

City of Industry

Financial Statements and Supplementary Information

For the year ended June 30, 2023

City of Industry

Financial Statements For the Year Ended June 30, 2023

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Independent Auditor's Report

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To the Honorable Mayor and Members
of the City Council of the
City of Industry
Industry, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Industry (the City), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, 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.

Basis for Opinions

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

Other Matters

As discussed in Note 1 to the financial statements, in the year ended June 30, 2023, the City adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, the evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024 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 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

March 12, 2024

City of Industry

Management's Discussion and Analysis For the Year Ended June 30, 2023

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, 2023. 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, 2023 by \$913.0 million (Net Position). Of this amount, \$427.2 million is invested in capital assets, and \$480.0 million in unrestricted net position. Net Position reflects an increase of \$129.4 million from prior period and is mainly attributable to increase in public work's capital grants and contributions and offset mainly by a decrease in property tax.
- The assets of the City's business-type activities exceeded its liabilities at June 30, 2023 by \$77.2 million (Net Position). Of this amount, \$62.6 million is invested in capital assets, net of related debt, and \$14.6 million in unrestricted net position. Net position increased by \$21.1 million due to a positive effect of net transfers and contributions, offset by a net loss from operations during the year ended June 30, 2023.
- The City's total debt and liabilities decreased by \$54.4 million, of which is primarily attributed to reductions in long-term liabilities due in more than one year as a result of early redemption principal payments on long-term debts.
- In the General Fund, the net change in fund balance was an increase of \$25.7 million. The increase in fund balance was attributed mostly to an increase in taxes and increase in revenues from use of money and property, and a decrease in general administration and capital outlay. At June 30, 2023, the General Fund's ending fund balance was \$698.9 million with an unassigned balance of \$620.5 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's Discussion and Analysis For the Year Ended June 30, 2023

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 ("CRIA"), 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.

City of Industry

Management's Discussion and Analysis For the Year Ended June 30, 2023

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.

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 four 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.

City of Industry

Management's Discussion and Analysis For the Year Ended June 30, 2023

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.

Table 1
Net Position

	Governmental Activities		
	2023	2022	Change
Current and other assets	\$ 850,807,890	\$ 920,763,138	\$ (69,955,248)
Capital assets, net	427,217,570	283,207,034	144,010,536
Total assets	1,278,025,460	1,203,970,172	74,055,288
Deferred outflows of resources:			
Deferred loss on refunding, net	520,210	604,471	(84,261)
Deferred outflows of resources - pension	5,098,065	3,591,092	1,506,973
Deferred outflow of resources - OPEB	2,049,672	1,388,904	660,768
Total deferred outflows of resources	7,667,947	5,584,467	2,083,480
Long-term liabilities	330,583,557	373,625,272	(43,041,715)
Other liabilities	31,515,745	42,913,583	(11,397,838)
Total liabilities	362,099,302	416,538,855	(54,439,553)
Deferred inflows of resources:			
Deferred inflow of resources - leases	8,036,236	5,557,288	2,478,948
Deferred inflows of resources - pension	1,656,000	839,544	816,456
Deferred inflows of resources - OPEB	860,973	3,064,128	(2,203,155)
Total deferred inflow of resources	10,553,209	9,460,960	1,092,249
Net position:			
Net investment in capital assets	427,217,570	101,422,456	325,795,114
Restricted for:			
Transportation and road	3,096,394	2,600,202	496,192
Debt service	-	3,589,831	(3,589,831)
Pension benefits	-	22,533,095	(22,533,095)
Other postemployment benefits	2,762,662	5,482,179	(2,719,517)
Unrestricted	479,964,270	647,927,061	(167,962,791)
Total net position	\$ 913,040,896	\$ 783,554,824	\$ 129,486,072

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 for governmental activities by approximately \$913.0 million at June 30, 2023.

City of Industry

Management's Discussion and Analysis For the Year Ended June 30, 2023

The largest portion of the Net Position, amounted to approximately \$480.0 is unrestricted by external sources on how the funds may be used. Approximately \$427.2 million is the City's net investment in its capital assets. In addition, \$3.1 million are restricted for transportation and road projects.

The City's total Net Position under governmental activities increased over the prior year by \$129.5 million mainly attributable to transfer of capital assets in public works and offset mainly by a decrease in property tax.

Total liabilities decreased by approximately \$54.4 million primarily attributable to reductions in long-term liabilities due in more than one year, as a result of regular early redemption principal payments on long-term debts.

Governmental Activities – Changes in Net Position

Table 2
Change in Net Position

	Governmental Activities		
	2023	2022	Change
General revenues:			
Taxes	\$ 58,208,523	\$ 103,543,416	\$ (45,334,893)
Revenues from use of money and property	33,235,070	7,073,413	26,161,657
Other revenues	1,480,907	2,650,164	(1,169,257)
Total general revenues	92,924,500	113,266,993	(20,342,493)
Expenses in excess of program revenues:			
General government	9,542,089	1,208,705	8,333,384
Support services	8,594,915	3,810,462	4,784,453
Community development	4,218,503	48,248,897	(44,030,394)
Community services	9,618,659	8,655,172	963,487
Public safety	14,536,698	13,310,820	1,225,878
Public works	(115,464,995)	15,873,396	(131,338,391)
Interest expense and fiscal charges	27,193,644	26,559,338	634,306
Total expenses in excess of program revenues	(41,760,487)	117,666,790	(159,427,277)
Change in net position before other items	134,684,987	(4,399,797)	139,084,784
Transfers, net	(5,198,915)	(4,908,130)	(290,785)
Change in net position	129,486,072	(9,307,927)	138,793,999
Net position, beginning of year	783,554,824	792,862,751	(9,307,927)
Net position, end of year	\$ 913,040,896	\$ 783,554,824	\$ 129,486,072

City of Industry

Management's Discussion and Analysis For the Year Ended June 30, 2023

The total revenues, reported as governmental activities, decreased by approximately \$20.3 million. This was due to a decrease in revenue from tax due to the decrease of RPTTF remittances, offset by use of money and property attributable to an increase in interest income and an increased gain in the fair market value of City's investment.

The increase in net position was mainly due to transfer of capital assets in public works.

