</u>	<u>817,739</u>	<u>171,339</u>
Net change in fund balance	3,010	(146,990)	34,001	180,991
Fund balance, beginning of year	<u>27,718</u>	<u>27,718</u>	<u>27,718</u>	<u>-</u>
Fund balance, end of year	<u>\$ 30,728</u>	<u>\$ (119,272)</u>	<u>\$ 61,719</u>	<u>\$ 180,991</u>

**City of Industry**  
**Combining Balance Sheet Schedule**  
**Debt Service Fund**  
**June 30, 2020**

	Debt Service Fund	Tax Override Fund	Industry Public Facilities Authority Debt Service Fund	Total
<b>ASSETS</b>				
Cash	\$ 1,110	\$ 854	\$ -	\$ 1,964
Investments	1,905,427	1,290	-	1,906,717
Accounts receivable	77,303	984,098	-	1,061,401
Accrued Interest	6,427	4	5,874,863	5,881,294
Prepaid items	3,584,053	-	4,092,273	7,676,326
Site lease prepayment	-	-	3,731,437	3,731,437
Investments with fiscal agent - restricted	58,446,046	-	59,587,257	118,033,303
Investments in City and SA to IUDA bonds	-	-	257,509,574	257,509,574
	<u>\$ 64,020,366</u>	<u>\$ 986,246</u>	<u>\$ 330,795,404</u>	<u>\$ 395,802,016</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,000	\$ 1,000
Advance from other funds	-	-	51,471,801	51,471,801
	<u>-</u>	<u>-</u>	<u>51,472,801</u>	<u>51,472,801</u>
Fund Balances:				
Nonspendable	3,584,053	-	7,823,710	11,407,763
Restricted	60,436,313	986,246	271,498,893	332,921,452
	<u>64,020,366</u>	<u>986,246</u>	<u>279,322,603</u>	<u>344,329,215</u>
Total fund balances	<u>64,020,366</u>	<u>986,246</u>	<u>279,322,603</u>	<u>344,329,215</u>
Total liabilities and fund balances	<u>\$ 64,020,366</u>	<u>\$ 986,246</u>	<u>\$ 330,795,404</u>	<u>\$ 395,802,016</u>

**City of Industry**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Debt Service Fund**  
**For the Year Ended June 30, 2020**

	Debt Service Fund	Tax Override Fund	Industry Public Facilities Authority Debt Service Fund	Elimination	Total
<b>REVENUES</b>					
Property taxes	\$ 15,184,587	\$ 57,853,292	\$ -	\$ -	\$ 73,037,879
Use of money and property	416,174	24	12,889,164	-	13,305,362
Total revenues	<u>15,600,761</u>	<u>57,853,316</u>	<u>12,889,164</u>	<u>-</u>	<u>86,343,241</u>
<b>EXPENDITURES</b>					
Current:					
General administration	19,750	-	-	-	19,750
Community development	-	-	61,149,385	-	61,149,385
Public works					-
Parks and recreation					-
Capital outlay					-
Debt service:					
Principal	17,995,000	-	118,300,000	-	136,295,000
Interest and fiscal charges	23,444,953	-	19,588,798	-	43,033,751
Cost of issuance	-	-	-	-	-
Total expenditures	<u>41,459,703</u>	<u>-</u>	<u>199,038,183</u>	<u>-</u>	<u>240,497,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,858,942)</u>	<u>57,853,316</u>	<u>(186,149,019)</u>	<u>-</u>	<u>(154,154,645)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	24,494,786	-	57,946,632	(57,932,929)	24,508,489
Transfers out	-	(57,932,929)	-	57,932,929	-
Total other financing sources (uses)	<u>24,494,786</u>	<u>(57,932,929)</u>	<u>57,946,632</u>	<u>-</u>	<u>24,508,489</u>
Net change in fund balances	(1,364,156)	(79,613)	(128,202,387)	-	(129,646,156)
Fund balances, beginning of year	68,551,905	1,065,859	346,375,605	-	415,993,369
Prior period adjustment	(3,167,383)	-	61,149,385	-	57,982,002
Fund balances, beginning of year, as restated	<u>65,384,522</u>	<u>1,065,859</u>	<u>407,524,990</u>	<u>-</u>	<u>473,975,371</u>
Fund balances, end of year	<u>\$ 64,020,366</u>	<u>\$ 986,246</u>	<u>\$ 279,322,603</u>	<u>\$ -</u>	<u>\$ 344,329,215</u>