Business-Type Activities – Net Position

Table 3
Net Position

	Business-Type Activities		
	2023	2022	Change
Current and other assets	\$ 23,114,732	\$ 23,957,098	\$ (842,366)
Capital assets, net	62,591,257	41,742,123	20,849,134
Total assets	<u>85,705,989</u>	<u>65,699,221</u>	<u>20,006,768</u>
Liabilities	8,149,074	9,610,171	(1,461,097)
Total liabilities	<u>8,149,074</u>	<u>9,610,171</u>	<u>(1,461,097)</u>
Deferred inflows of resources - leases	333,500	-	333,500
Total deferred inflows of resources	<u>333,500</u>	<u>-</u>	<u>333,500</u>
Net position			
Net investment in capital assets	62,591,257	41,742,123	20,849,134
Unrestricted	<u>14,632,158</u>	<u>14,346,927</u>	<u>285,231</u>
Total net position	<u>\$ 77,223,415</u>	<u>\$ 56,089,050</u>	<u>\$ 21,134,365</u>

Total net position for the City's business type activities increased by approximately \$21.1 million as compared to the prior year. The increase was primarily attributable to transfer of capital assets.

City of Industry

Management's Discussion and Analysis For the Year Ended June 30, 2023

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

Table 4
Change in Net Position

	Business-Type Activities		
	2023	2022	Change
Revenues			
Charges for services	\$ 10,765,502	\$ 9,004,097	\$ 1,761,405
Capital grants and contributions	22,039,657	-	22,039,657
Other revenues	428,108	67,609	360,499
Total revenues	33,233,267	9,071,706	24,161,561
Expenses			
Water transmission and distributions	3,769,585	3,136,306	633,279
Purchased electricity	7,095,044	4,687,432	2,407,612
Cost of expo operations	4,988,850	3,211,552	1,777,298
Cost of housing authority operations	1,444,338	890,600	553,738
Total expenses	17,297,817	11,925,890	5,371,927
Income (loss) from operations before transfers	15,935,450	(2,854,184)	18,789,634
Transfers and contributions	5,198,915	4,908,130	290,785
Change in net position	21,134,365	2,053,946	19,080,419
Net position, beginning of year	<u>56,089,050</u>	<u>54,035,104</u>	<u>2,053,946</u>
Net position, end of year	\$ 77,223,415	\$ 56,089,050	\$ 21,134,365

Revenues increased by \$24.2 million over the prior year, primarily due to transfer of capital assets.

City of Industry

Management's Discussion and Analysis **For the Year Ended June 30, 2023**

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

	Governmental Activities		
	2023	2022	Change
Revenues			
Taxes	\$ 51,369,319	\$ 47,051,238	\$ 4,318,081
Intergovernmental	289,861	2,492,815	(2,202,954)
Charges for services	290,511	523,690	(233,179)
Licenses and permits	2,189,604	2,510,262	(320,658)
Fines, forfeitures and penalties	300,996	364,595	(63,599)
Use of money and property	24,190,693	4,139,439	20,051,254
Other revenue	2,396,367	3,461,674	(1,065,307)
Total revenues	81,027,351	60,543,713	20,483,638
Expenditures			
Current:			
Legislative	870,077	859,210	10,867
General administration	5,831,027	7,008,462	(1,177,435)
Support services	5,631,104	2,606,965	3,024,139
Community development	6,327,188	7,917,124	(1,589,936)
Community services	8,875,345	12,283,269	(3,407,924)
Public safety	13,153,974	15,328,460	(2,174,486)
Public works	14,187,850	4,213,701	9,974,149
Capital outlay	-	6,870,398	(6,870,398)
Total expenditures	54,876,565	57,087,589	(2,211,024)
Excess of revenues over expenditures	26,150,786	3,456,124	22,694,662
Other financing sources (uses):			
Net transfers	(434,309)	(40,880,399)	40,446,090
Proceeds from sale of assets	26,800	1,284,384	(1,257,584)
Total other financing sources (uses)	(407,509)	(39,596,015)	39,188,506
Change in fund balance	\$ 25,743,277	\$ (36,139,891)	\$ 61,883,168

City of Industry

Management's Discussion and Analysis For the Year Ended June 30, 2023

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 \$698.9 million, which is an increase from the prior year of \$25.7 million. The increase was attributed mostly to an increase in revenues from use of money and property of \$20.1 million, and a decrease of capital outlay.

Other Financing Uses decreased by \$39.2 million over the prior year, mainly due to the absence of transfer for debt services.

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	\$ 934,000	\$ 934,000	\$ 870,077	\$ 63,923
General administration	8,725,900	13,023,900	5,831,027	7,192,873
Support services	4,040,000	5,077,284	5,631,104	(553,820)
Community development	2,085,000	2,085,000	6,327,188	(4,242,188)
Community services	8,117,000	8,180,209	8,875,345	(695,136)
Public safety	13,245,000	13,260,000	13,153,974	106,026
Public works	15,178,000	14,568,000	14,187,850	380,150
 Total expenditures	 \$ 52,324,900	 \$ 57,128,393	 \$ 54,876,565	 \$ 2,251,828

Overall, total actual expenditures for the City were under the budgeted amounts, mainly due to lowered than expected general administration.

City of Industry

Management's Discussion and Analysis For the Year Ended June 30, 2023

Capital Asset and Debt Administration

Capital Assets

Net capital assets for governmental activities as of June 30, 2023 and 2022 are summarized as follows:

Table 7
Net Capital Assets at Year-End

	Governmental Activities		
	2023	2022	Change
Capital assets not being depreciated:			
Land	\$ 110,604,835	\$ 110,604,835	\$ -
Construction in progress	43,586,811	37,338,942	6,247,869
Total capital assets, not being depreciated	<u>154,191,646</u>	<u>147,943,777</u>	<u>6,247,869</u>
Capital assets being depreciated:			
Buildings and improvements	120,670,145	120,670,145	-
Equipment, furniture and fixtures	6,508,578	6,508,578	-
Infrastructure	332,113,528	175,230,189	156,883,339
Total capital assets, being depreciated	<u>459,292,251</u>	<u>302,408,912</u>	<u>156,883,339</u>
Less accumulated depreciation	<u>(186,266,327)</u>	<u>(164,145,655)</u>	<u>(22,120,672)</u>
Total capital assets being depreciated, net	<u>273,025,924</u>	<u>138,263,257</u>	<u>134,762,667</u>
Total governmental activities	<u>\$ 427,217,570</u>	<u>\$ 286,207,034</u>	<u>\$ 141,010,536</u>

As of June 30, 2023, the City's governmental activities had approximately \$427.2 million invested in capital assets including buildings, land, roads, and other general infrastructure, net of accumulated depreciation. This amount represents a net increase of \$141.0 million from prior year and it was due to additional capital improvement projects, transfer of capital assets from Successor Agency of the Industry Urban-Development Agency, as well as the City placing in service completed construction in progress projects for infrastructure, buildings and improvements. Accumulated depreciation increased by \$22.1 million, including a transfer of \$14.8 million.