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Debt Service Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 13,893,000	\$ 13,893,000	\$ 15,184,587	\$ 1,291,587
Use of money and property	620,200	620,200	416,174	(204,026)
Total revenues	<u>14,513,200</u>	<u>14,513,200</u>	<u>15,600,761</u>	<u>1,087,561</u>
<b>EXPENDITURES</b>				
Current:				
General administration	16,700	16,700	19,750	(3,050)
Debt Service:				
Principal	17,995,000	17,995,000	17,995,000	-
Interest and fiscal charges	23,315,608	23,315,608	23,444,953	(129,345)
Total expenditures	<u>41,327,308</u>	<u>41,327,308</u>	<u>41,459,703</u>	<u>(132,395)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,814,108)</u>	<u>(26,814,108)</u>	<u>(25,858,942)</u>	<u>955,166</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	27,182,000	27,182,000	24,494,786	(2,687,214)
Total other financing sources	<u>27,182,000</u>	<u>27,182,000</u>	<u>24,494,786</u>	<u>(2,687,214)</u>
Net change in fund balance	367,892	367,892	(1,364,156)	(1,732,048)
Fund balance, beginning of year, as restated	<u>65,384,522</u>	<u>65,384,522</u>	<u>65,384,522</u>	<u>-</u>
Fund balance, end of year	<u>\$ 65,752,414</u>	<u>\$ 65,752,414</u>	<u>\$ 64,020,366</u>	<u>\$ (1,732,048)</u>

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Tax Override Debt Service Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	55,529,000	55,529,000	\$ 57,853,292	\$ 2,324,292
Use of money and property	100	100	24	(76)
Total revenues	<u>55,529,100</u>	<u>55,529,100</u>	<u>57,853,316</u>	<u>2,324,216</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,529,100</u>	<u>55,529,100</u>	<u>57,853,316</u>	<u>2,324,216</u>
Net change in fund balance	55,529,100	55,529,100	57,853,316	2,324,216
Fund balance, beginning of year	<u>1,065,859</u>	<u>1,065,859</u>	<u>1,065,859</u>	<u>-</u>
Fund balance, end of year	<u>\$ 56,594,959</u>	<u>\$ 56,594,959</u>	<u>\$ 58,919,175</u>	<u>\$ 2,324,216</u>

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Industry Public Financing Authority Debt Service Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 19,768,880	\$ 19,768,880	\$ 12,889,164	\$ (6,879,716)
Total revenues	<u>19,768,880</u>	<u>19,768,880</u>	<u>12,889,164</u>	<u>(6,879,716)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	-	-	61,149,385	(61,149,385)
Debt Service:				
Principal	94,685,000	94,685,000	118,300,000	(23,615,000)
Interest and fiscal charges	<u>18,379,536</u>	<u>18,379,536</u>	<u>19,588,798</u>	<u>(1,209,262)</u>
Total expenditures	<u>113,064,536</u>	<u>113,064,536</u>	<u>199,038,183</u>	<u>(85,973,647)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(93,295,656)</u>	<u>(93,295,656)</u>	<u>(186,149,019)</u>	<u>(92,853,363)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>55,544,000</u>	<u>55,544,000</u>	<u>57,946,632</u>	<u>2,402,632</u>
Total other financing sources	<u>55,544,000</u>	<u>55,544,000</u>	<u>57,946,632</u>	<u>2,402,632</u>
Net change in fund balance	(37,751,656)	(37,751,656)	(128,202,387)	(90,450,731)
Fund balance, beginning of year, as restated	<u>407,524,990</u>	<u>407,524,990</u>	<u>407,524,990</u>	<u>-</u>
Fund balance, end of year	<u>\$ 369,773,334</u>	<u>\$ 369,773,334</u>	<u>\$ 279,322,603</u>	<u>\$ (90,450,731)</u>

**City of Industry**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue funds			
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ 99,354	\$ 4,347
Investments	-	-	1,385,334	-
Accounts receivable, net	17,903	-	-	-
Accrued interest	-	-	5,712	-
Due from funds	-	-	-	5,919
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,919</u>
Total assets	<u>\$ 17,903</u>	<u>\$ -</u>	<u>\$ 1,490,400</u>	<u>\$ 10,266</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 21,764	\$ -
Due to other funds	-	-	-	1,357
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,357</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>21,764</u>	<u>1,357</u>
 Fund balances:				
Restricted	<u>17,903</u>	<u>-</u>	<u>1,468,636</u>	<u>8,909</u>
Total fund balances	<u>17,903</u>	<u>-</u>	<u>1,468,636</u>	<u>8,909</u>
Total liabilities and fund balances	<u>\$ 17,903</u>	<u>\$ -</u>	<u>\$ 1,490,400</u>	<u>\$ 10,266</u>

Special Revenue Funds

<u>AQMD Grants</u>	<u>Measure M</u>	<u>CARB Grant</u>	<u>Total</u>
\$ -	\$ -	\$ 865,546	\$ 969,247
-	-	-	1,385,334
471	-	-	18,374
-	-	-	5,712
-	-	-	5,919
<u>\$ 471</u>	<u>\$ -</u>	<u>\$ 865,546</u>	<u>\$ 2,384,586</u>
\$ -	\$ -	\$ -	\$ 21,764
-	-	-	1,357
<u>-</u>	<u>-</u>	<u>-</u>	<u>23,121</u>
<u>471</u>	<u>-</u>	<u>865,546</u>	<u>2,361,465</u>
<u>471</u>	<u>-</u>	<u>865,546</u>	<u>2,361,465</u>
<u>\$ 471</u>	<u>\$ -</u>	<u>\$ 865,546</u>	<u>\$ 2,384,586</u>