City of Industry

Management's Discussion and Analysis For the Year Ended June 30, 2023

Net capital assets for business-type activities as of June 30, 2023 and 2022 are summarized as follows:

Table 8
Net Capital Assets at Year-End

	Business-Type Activities		
	2023	2022	Change
Capital assets not being depreciated:			
Land	\$ 6,764,880	\$ 6,764,880	\$ -
Water rights	441,200	441,200	-
Construction in progress	9,681,877	8,039,874	1,642,003
Total capital assets, not being depreciated	16,887,957	15,245,954	1,642,003
Capital assets being depreciated:			
Buildings and improvements	55,193,845	55,037,294	156,551
Equipment, furniture and fixtures	1,322,648	1,322,648	-
Infrastructure	31,824,258	9,571,703	22,252,555
Source of supply - electric	4,495,494	4,495,494	-
Total capital assets, being depreciated	92,836,245	70,427,139	22,409,106
Less accumulated depreciation	(47,132,945)	(43,930,970)	(3,201,975)
Total capital assets being depreciated, net	45,703,300	26,496,169	19,207,131
Total business-type activities	\$ 62,591,257	\$ 41,742,123	\$ 20,849,134

Capital assets in the Business-Type Activities belong to IPUC and the Industry Hills Expo Center. The increase in net capital assets of \$20.8 million was primarily due to transfers of capital assets from Successor Agency of the Industry Urban-Development Agency and contributions of capital assets from the City.

Long-term Liabilities

As of June 30, 2023, the City had total long term debt and other non-current liabilities of approximately \$334.1 million which is a decrease of \$63.8 million from prior year. The reduction is primarily due to principal payments on and early redemption of outstanding debt.

City of Industry

Management's Discussion and Analysis For the Year Ended June 30, 2023

Below is a summary of the outstanding long-term liabilities at June 30, 2023:

Table 9
Outstanding Debt, at Year-End

	Governmental Activities		
	2023	2022	Change
General obligation bonds	\$ -	\$ 37,310,000	\$ (37,310,000)
Revenue bonds	338,630,000	344,150,000	(5,520,000)
Tax allocation bonds	-	21,145,000	(21,145,000)
Original issue premium	(4,771,245)	(4,936,219)	164,974
Compensated absences	209,281	181,465	27,816
Total outstanding debt	<u>\$ 334,068,036</u>	<u>\$ 397,850,246</u>	<u>\$ (63,782,210)</u>

Economic Factors and Next Year's Budgets and Rates

The City continuously strives and plans infrastructure investments to maximize development opportunities, streamline goods movement and link the workforce to their workplaces. In the meantime, the City expands its efforts to provide services and programs that promote the well-being of the San Gabriel Valley.

The City's General Fund has adopted an operating budget of \$74.8 million in revenues and \$55.2 million in expenses. Additionally, approximately \$71.4 million in capital project expenditures is budgeted for several funds in the 2023-2024 fiscal year. The following is a summary of the major capital improvement projects for citywide.

Table 10
Capital Projects for FY 2023-2024

	Project Description	Budget	
		2023	2024
1	GRADE SEPARATION PROJECTS	\$ 2,375,000	
2	STREET WIDENING, RECONSTRUCTION, RESURFACING AND SLURRY SEAL	32,995,000	
3	STORM DRAIN IMPROVEMENTS	2,115,000	
4	TRAFFIC SIGNAL IMPROVEMENTS	8,715,000	
5	BRIDGE WIDENING, SEISMIC RETROFIT AND MAINTENANCE IMPROVEMENTS	355,000	
6	HOMESTEAD MUSEUM	250,000	
7	INDUSTRY HILLS GOLF & CONVENTION FACILITIES	95,000	
8	EL ENCANTO C.I.P.	725,000	
9	EXPO CENTER AT INDUSTRY HILLS	2,860,000	
10	OPEN SPACES/ TONNER CANYON/TRES HERMANOS	1,220,000	
11	TRES HERMANOS RANCH PROPERTY	800,000	
12	PROPERTY REDEVELOPMENT & DEMO	30,000	
13	IPUC - WATER UTILITY (IPU)	2,820,000	
14	IPUC - ELECTRIC UTILITY (IPU)	6,465,000	
15	MISCELLANEOUS	640,000	
16	CIVIC CENTER FACILITIES	3,445,000	
17	FACILITIES IMPROVEMENTS	4,485,000	
18	IPHMA CAPITAL IMPROVEMENTS	1,000,000	
	Total	<u>\$ 71,390,000</u>	

City of Industry

Management's Discussion and Analysis For the Year Ended June 30, 2023

The Operating Budget for Fiscal Year 2023-24 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. 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 Mayor Dave Way, City of Industry, California 91744.

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City of Industry

Statement of Net Position **June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 5,219,543	\$ 3,088,826	\$ 8,308,369
Investments	358,063,149	17,759,713	375,822,862
Investment in Section 115 Trust	5,000,000	-	5,000,000
Investments with fiscal agent - unrestricted	294,511,328	-	294,511,328
Accounts receivable, net	6,429,656	1,252,263	7,681,919
Accrued interest	3,609,338	139,133	3,748,471
Lease receivable, current portion	1,841,940	291,629	2,133,569
Internal balances	(159,815)	159,815	-
Inventory of materials and supplies	351,060	45,124	396,184
Prepaid items	3,479,280	374,569	3,853,849
Deposits	-	3,000	3,000
Total Current Assets	678,345,479	23,114,072	701,459,551
Noncurrent assets:			
Investments with fiscal agent - restricted	142,164,509	-	142,164,509
Lease receivable	6,307,626	-	6,307,626
Notes receivable	21,227,614	-	21,227,614
Net OPEB asset	2,762,662	-	2,762,662
Capital assets:			
Not being depreciated	154,191,646	16,887,957	171,079,603
Being depreciated (net of accumulated depreciation)	273,025,924	45,703,300	318,729,224
Total Noncurrent Assets	599,679,981	62,591,257	662,271,238
Total Assets	1,278,025,460	85,705,329	1,363,730,789
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	520,210	-	520,210
Deferred amounts from pension plans	5,098,065	-	5,098,065
Deferred amounts from OPEB	2,049,672	-	2,049,672
Total Deferred Outflows of Resources	7,667,947	-	7,667,947

The accompanying notes are an integral part of these financial statements.

City of Industry

Statement of Net Position (Continued) **June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 13,817,758	\$ 1,940,104	\$ 15,757,862
Accrued liabilities	1,909,861	-	1,909,861
Deposits	9,257	2,377,832	2,387,089
Interest payable	10,069,964	-	10,069,964
Unearned revenue	18,905	3,830,478	3,849,383
Long-term liabilities, current portion	5,690,000	-	5,690,000
Total Current Liabilities	<u>31,515,745</u>	<u>8,148,414</u>	<u>39,664,159</u>
Noncurrent liabilities:			
Net pension liability	2,205,521	-	2,205,521
Long-term liabilities, net of current portion	328,378,036	-	328,378,036
Total Noncurrent Liabilities	<u>330,583,557</u>	<u>-</u>	<u>330,583,557</u>
Total Liabilities	<u>362,099,302</u>	<u>8,148,414</u>	<u>370,247,716</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts from leases	8,036,236	333,500	8,369,736
Deferred amounts from pension plans	1,656,000	-	1,656,000
Deferred amounts from OPEB	860,973	-	860,973
Total Deferred Inflows of Resources	<u>10,553,209</u>	<u>333,500</u>	<u>10,886,709</u>
NET POSITION			
Net investment in capital assets	427,217,570	62,591,257	489,808,827
Restricted for:			
Transportation and road	3,096,394	-	3,096,394
Other postemployment benefits	2,762,662	-	2,762,662
Unrestricted	<u>479,964,270</u>	<u>14,632,158</u>	<u>494,596,428</u>
Total Net Position	<u>\$ 913,040,896</u>	<u>\$ 77,223,415</u>	<u>\$ 990,264,311</u>

The accompanying notes are an integral part of these financial statements.

City of Industry

Statement of Activities **For the Year Ended June 30, 2023**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 10,815,551	\$ 1,249,301	\$ 24,161	\$ -
Support services	8,594,915	-	-	-
Community development	6,693,927	2,475,424	-	-
Community services	9,618,659	-	-	-
Public safety	15,019,662	296,446	186,518	-
Public works	35,647,632	-	6,843,630	144,268,997
Interest expense and fiscal charges	27,193,644	-	-	-
Total Governmental Activities	<u>113,583,990</u>	<u>4,021,171</u>	<u>7,054,309</u>	<u>144,268,997</u>
Business-type activities:				
Industry Public Utilities Commission:				
Water utility	3,769,585	3,845,545	-	7,038,276
Electric utility	7,095,044	5,264,824	-	13,930,653
Industry-Hill Expo Center	4,988,850	1,436,507	-	1,070,728
Property and Housing Management Authority	1,444,338	218,626	-	-
Total Business-Type Activities	<u>17,297,817</u>	<u>10,765,502</u>	<u>-</u>	<u>22,039,657</u>
Total Functions/Programs	<u>\$ 130,881,807</u>	<u>\$ 14,786,673</u>	<u>\$ 7,054,309</u>	<u>\$ 166,308,654</u>

The accompanying notes are an integral part of these financial statements.

City of Industry

Statement of Activities (Continued) For the Year Ended June 30, 2023

				Net Revenue (Expense) and Change in Net Position		
				Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Governmental activities:						
General government	\$ (9,542,089)	\$ -	\$ (9,542,089)			
Support services	(8,594,915)	-	(8,594,915)			
Community development	(4,218,503)	-	(4,218,503)			
Community services	(9,618,659)	-	(9,618,659)			
Public safety	(14,536,698)	-	(14,536,698)			
Public works	115,464,995	-	115,464,995			
Interest expense and fiscal charges	(27,193,644)	-	(27,193,644)			
Total Governmental Activities	<u>41,760,487</u>	<u>-</u>	<u>41,760,487</u>			
Business-type activities:						
Industry Public Utilities Commission:						
Water utility	-	7,114,236	7,114,236			
Electric utility	-	12,100,433	12,100,433			
Industry-Hill Expo Center	-	(2,481,615)	(2,481,615)			
Property and Housing Management Authority	-	(1,225,712)	(1,225,712)			
Total Business-Type Activities	<u>-</u>	<u>15,507,342</u>	<u>15,507,342</u>			
Total Functions/Programs	<u>41,760,487</u>	<u>15,507,342</u>	<u>57,267,829</u>			
GENERAL REVENUES AND TRANSFERS						
Taxes:						
Property tax	15,389,009	-	15,389,009			
Sales tax	38,090,384	-	38,090,384			
Franchise tax	3,764,451	-	3,764,451			
Documentary transfer tax	359,448	-	359,448			
Transient occupancy tax	605,231	-	605,231			
Total Taxes	<u>58,208,523</u>	<u>-</u>	<u>58,208,523</u>			
Investment income	33,235,070	426,284	33,661,354			
Gain on sale of capital assets	26,800	-	26,800			
Other	1,454,107	1,824	1,455,931			
Transfers	<u>(5,198,915)</u>	<u>5,198,915</u>	<u>-</u>			
Total General Revenues and Transfers	<u>87,725,585</u>	<u>5,627,023</u>	<u>93,352,608</u>			
Change in Net Position	129,486,072	21,134,365	150,620,437			
Net position, beginning of year	<u>783,554,824</u>	<u>56,089,050</u>	<u>839,643,874</u>			
Net Position, end of year	<u>\$ 913,040,896</u>	<u>\$ 77,223,415</u>	<u>\$ 990,264,311</u>			

The accompanying notes are an integral part of these financial statements.