**City of Industry**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	Special Revenue Funds			
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax
<b>REVENUES</b>				
Taxes	\$ -	\$ 5,272	\$ -	\$ -
Intergovernmental	21,721	-	8,487	7,040
Use of money and property	-	-	40,360	-
Other	-	-	-	-
Total revenues	<u>21,721</u>	<u>5,272</u>	<u>48,847</u>	<u>7,040</u>
<b>EXPENDITURES</b>				
Current:				
Public works	21,721	5,272	103,184	18,707
Capital outlay	-	-	733,504	-
Total expenditures	<u>21,721</u>	<u>5,272</u>	<u>836,688</u>	<u>18,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(787,841)</u>	<u>(11,667)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(787,841)	(11,667)
Fund balances, beginning of year	<u>17,903</u>	<u>-</u>	<u>2,256,477</u>	<u>20,576</u>
Fund balances, end of year	<u>\$ 17,903</u>	<u>\$ -</u>	<u>\$ 1,468,636</u>	<u>\$ 8,909</u>

Special Revenue Funds

AQMD Grants	Measure M	CARB Grant	Total
\$ -	\$ -	\$ -	\$ 5,272
-	5,934	156,603	199,785
-	-	-	40,360
-	-	-	-
-	5,934	156,603	245,417
-	5,934	54,070	208,888
-	-	-	733,504
-	5,934	54,070	942,392
-	-	102,533	(696,975)
-	-	43,768	43,768
-	-	-	-
-	-	43,768	43,768
-	-	146,301	(653,207)
471	-	719,245	3,014,672
\$ 471	\$ -	\$ 865,546	\$ 2,361,465

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 24,000	\$ 24,000	\$ 21,721	\$ (2,279)
Total revenues	<u>24,100</u>	<u>24,100</u>	<u>21,721</u>	<u>(2,379)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>24,000</u>	<u>24,000</u>	<u>21,721</u>	<u>2,279</u>
Total expenditures	<u>24,000</u>	<u>24,000</u>	<u>21,721</u>	<u>2,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Net change in fund balance	100	100	-	(100)
Fund balance, beginning of year	<u>17,903</u>	<u>17,903</u>	<u>17,903</u>	<u>-</u>
Fund balance, end of year	<u>\$ 18,003</u>	<u>\$ 18,003</u>	<u>\$ 17,903</u>	<u>\$ (100)</u>

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Measure R Local Return Special Revenue Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 7,000	\$ 7,000	\$ 5,272	\$ (1,728)
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>5,272</u>	<u>(1,728)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>7,000</u>	<u>7,000</u>	<u>5,272</u>	<u>1,728</u>
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>5,272</u>	<u>1,728</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Proposition A Sales Tax Special Revenue Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 8,487	\$ (1,513)
Use of money and property	40,000	40,000	40,360	360
Total revenues	50,000	50,000	48,847	(1,153)
<b>EXPENDITURES</b>				
Current:				
Public works	142,000	183,000	103,184	79,816
Capital outlay	300,000	533,000	733,504	(200,504)
Total expenditures	442,000	716,000	836,688	(120,688)
Excess (deficiency) of revenues over (under) expenditures	(392,000)	(666,000)	(787,841)	(121,841)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(392,000)	(666,000)	(787,841)	(121,841)
Fund balance, beginning of year	2,256,477	2,256,477	2,256,477	-
Fund balance, end of year	\$ 1,864,477	\$ 1,590,477	\$ 1,468,636	\$ (121,841)

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Proposition C Sales Tax Special Revenue Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 9,000	\$ 9,000	\$ 7,040	\$ (1,960)
Total revenues	<u>9,010</u>	<u>9,010</u>	<u>7,040</u>	<u>(1,970)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	10,000	10,000	18,707	(8,707)
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>18,707</u>	<u>(8,707)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(990)</u>	<u>(990)</u>	<u>(11,667)</u>	<u>(10,677)</u>
Net change in fund balance	(990)	(990)	(11,667)	(10,677)
Fund balance, beginning of year	<u>20,576</u>	<u>20,576</u>	<u>20,576</u>	<u>-</u>
Fund balance, end of year	<u>\$ 19,586</u>	<u>\$ 19,586</u>	<u>\$ 8,909</u>	<u>\$ (10,677)</u>