City of Industry

Balance Sheet June 30, 2023

	General Fund	Capital Projects Funds	City Debt Service Fund	Tax Override Fund
ASSETS				
Cash	\$ 1,668,847	\$ 1,378,962	\$ 1,233	\$ 2,161
Investments	322,674,552	33,670,045	-	-
Investment in Section 115 Trust	5,000,000	-	-	-
Investments with fiscal agent - unrestricted	294,511,328	-	-	-
Accounts receivable, net	5,981,950	164,587	-	-
Accrued interest	1,837,707	264,355	-	-
Lease receivable	8,149,566	-	-	-
Inventory	351,060	-	-	-
Prepays and deposits	282,271	-	3,197,009	-
Due from other funds	800,523	112,049	-	-
Notes receivable	21,227,614	-	-	-
Investments with fiscal agent - restricted	-	95,171,512	46,992,997	-
Investments in City bonds	-	-	-	-
Advances to other funds	56,538,262	-	-	-
 Total Assets	 \$ 719,023,680	 \$ 130,761,510	 \$ 50,191,239	 \$ 2,161
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 10,045,997	\$ 3,249,018	\$ -	\$ -
Accrued liabilities	1,909,861	-	-	-
Deposits	9,257	-	-	-
Unearned revenue	18,905	-	-	-
Due to other funds	76,985	435,376	-	-
Advance from other funds	-	6,773,139	-	-
 Total Liabilities	 12,061,005	 10,457,533	 -	 -
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows in leases	8,036,236	-	-	-
 Total Deferred Inflows of Resources	 8,036,236	 -	 -	 -
FUND BALANCES (DEFICIT)				
Nonspendable:				
Prepays and deposits	282,271	-	-	-
Inventory	351,060	-	-	-
Notes receivable	21,227,614	-	-	-
Advances to other funds	56,538,262	-	-	-
Restricted:				
Capital projects	-	120,303,977	-	-
Debt service	-	-	50,191,239	2,161
Transportation and roads	-	-	-	-
Unassigned	620,527,232	-	-	-
 Total Fund Balances	 698,926,439	 120,303,977	 50,191,239	 2,161
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 719,023,680	 \$ 130,761,510	 \$ 50,191,239	 \$ 2,161

(continued)

The accompanying notes are an integral part of these financial statements.

City of Industry

Balance Sheet (Continued) **June 30, 2023**

	Industry Public Facilities Authority	Governmental Funds	Total
ASSETS			
Cash	\$ -	\$ 2,168,340	\$ 5,219,543
Investments	-	1,718,552	358,063,149
Investment in Section 115 Trust	-	-	5,000,000
Investments with fiscal agent - unrestricted	-	-	294,511,328
Accounts receivable, net	-	283,119	6,429,656
Accrued interest	1,500,124	7,152	3,609,338
Lease receivable	-	-	8,149,566
Inventory	-	-	351,060
Prepays and deposits	-	-	3,479,280
Due from other funds	-	-	912,572
Notes receivable	-	-	21,227,614
Investments with fiscal agent - restricted	-	-	142,164,509
Investments in City bonds	41,372,544	-	41,372,544
Advances to other funds	-	-	56,538,262
 Total Assets	 <u>\$ 42,872,668</u>	 <u>\$ 4,177,163</u>	 <u>\$ 947,028,421</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,000	\$ 520,743	\$ 13,817,758
Accrued liabilities	-	-	1,909,861
Deposits	-	-	9,257
Unearned revenue	-	-	18,905
Due to other funds	-	560,026	1,072,387
Advance from other funds	49,765,123	-	56,538,262
 Total Liabilities	 <u>49,767,123</u>	 <u>1,080,769</u>	 <u>73,366,430</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows in leases	-	-	8,036,236
 Total Deferred Inflows of Resources	 <u>-</u>	 <u>-</u>	 <u>8,036,236</u>
FUND BALANCES (DEFICIT)			
Nonspendable:			
Prepays and deposits	-	-	282,271
Inventory	-	-	351,060
Notes receivable	-	-	21,227,614
Advances to other funds	-	-	56,538,262
Restricted:			
Capital projects	-	-	120,303,977
Debt service	-	-	50,193,400
Transportation and roads	-	2,903,285	2,903,285
Unassigned	(6,894,455)	193,109	613,825,886
 Total Fund Balances	 <u>(6,894,455)</u>	 <u>3,096,394</u>	 <u>865,625,755</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 42,872,668</u>	 <u>\$ 4,177,163</u>	 <u>\$ 947,028,421</u>
			(concluded)

The accompanying notes are an integral part of these financial statements.

City of Industry

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2023

Fund balances of governmental funds \$ 865,625,755

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, are not included in the funds. These assets consist of:

Capital assets	\$ 613,483,897
Accumulated depreciation	<u>(186,266,327)</u>
Total	427,217,570

Long-term liabilities applicable to governmental activities are not due and payable in the 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	(386,895,000)
(Premium) discount, net	4,771,245
Compensated absences	(209,281)
Deferred loss on refunding, net	<u>520,210</u>
Total	(381,812,826)

Accrued interest payable for the current portion of interest due on bonds are not reported governmental funds. (10,069,964)

Internal activities are eliminated in the governmental activities:

Investment In City bonds	(41,372,544)
Bonds payable	<u>48,265,000</u>
Total	6,892,456

Pension related liabilities applicable to the City's governmental activities are not due and 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	5,098,065
Deferred inflows of resources	(1,656,000)
Net pension liability	<u>(2,205,521)</u>
Total	1,236,544

OPEB related liabilities applicable to the City's governmental activities are not due and 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	2,049,672
Deferred inflows of resources	(860,973)
OPEB asset	<u>2,762,662</u>
Total	3,951,361

Net Position of Governmental Activities \$ 913,040,896

City of Industry

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2023

	General Fund	City Capital Projects Funds	Debt Service Funds	
			City Debt Service Fund	Tax Override Fund
REVENUES				
Taxes	\$ 51,369,319	\$ -	\$ 1,503,005	\$ 5,345,065
Intergovernmental	289,861	1,931,808	-	-
Charges for services	290,511	-	-	-
Licenses and permits	2,189,604	-	-	-
Fines, forfeitures and penalties	300,996	-	-	-
Use of money and property	24,190,693	3,614,116	1,700,799	-
Other revenue	2,396,367	3,147,402	-	-
 Total revenues	 81,027,351	 8,693,326	 3,203,804	 5,345,065
EXPENDITURES				
Current:				
Legislative	870,077	-	-	-
General administration	5,831,027	-	17,200	-
Support services	5,631,104	-	-	-
Community development	6,327,188	-	-	-
Community services	8,875,345	-	-	-
Public safety	13,153,974	-	-	-
Public works	14,187,850	-	-	-
Capital outlay	-	19,512,953	-	-
Debt service:				
Principal retirement	-	-	43,415,000	-
Interest and fiscal charges	-	-	21,218,546	-
 Total expenditures	 54,876,565	 19,512,953	 64,650,746	 -
 Excess (deficiency) of revenues over (under) expenditures	 26,150,786	 (10,819,627)	 (61,446,942)	 5,345,065
OTHER FINANCE SOURCES (USES)				
Transfers in	18,438,800	43,960,114	23,224,789	21,578
Transfers out	(18,873,109)	(22,356,090)	(985,029)	(8,173,317)
Proceeds from sale of capital assets	26,800	-	-	-
 Total other financing sources (uses)	 (407,509)	 21,604,024	 22,239,760	 (8,151,739)
 Net change in fund balances	 25,743,277	 10,784,397	 (39,207,182)	 (2,806,674)
FUND BALANCES (DEFICIT)				
Beginning of year	673,183,162	109,519,580	89,398,421	2,808,835
 End of year	 \$ 698,926,439	 \$ 120,303,977	 \$ 50,191,239	 \$ 2,161

(continued)

The accompanying notes are an integral part of these financial statements.

City of Industry

Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued) **Governmental Funds** **For the Year Ended June 30, 2023**

	Debt Service Fund	Nonmajor Governmental Funds	Total
	Industry Public Facilities Authority		
REVENUES			
Taxes	\$ -	\$ 6,980	\$ 58,224,369
Intergovernmental	-	2,005,751	4,227,420
Charges for services	-	-	290,511
Licenses and permits	-	-	2,189,604
Fines, forfeitures and penalties	-	-	300,996
Use of money and property	1,781,958	40,808	31,328,374
Other revenue	250,623	418	5,794,810
Total revenues	<u>2,032,581</u>	<u>2,053,957</u>	<u>102,356,084</u>
EXPENDITURES			
Current:			
Legislative	-	-	870,077
General administration	-	-	5,848,227
Support services	-	-	5,631,104
Community development	-	-	6,327,188
Community services	-	-	8,875,345
Public safety	-	-	13,153,974
Public works	-	4,064,947	18,252,797
Capital outlay	-	-	19,512,953
Debt service:			
Principal retirement	21,145,000	-	64,560,000
Interest and fiscal charges	<u>6,785,339</u>	<u>-</u>	<u>28,003,885</u>
Total expenditures	<u>27,930,339</u>	<u>4,064,947</u>	<u>171,035,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,897,758)</u>	<u>(2,010,990)</u>	<u>(68,679,466)</u>
OTHER FINANCE SOURCES (USES)			
Transfers in	10,740	6,730,334	92,386,355
Transfers out	(42,974,573)	(4,223,152)	(97,585,270)
Proceeds from sale of assets	-	-	26,800
Total other financing sources (uses)	<u>(42,963,833)</u>	<u>2,507,182</u>	<u>(5,172,115)</u>
Net change in fund balances	<u>(68,861,591)</u>	<u>496,192</u>	<u>(73,851,581)</u>
FUND BALANCES (DEFICIT)			
Beginning of year	<u>61,967,136</u>	<u>2,600,202</u>	<u>939,477,336</u>
End of year	<u>\$ (6,894,455)</u>	<u>\$ 3,096,394</u>	<u>\$ 865,625,755</u>
			<i>(concluded)</i>

The accompanying notes are an integral part of these financial statements.

City of Industry

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statements of Activities For the Year Ended June 30, 2023

Net change in fund balances of governmental funds \$ (73,851,581)

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	\$ 4,364,108
Contributed capital assets	143,940,972
Depreciation expense	(7,294,544)
Total	141,010,536

The issuance of long term debt provides current financial resources to governmental 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	64,560,000
Interest payments	(164,974)
Bond premium and discount amortization	(84,261)
Total	64,310,765

Accrued interest for long-term liabilities. This is the net change in accrued interest in the current period.

1,059,476

Net effect of internal activities are eliminated in the statement of activities.

1,945,121

Compensated absences expenses reported in the statement of activities do not require use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(27,816)

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.

(5,104,835)

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.

144,406

Change in Net Position of Governmental Activities \$ 129,486,072

City of Industry

Statement of Net Position Proprietary Funds June 30, 2023

	Civic					Total	
	Industry Public		Recreational		Property and Housing Management Authority Fund		
	Utilities	Commission	Industrial	Authority			
	Water Fund	Electric Fund	Hills Expo Center Fund				
ASSETS							
Current assets:							
Cash and investments	\$ 1,936,264	\$ 792,558	\$ 245,367	\$ 114,637	\$ 3,088,826		
Investments	6,561,629	11,194,761	-	3,323	17,759,713		
Accounts receivable, net	512,300	702,538	35,757	1,668	1,252,263		
Accrued interest	47,591	91,516	-	26	139,133		
Lease receivable	-	-	-	291,629	291,629		
Inventory of materials and supplies	10,000	-	35,124	-	45,124		
Prepaid items	354,511	11,064	8,994	-	374,569		
Due from other funds	-	149,085	660	10,730	160,475		
Deposits	-	-	3,000	-	3,000		
Total Current Assets	<u>9,422,295</u>	<u>12,941,522</u>	<u>328,902</u>	<u>422,013</u>	<u>23,114,732</u>		
Noncurrent assets:							
Capital assets:							
Capital assets not being depreciated	641,606	6,323,672	3,193,299	6,729,380	16,887,957		
Capital assets being depreciated, net	14,369,929	15,628,609	12,394,575	3,310,187	45,703,300		
Total Noncurrent Assets	<u>15,011,535</u>	<u>21,952,281</u>	<u>15,587,874</u>	<u>10,039,567</u>	<u>62,591,257</u>		
Total Assets	<u>24,433,830</u>	<u>34,893,803</u>	<u>15,916,776</u>	<u>10,461,580</u>	<u>85,705,989</u>		
LIABILITIES							
Current liabilities:							
Accounts payable	785,962	790,205	228,296	135,641	1,940,104		
Deposits	23,950	2,306,332	46,250	1,300	2,377,832		
Unearned revenue	3,713,710	-	116,768	-	3,830,478		
Due to other funds	-	-	660	-	660		
Total Current Liabilities	<u>4,523,622</u>	<u>3,096,537</u>	<u>391,974</u>	<u>136,941</u>	<u>8,149,074</u>		
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts from leases	-	-	-	333,500	333,500		
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,500</u>	<u>333,500</u>		
NET POSITION (DEFICIT)							
Net investment in capital assets	15,011,535	21,952,281	15,587,874	10,039,567	62,591,257		
Unrestricted	<u>4,898,673</u>	<u>9,844,985</u>	<u>(63,072)</u>	<u>(48,428)</u>	<u>14,632,158</u>		
Total Net Position	<u>\$ 19,910,208</u>	<u>\$ 31,797,266</u>	<u>\$ 15,524,802</u>	<u>\$ 9,991,139</u>	<u>\$ 77,223,415</u>		

The accompanying notes are an integral part of these financial statements.