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Measure M Sales Tax Special Revenue Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 5,934	\$ (2,066)
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>5,934</u>	<u>(2,066)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>11,000</u>	<u>11,000</u>	<u>5,934</u>	<u>5,066</u>
Total expenditures	<u>11,000</u>	<u>11,000</u>	<u>5,934</u>	<u>5,066</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>	<u>3,000</u>
Net change in fund balance	(3,000)	(3,000)	-	3,000
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	<u>\$ -</u>	<u>\$ 3,000</u>

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**CARB Tax Special Revenue Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 156,603	\$ 6,603
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>156,603</u>	<u>6,603</u>
<b>EXPENDITURES</b>				
Current:				
Public works	100,000	793,750	54,070	739,680
Total expenditures	<u>100,000</u>	<u>793,750</u>	<u>54,070</u>	<u>739,680</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,000</u>	<u>(643,750)</u>	<u>102,533</u>	<u>746,283</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	43,768	43,768
Total other financing sources	<u>-</u>	<u>-</u>	<u>43,768</u>	<u>43,768</u>
Net change in fund balance	50,000	(643,750)	146,301	790,051
Fund balance, beginning of year	<u>719,245</u>	<u>719,245</u>	<u>719,245</u>	<u>-</u>
Fund balance, end of year	<u>\$ 769,245</u>	<u>\$ 75,495</u>	<u>\$ 865,546</u>	<u>\$ 790,051</u>

**City of Industry**  
**Combining Schedule of Net Position**  
**Industry Public Utilities Commission Enterprise Fund**  
**June 30, 2020**

	Water	Electric	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 1,320,797	\$ 3,187,917	\$ 4,508,714
Investments	6,659,172	12,543,581	19,202,753
Accounts receivable, net	568,754	695,051	1,263,805
Accrued interest	22,469	23,184	45,653
Inventory of materials and supplies	10,000	-	10,000
Prepaid items	516,973	-	516,973
Due from other funds	-	159,198	159,198
Total current assets	<u>9,098,165</u>	<u>16,608,931</u>	<u>25,707,096</u>
Non-current assets:			
Capital assets:			
Capital assets not being depreciated	476,700	613,614	1,090,314
Capital assets being depreciated, net	<u>8,178,822</u>	<u>3,410,477</u>	<u>11,589,299</u>
Total capital assets, net accumulated depreciation)	<u>8,655,522</u>	<u>4,024,091</u>	<u>12,679,613</u>
Total non-current assets	<u>8,655,522</u>	<u>4,024,091</u>	<u>12,679,613</u>
Total assets	<u>17,753,687</u>	<u>20,633,022</u>	<u>38,386,709</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,284,757	710,908	1,995,665
Deposits	16,134	6,725,364	6,741,498
Unearned revenue from reclaimed water sales	<u>5,249,539</u>	<u>-</u>	<u>5,249,539</u>
Total current liabilities	<u>6,550,430</u>	<u>7,436,272</u>	<u>13,986,702</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,655,522	4,024,091	12,679,613
Unrestricted	<u>2,547,735</u>	<u>9,172,659</u>	<u>11,720,394</u>
Total net position	<u>\$ 11,203,257</u>	<u>\$ 13,196,750</u>	<u>\$ 24,400,007</u>

**City of Industry**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Industry Public Utilities Commission Enterprise Fund**  
**For the Year Ended June 30, 2020**

	Water	Electric	Total
<b>OPERATING REVENUES</b>			
Water sales and service	\$ 3,164,632	\$ -	\$ 3,164,632
Electric and solar energy sales	-	5,080,861	5,080,861
Other revenue	79,175	669,098	748,273
	<u>3,243,807</u>	<u>5,749,959</u>	<u>8,993,766</u>
<b>OPERATING EXPENSES</b>			
Purchased water	373,001	-	373,001
Purchased electricity	-	2,237,445	2,237,445
General administration	2,823,369	1,777,784	4,601,153
Depreciation	529,627	113,356	642,983
	<u>3,725,997</u>	<u>4,128,585</u>	<u>7,854,582</u>
Total operating revenues	<u>3,243,807</u>	<u>5,749,959</u>	<u>8,993,766</u>
Operating income (loss)	<u>(482,190)</u>	<u>1,621,374</u>	<u>1,139,184</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	134,717	247,739	382,456
	<u>134,717</u>	<u>247,739</u>	<u>382,456</u>
Total non-operating revenues (expenses)	<u>134,717</u>	<u>247,739</u>	<u>382,456</u>
Income (loss) before transfers	<u>(347,473)</u>	<u>1,869,113</u>	<u>1,521,640</u>
Transfers out	-	(86,608)	(86,608)
	<u>-</u>	<u>(86,608)</u>	<u>(86,608)</u>
Total transfers	<u>-</u>	<u>(86,608)</u>	<u>(86,608)</u>
Changes in net position	<u>(347,473)</u>	<u>1,782,505</u>	<u>1,435,032</u>
Net position, beginning of year	<u>11,550,730</u>	<u>11,414,245</u>	<u>22,964,975</u>
Net position, end of year	<u>\$ 11,203,257</u>	<u>\$ 13,196,750</u>	<u>\$ 24,400,007</u>