City of Industry

Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2023

	Civic Recreational Industrial Authority Industry Hills Expo Center Fund						Property and Housing Management Authority Fund	Total		
	Industry Public Utilities Commission		Water Fund	Electric Fund	1,435,183	218,120				
	Water Fund	Electric Fund								
OPERATING REVENUES										
Water sales and service	\$ 3,684,510	\$ -	\$ -	\$ -	\$ -	\$ 3,684,510				
Electric and solar energy sales	-	5,117,152	-	-	-	5,117,152				
Event and rental revenues	-	-	1,435,183	-	218,120	1,653,303				
Other revenue	161,035	147,672	1,324	-	506	310,537				
Total Operating Revenues	3,845,545	5,264,824	1,436,507		218,626	10,765,502				
OPERATING EXPENSES										
Purchased water	248,705	-	-	-	-	248,705				
Purchased electricity	-	4,788,865	-	-	-	4,788,865				
General administration	2,974,528	2,184,503	1,290,767	36,740	6,486,538					
Expo Center operations	-	-	3,232,744	-	3,232,744					
Housing Authority operations	-	-	-	1,259,166	1,259,166					
Depreciation	546,352	121,676	465,339	148,432	1,281,799					
Total Operating Expenses	3,769,585	7,095,044	4,988,850	1,444,338	17,297,817					
Operating Income (Loss)	75,960	(1,830,220)	(3,552,343)	(1,225,712)	(6,532,315)					
NONOPERATING REVENUES										
Investment income	145,381	280,826	-	77	426,284					
Lease income	-	-	-	1,824	1,824					
Total Nonoperating Revenues	145,381	280,826	-	1,901	428,108					
Income (Loss) Before Transfers and Contributions	221,341	(1,549,394)	(3,552,343)	(1,223,811)	(6,104,207)					
TRANSFERS AND CAPITAL CONTRIBUTIONS										
Transfers in	258,289	1,308,770	3,442,284	1,141,564	6,150,907					
Transfers out	(31,198)	(852,963)	(548)	(67,283)	(951,992)					
Capital contributions	7,038,276	13,930,653	1,070,728	-	22,039,657					
Total Transfers and capital contributions	7,265,367	14,386,460	4,512,464	1,074,281	27,238,572					
Changes in Net Position	7,486,708	12,837,066	960,121	(149,530)	21,134,365					
NET POSITION										
Beginning of year	12,423,500	18,960,200	14,564,681	10,140,669	56,089,050					
End of year	\$ 19,910,208	\$ 31,797,266	\$ 15,524,802	\$ 9,991,139	\$ 77,223,415					

The accompanying notes are an integral part of these financial statements.

City of Industry

Statement of Cash Flows (Continued) Proprietary Funds For the Year Ended June 30, 2023

	Civic Recreational Industrial Authority Industry Hills Expo Center Fund					Property and Housing Management Authority Fund	Total
	Industry Public Utilities Commission	Water Fund	Electric Fund				
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers and users	\$ 3,393,721		\$ 5,128,781	\$ 1,525,450	\$ 218,526	\$ 10,266,478	
Cash payments for water purchases		(265,902)					(265,902)
Cash payments for electric purchases			(5,350,900)				(5,350,900)
Cash payments for services and supplies		(2,974,528)	(2,184,503)	(4,940,898)	(1,263,261)		(11,363,190)
Net Cash Provided by (Used for) Operating Activities		153,291	(2,406,622)	(3,415,448)	(1,044,735)		(6,713,514)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Cash received from other funds	258,289		1,308,770	3,442,284	1,141,564	6,150,907	
Cash paid to other funds		(31,198)	(852,963)	(548)	(67,283)		(951,992)
Cash received/(repayments) to due to/from other funds		-	(191,331)	-	(1,035)		(192,366)
Net Cash Provided by Noncapital and Financing Activities		227,091	264,476	3,441,736	1,073,246		5,006,549
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets		(91,276)	-	-	-		(91,276)
Lease receipts		-	-	-	43,695		43,695
Net Cash Provided by (used for) Capital and Related Financing Activities		(91,276)	-	-	43,695		(47,581)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	109,682		210,138	-	57	319,877	
Net Cash Provided by Investing Activities		109,682	210,138	-	57		319,877
Net Change in Cash and Cash Equivalents		398,788	(1,932,008)	26,288	72,263		(1,434,669)
Cash and cash equivalents, beginning of year		8,099,105	13,919,327	219,079	45,697		22,283,208
Cash and cash equivalents, end of year	\$ 8,497,893	\$ 11,987,319	\$ 245,367	\$ 117,960	\$ 20,848,539		
CASH AND CASH EQUIVALENTS							
Cash	\$ 1,936,264		\$ 792,558	\$ 245,367	\$ 114,637	\$ 3,088,826	
Investments	6,561,629		11,194,761	-	3,323		17,759,713
Total Cash and Cash Equivalents		\$ 8,497,893	\$ 11,987,319	\$ 245,367	\$ 117,960		\$ 20,848,539

The accompanying notes are an integral part of these financial statements.

City of Industry

Statement of Cash Flows (Continued) **Proprietary Funds** **For the Year Ended June 30, 2023**

	Industry Water Fund	Public Utilities Commission Electric Fund	Recreational Industrial Authority Hills Expo Center Fund	Property and Housing Management Authority Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ 75,960	\$ (1,830,220)	\$ (3,552,343)	\$ (1,225,712)	\$ (6,532,315)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	546,352	121,676	465,339	148,432	1,281,799
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	60,119	(136,043)	75,651	(100)	(373)
Prepaid items	-	-	2,610	-	2,610
Inventory	2,597	(5,775)	(300)	-	(3,478)
Increase (decrease) in:					
Accounts payable	(21,648)	227,937	(429,647)	32,645	(190,713)
Customer deposits	1,854	(784,197)	9,950	-	(772,393)
Unearned revenues	(511,943)	-	13,292	-	(498,651)
Total Adjustments	77,331	(576,402)	136,895	180,977	(181,199)
Net Cash Provided by (Used for) Operating Activities	\$ 153,291	\$ (2,406,622)	\$ (3,415,448)	\$ (1,044,735)	\$ (6,713,514)
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Contributed capital	\$ 7,038,276	\$ 13,930,653	\$ 1,070,728	\$ -	\$ 22,039,657

The accompanying notes are an integral part of these financial statements.