**City of Industry**  
**Combining Schedule of Cash Flows**  
**Industry Public Utilities Commission Enterprise Fund**  
**For the Year Ended June 30, 2020**

	Water	Electric	Total
<b>Cash flows from operating activities:</b>			
Cash received from customers and users	\$ 2,592,509	\$ 5,098,305	\$ 7,690,814
Cash payments for water purchases	(373,001)	-	(373,001)
Cash payments for electric purchases	-	(2,237,445)	(2,237,445)
Cash payments for services and supplies	(2,088,687)	(1,425,050)	(3,513,737)
Net cash provided by operating activities	<u>130,821</u>	<u>1,435,810</u>	<u>1,566,631</u>
<b>Cash flows from non-capital financing activities:</b>			
Cash paid to other funds	-	(91,356)	(91,356)
Net cash used for non-capital financing activities	<u>-</u>	<u>(91,356)</u>	<u>(91,356)</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	-	(630,118)	(630,118)
Net cash used for capital and related financing activities	<u>-</u>	<u>(630,118)</u>	<u>(630,118)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments	-	5,678,783	5,678,783
Interest received	150,903	275,873	426,776
Net cash provided by investing activities	<u>150,903</u>	<u>5,954,656</u>	<u>6,105,559</u>
Net change in cash and cash equivalents	281,724	6,668,992	6,950,716
Cash and cash equivalents, beginning of year	<u>7,698,245</u>	<u>9,062,506</u>	<u>16,760,751</u>
Cash and cash equivalents, end of year	<u>\$ 7,979,969</u>	<u>\$ 15,731,498</u>	<u>\$ 23,711,467</u>
<b>Cash and cash equivalents</b>			
Cash	\$ 1,320,797	\$ 3,187,917	\$ 4,508,714
Investment in LAIF	<u>6,659,172</u>	<u>12,543,581</u>	<u>19,202,753</u>
Total cash and cash equivalents	<u>\$ 7,979,969</u>	<u>\$ 15,731,498</u>	<u>\$ 23,711,467</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (482,190)	\$ 1,621,374	\$ 1,139,184
<b>Adjustments to reconcile operating income (loss) to net income provided by operating activities:</b>			
Depreciation	529,627	113,356	642,983
<b>Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:</b>			
(Increase) decrease in accounts receivable	(110,267)	(40,554)	(150,821)
(Increase) decrease in prepaid expense	137,159	-	137,159
Increase (decrease) in accounts payable	597,523	352,734	950,257
Increase (decrease) in customer deposits	(29,088)	(611,100)	(640,188)
Increase (decrease) in unearned revenues	(511,943)	-	(511,943)
Total adjustments	<u>613,011</u>	<u>(185,564)</u>	<u>427,447</u>
Net cash provided by (used for) operating activities	<u>\$ 130,821</u>	<u>\$ 1,435,810</u>	<u>\$ 1,566,631</u>

**City of Industry**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Fund**  
**For the Year Ended June 30, 2020**

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2020</u>
<u>Assessment Districts</u>				
<b>ASSETS</b>				
Cash	\$ 234,665	\$ 58,140	\$ -	\$ 292,805
Investments	1,544,080	-	(539,194)	1,004,886
Cash with fiscal agent	527,006	-	(4,304)	522,702
Other receivables	4,034	2,849	-	6,883
Total assets	<u>\$ 2,309,785</u>	<u>\$ 60,989</u>	<u>\$ (543,498)</u>	<u>\$ 1,827,276</u>
<b>LIABILITIES</b>				
Due to bond holders	\$ 2,309,785	\$ 60,989	\$ (543,498)	\$ 1,827,276
Total liabilities	<u>\$ 2,309,785</u>	<u>\$ 60,989</u>	<u>\$ (543,498)</u>	<u>\$ 1,827,276</u>

**City of Industry**  
**Schedule of Long-Term Debt**  
**\$50,975,000 General Obligation Refunding Series B Bonds, Issue OF 2009 - Maturity Schedule**  
**For the Year Ended June 30, 2020**

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<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt</u> <u>Service</u>
7/1/2020	<u>\$ 5,640,000</u>	4.500%	<u>\$ 127,800</u>	<u>\$ 5,767,800</u>	<u>\$ 5,767,800</u>

**City of Industry**  
**Schedule of Long-Term Debt**  
**\$43,340,000 General Obligation Refunding Bonds, Issue of 2010 - Maturity Schedule**  
**For the Year Ended June 30, 2020**

<b>Period Ending</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
7/1/2020	\$ 2,550,000	5.000%	\$ 557,375	\$ 3,107,375	
1/1/2021	-	0.000%	493,625	493,625	\$ 3,601,000
7/1/2021	2,675,000	0.000%	493,625	3,168,625	
1/1/2022	-	0.000%	431,200	431,200	3,599,825
7/1/2022	2,800,000	0.000%	431,200	3,231,200	
1/1/2023	-	0.000%	361,200	361,200	3,592,400
7/1/2023	2,940,000	0.000%	361,200	3,301,200	
1/1/2024	-	0.000%	287,700	287,700	3,588,900
7/1/2024	3,095,000	0.000%	287,700	3,382,700	
1/1/2025	-	0.000%	210,325	210,325	3,593,025
7/1/2025	3,240,000	0.000%	210,325	3,450,325	
1/1/2026	-	0.000%	137,075	137,075	3,587,400
7/1/2026	1,550,000	0.000%	137,075	1,687,075	
1/1/2027	-	0.000%	104,138	104,138	1,791,213
7/1/2027	1,615,000	0.000%	104,138	1,719,138	
1/1/2028	-	0.000%	71,837	71,837	1,790,976
7/1/2028	1,680,000	0.000%	71,838	1,751,838	
1/1/2029	-	0.000%	37,187	37,187	1,789,026
7/1/2029	1,750,000	0.000%	37,188	1,787,188	
1/1/2030	-	0.000%	-	-	1,787,188
	<u>\$ 23,895,000</u>		<u>\$ 4,825,951</u>	<u>\$ 28,720,951</u>	<u>\$ 28,720,953</u>

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**City of Industry**  
**Schedule of Long-Term Debt**  
**\$28,985,000 General Obligation Refunding Bonds Taxable, Issue of 2014 - Maturity Schedule**  
**For the Year Ended June 30, 2020**

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<b>Period Ending</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
7/1/2020	\$ 4,470,000	2.500%	\$ 416,482	\$ 4,886,482	
1/1/2021		2.500%	360,607	360,607	\$ 5,247,089
7/1/2021	5,875,000	2.500%	360,607	6,235,607	
1/1/2022		2.750%	279,825	279,825	6,515,432
7/1/2022	6,035,000	2.750%	279,825	6,314,825	
1/1/2023		2.875%	193,072	193,072	6,507,897
7/1/2023	6,210,000	2.875%	193,072	6,403,072	
1/1/2024		3.000%	99,921	99,921	6,502,993
7/1/2024	6,395,000	3.000%	99,921	6,494,921	
1/1/2025		3.125%			6,494,921
	<u>\$ 28,985,000</u>		<u>\$ 2,283,332</u>	<u>\$ 31,268,332</u>	<u>\$ 31,268,332</u>

**City of Industry**  
**Schedule of Long-Term Debt**  
**\$336,570,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015A - Maturity Schedule**  
**For the Year Ended June 30, 2020**

<b>Period</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
<b>Ending</b>					
7/1/2020	\$ -	2.500%	\$ 8,124,181	\$ 8,124,181	
1/1/2021	2,010,000	2.750%	8,124,181	10,134,181	\$ 18,258,363
7/1/2021		2.750%	8,096,544	8,096,544	
1/1/2022	2,065,000	3.000%	8,096,544	10,161,544	18,258,088
7/1/2022		3.000%	8,065,569	8,065,569	
1/1/2023	2,130,000	3.250%	8,065,569	10,195,569	18,261,138
7/1/2023		3.250%	8,030,956	8,030,956	
1/1/2024	2,200,000	3.250%	8,030,956	10,230,956	18,261,913
7/1/2024		3.250%	7,995,206	7,995,206	
1/1/2025	2,270,000	3.500%	7,995,206	10,265,206	18,260,413
7/1/2025		3.500%	7,955,481	7,955,481	
1/1/2026	2,345,000	3.625%	7,955,481	10,300,481	18,255,963
7/1/2026		3.625%	7,912,978	7,912,978	
1/1/2027	2,435,000	4.000%	7,912,978	10,347,978	18,260,956
7/1/2027		4.000%	7,864,278	7,864,278	
1/1/2028	7,270,000	4.000%	7,864,278	15,134,278	22,998,556
7/1/2028		4.000%	7,718,878	7,718,878	
1/1/2029	7,560,000	4.125%	7,718,878	15,278,878	22,997,756
7/1/2029		4.125%	7,562,953	7,562,953	
1/1/2030	7,870,000	4.250%	7,562,953	15,432,953	22,995,906
7/1/2030		4.250%	7,395,716	7,395,716	
1/1/2031	8,205,000	4.625%	7,395,716	15,600,716	22,996,431
7/1/2031		4.625%	7,205,975	7,205,975	
1/1/2032	8,585,000	4.625%	7,205,975	15,790,975	22,996,950
7/1/2032		4.625%	7,007,447	7,007,447	
1/1/2033	8,985,000	4.625%	7,007,447	15,992,447	22,999,894
7/1/2033		4.625%	6,799,669	6,799,669	
1/1/2034	9,400,000	4.625%	6,799,669	16,199,669	22,999,338
7/1/2034		4.625%	6,582,294	6,582,294	
1/1/2035	9,835,000	5.125%	6,582,294	16,417,294	22,999,588
7/1/2035		5.125%	6,330,272	6,330,272	
1/1/2036	10,335,000	5.125%	6,330,272	16,665,272	22,995,544
7/1/2036		5.125%	6,065,438	6,065,438	
1/1/2037	10,865,000	5.125%	6,065,438	16,930,438	22,995,875
7/1/2037		5.125%	5,787,022	5,787,022	
1/1/2038	11,425,000	5.125%	5,787,022	17,212,022	22,999,044
7/1/2038		5.125%	5,494,256	5,494,256	
1/1/2039	12,010,000	5.125%	5,494,256	17,504,256	22,998,513
7/1/2039		5.125%	5,186,500	5,186,500	
1/1/2040	12,625,000	5.125%	5,186,500	17,811,500	22,998,000
7/1/2040		5.125%	4,862,984	4,862,984	
1/1/2041	13,270,000	5.125%	4,862,984	18,132,984	22,995,969

**City of Industry**  
**Schedule of Long-Term Debt**  
**\$336,570,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015A - Maturity Schedule**  
**(Continued)**  
**For the Year Ended June 30, 2020**

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt</u> <u>Service</u>
7/1/2041		5.125%	\$ 4,522,941	\$ 4,522,941	
1/1/2042	\$ 13,950,000	5.125%	4,522,941	18,472,941	\$ 22,995,881
7/1/2042		5.125%	4,165,472	4,165,472	
1/1/2043	14,665,000	5.125%	4,165,472	18,830,472	22,995,944
7/1/2043		5.125%	3,789,681	3,789,681	
1/1/2044	15,420,000	5.125%	3,789,681	19,209,681	22,999,363
7/1/2044		5.125%	3,394,544	3,394,544	
1/1/2045	16,210,000	5.125%	3,394,544	19,604,544	22,999,088
7/1/2045		5.125%	2,979,163	2,979,163	
1/1/2046	17,040,000	5.125%	2,979,163	20,019,163	22,998,325
7/1/2046		5.125%	2,542,513	2,542,513	
1/1/2047	17,910,000	5.125%	2,542,513	20,452,513	22,995,025
7/1/2047		5.125%	2,083,569	2,083,569	
1/1/2048	18,830,000	5.125%	2,083,569	20,913,569	22,997,138
7/1/2048		5.125%	1,601,050	1,601,050	
1/1/2049	19,795,000	5.125%	1,601,050	21,396,050	22,997,100
7/1/2049		5.125%	1,093,803	1,093,803	
1/1/2050	20,810,000	5.125%	1,093,803	21,903,803	22,997,606
7/1/2050		5.125%	560,547	560,547	
1/1/2051	21,875,000	5.125%	560,547	22,435,547	22,996,094
	<u>\$ 330,200,000</u>		<u>\$ 349,555,758</u>	<u>\$ 679,755,758</u>	<u>\$ 679,755,756</u>

**City of Industry**  
**Schedule of Long-Term Debt**  
**\$51,460,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule**  
**For the Year Ended June 30, 2020**

<b>Period Ending</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
8/1/2020	\$ -	4.250%	\$ 1,834,224	\$ 1,834,224	
2/1/2021	540,000	4.250%	1,834,224	2,374,224	\$ 4,208,448
8/1/2021		4.500%	1,822,748	1,822,748	
2/1/2022	560,000	4.500%	1,822,749	2,382,749	4,205,497
8/1/2022		4.750%	1,810,149	1,810,149	
2/1/2023	585,000	4.750%	1,810,149	2,395,149	4,205,298
8/1/2023		5.000%	1,796,255	1,796,255	
2/1/2024	615,000	5.000%	1,796,255	2,411,255	4,207,510
8/1/2024		5.250%	1,780,880	1,780,880	
2/1/2025	645,000	5.250%	1,780,880	2,425,880	4,206,760
8/1/2025		5.550%	1,763,948	1,763,948	
2/1/2026	680,000	5.550%	1,763,949	2,443,949	4,207,897
8/1/2026		5.850%	1,745,078	1,745,078	
2/1/2027	715,000	5.850%	1,745,079	2,460,079	4,205,157
8/1/2027		6.150%	1,724,165	1,724,165	
2/1/2028	755,000	6.150%	1,724,165	2,479,165	4,203,330
8/1/2028		6.450%	1,700,949	1,700,949	
2/1/2029	805,000	6.450%	1,700,949	2,505,949	4,206,898
8/1/2029		6.750%	1,674,988	1,674,988	
2/1/2030	860,000	6.750%	1,674,988	2,534,988	4,209,976
8/1/2030		7.000%	1,645,962	1,645,962	
2/1/2031	915,000	7.000%	1,645,963	2,560,963	4,206,925
8/1/2031		7.250%	1,613,937	1,613,937	
2/1/2032	980,000	7.250%	1,613,938	2,593,938	4,207,875
8/1/2032		7.250%	1,578,412	1,578,412	
2/1/2033	1,050,000	7.250%	1,578,413	2,628,413	4,206,825
8/1/2033		7.250%	1,540,350	1,540,350	
2/1/2034	1,125,000	7.250%	1,540,350	2,665,350	4,205,700
8/1/2034		7.250%	1,499,569	1,499,569	
2/1/2035	1,205,000	7.250%	1,499,569	2,704,569	4,204,138
8/1/2035		7.250%	1,455,887	1,455,887	
2/1/2036	1,295,000	7.250%	1,455,888	2,750,888	4,206,775
8/1/2036		7.500%	1,408,943	1,408,943	
2/1/2037	1,390,000	7.500%	1,408,944	2,798,944	4,207,887
8/1/2037		7.500%	1,356,819	1,356,819	
2/1/2038	1,490,000	7.500%	1,356,819	2,846,819	4,203,638
8/1/2038		7.500%	1,300,944	1,300,944	
2/1/2039	1,605,000	7.500%	1,300,944	2,905,944	4,206,888
8/1/2039		7.500%	1,240,756	1,240,756	
2/1/2040	1,725,000	7.500%	1,240,756	2,965,756	4,206,512
8/1/2040		7.500%	1,176,068	1,176,068	
2/1/2041	1,855,000	7.500%	1,176,069	3,031,069	4,207,137

**City of Industry**  
**Schedule of Long-Term Debt**  
**\$51,460,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule**  
**(Continued)**  
**For the Year Ended June 30, 2020**

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
8/1/2041		7.750%	\$ 1,106,506	\$ 1,106,506	
2/1/2042	\$ 1,995,000	7.750%	1,106,506	3,101,506	\$ 4,208,012
8/1/2042		7.750%	1,029,200	1,029,200	
2/1/2043	2,150,000	7.750%	1,029,200	3,179,200	4,208,400
8/1/2043		7.750%	945,888	945,888	
2/1/2044	2,315,000	7.750%	945,888	3,260,888	4,206,776
8/1/2044	-	7.750%	856,181	856,181	-
2/1/2045	2,495,000	7.750%	856,181	3,351,181	4,207,362
8/1/2045		7.750%	759,500	759,500	
2/1/2046	2,685,000	7.750%	759,500	3,444,500	4,204,000
8/1/2046		7.750%	655,456	655,456	
2/1/2047	2,900,000	7.750%	655,456	3,555,456	4,210,912
8/1/2047		7.750%	543,081	543,081	
2/1/2048	3,120,000	7.750%	543,081	3,663,081	4,206,162
8/1/2048		7.750%	422,181	422,181	
2/1/2049	3,365,000	7.750%	422,181	3,787,181	4,209,362
8/1/2049		7.750%	291,788	291,788	
2/1/2050	3,625,000	7.750%	291,788	3,916,788	4,208,576
8/1/2050		7.750%	151,319	151,319	
2/1/2051	3,905,000	7.750%	151,319	4,056,319	4,207,638
	<u>\$ 49,950,000</u>		<u>\$ 80,464,271</u>	<u>\$ 130,414,271</u>	<u>\$ 130,414,271</u>

**City of Industry**  
**Schedule of Long-Term Debt**  
**\$34,340,000 Taxable Sales Tax Revenue Refunding Bonds, Issue of 2017 - Maturity Schedule**  
**For the Year Ended June 30, 2020**

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2020		2.250%	\$ 379,097	\$ 379,097	
1/1/2021	\$ 3,215,000	2.500%	379,097	3,594,097	\$ 3,973,194
7/1/2021		2.500%	338,909	338,909	
1/1/2022	3,295,000	2.750%	338,909	3,633,909	3,972,819
7/1/2022		2.750%	293,603	293,603	
1/1/2023	3,390,000	3.000%	293,603	3,683,603	3,977,206
7/1/2023		3.000%	242,753	242,753	
1/1/2024	3,490,000	3.125%	242,753	3,732,753	3,975,506
7/1/2024		3.125%	188,222	188,222	
1/1/2025	3,595,000	3.250%	188,222	3,783,222	3,971,444
7/1/2025		3.250%	129,803	129,803	
1/1/2026	3,715,000	3.375%	129,803	3,844,803	3,974,606
7/1/2026		3.375%	67,113	67,113	
1/1/2027	3,835,000	3.500%	67,113	3,902,113	3,969,225
	<u>\$ 24,535,000</u>		<u>\$ 3,279,000</u>	<u>\$ 27,814,000</u>	<u>\$ 27,814,000</u>