City of Industry

Statement of Fiduciary Net Position **Fiduciary Funds** **June 30, 2023**

	Private-Purpose Trust Fund
ASSETS	
Cash	\$ 2,680,138
Investments	87,292,432
Accounts, net	5,165,216
Accrued interest	1,082,190
Property held for sale or disposition	50,064,421
Restricted assets:	
Investments	42,751,768
Investments with fiscal agent	11,023,937
Capital assets, net of depreciation	190,603,084
Total Assets	<u>390,663,186</u>
LIABILITIES	
Current liabilities:	
Accounts payable	19,524,884
Total Current Liabilities	<u>19,524,884</u>
NET POSITION	
Restricted for Successor Agency	<u>371,138,302</u>
Total Net Position	<u>\$ 371,138,302</u>

The accompanying notes are an integral part of these financial statements.

City of Industry

Statement of Changes in Net Position Fiduciary Funds For the Year Ended June 30, 2023

	<u>Private-Purpose Trust Fund</u>
ADDITIONS	
Interest income	\$ 3,819,700
Rental and other income	21,836,673
Other revenues	10,896
Total Additions	<u>25,667,269</u>
DEDUCTIONS	
General administration	215,863
Project expenses	194,895,804
Bond interest expense	119,944
Total Deductions	<u>195,231,611</u>
Change in Net Position	(169,564,342)
Net Position, beginning of year	<u>540,702,644</u>
Net Position, end of year	<u>\$ 371,138,302</u>

City of Industry

Notes to Financial Statements **June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Industry (the City), California, 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, include the Civic-Recreational-Industrial Authority (CRIA), the Industry Public Utilities Commission (IPUC), the Industry Public Facilities Authority (IPFA), and the Industry Property and Housing Management Authority (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 Successor Agency (SA) to the Industry Urban-Development Agency (IUDA) which IPFA owns as investments. IPFA is reported as part of the debt service fund.

City of Industry

Notes to Financial Statements **June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A) Description of the Reporting Agency (Continued)

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.

Fiduciary Component Unit

The City has elected to become the Successor Agency to the Industry Urban- Development Agency (SA to IUDA). The City and the SA to IUDA have separate Boards 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 CRIA, SA to IUDA and IPFA may be obtained from the finance department, which is located at 15625 Mayor Dave Way, City of Industry, California 91744. Separate financial statements are not prepared for IPUC and Housing Authority.

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.

City of Industry

Notes to Financial Statements **June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 private purpose trust funds and custodial funds. Fiduciary funds of the City primarily represent assets held by the City in a trust or 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.

City 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).

City Debt Service Fund - 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.

Tax Override Debt Service Fund - 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.

Industry Public Facilities Authority Debt Service Fund - The Industry Public Facilities Authority Debt Service Fund is used to account for the accumulation of resources for, and the payment of the Authority 's long-term debt, principal, interest, and related costs.

City of Industry

Notes to Financial Statements **June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

Water Enterprise Fund - This fund accounts for activities of providing water services to the public.

Electric Enterprise Fund - This fund accounts for activities of providing limited electrical services to the public.

Civic-Recreational-Industrial Authority 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 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.

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.

The Custodial Fund is used to account for assets held by the City as an agent for individuals, other governments and/or other funds. The assets, liabilities, and activities of the Assessment District are reported in the Custodial 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 funds.

City of Industry

Notes to Financial Statements **June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 proprietary funds are utility charges for service and event revenues. 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.

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.

City of Industry

Notes to Financial Statements **June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Accounting Standards Board (GASB) Statement 96

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for these arrangements by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain subscription assets and liabilities for arrangements that previously were 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 subscriptions are financings of the right to use an underlying asset and a liability.

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.

Short-term investments are reported at amortized 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.

City of Industry

Notes to Financial Statements **June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H) Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds (i.e., current portion of interfund loans) and advances from/to other funds (i.e., noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

I) 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. Inventories of operating supplies, including fuel are maintained and accounted for in the General Fund. The inventories are carried at the lower of cost or net realizable value on the first-in, first-out basis of accounting.

J) Prepaid Items

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

K) 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.

L) 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.

M) 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 assets 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.

City of Industry

Notes to Financial Statements **June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M) Deferred Outflows and Inflows of Resources (Continued)

- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability. These amounts will be recognized in the next fiscal year.
- Deferred outflow related to OPEB for change in assumptions. 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 OPEB through the plan.
- Deferred outflow related to 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 OPEB through the plan.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.
- 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 assets 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 related to OPEB resulting from the difference in projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.
- Deferred inflow related to pension 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 pension and OPEB 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.

City of Industry

Notes to Financial Statements **June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) 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.

The SA to IUDA has capital assets that are not depreciated as they will be transferred to another entity that will be responsible for the maintenance of the capital assets at which time depreciation will commence.

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

Buildings and improvements	45 years
Equipment	3 to 10 years
Infrastructure	20 to 50 years

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.

City of Industry

Notes to Financial Statements **June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P) Property Taxes

The valuation of property is determined as of March 1 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 31. 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 1% 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

Notes to Financial Statements **June 30, 2023**

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.

City of Industry

Notes to Financial Statements **June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V) Fund Balance (Continued)

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.

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 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.

City of Industry

Notes to Financial Statements **June 30, 2023**

2) CASH AND INVESTMENTS

As of June 30, 2023, 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
Cash and investments:			
Unrestricted cash and investments:			
Cash	\$ 8,308,369	\$ 2,680,138	\$ 10,988,507
Investments	375,822,862	87,292,432	463,115,294
Investments with fiscal agent	294,511,328	-	294,511,328
Restricted cash and investments:			
Investment	-	42,751,768	42,751,768
Investment in Section 115 Trust	5,000,000		5,000,000
Investment with fiscal agent	142,164,509	11,023,937	153,188,446
Total Cash and Investments	\$ 825,807,068	\$ 143,748,275	\$ 969,555,343

As of June 30, 2023, cash and investments consisted of the following:

Cash and investments:	
Cash on hand	\$ 18,800
Deposits with financial institutions	10,969,707
Investments	505,867,062
Investment in Section 115 Trust	5,000,000
Investments with fiscal agent	447,699,774
Total Cash and Investments	\$ 969,555,343

A) Demand Deposits

The carrying amount of the City's cash deposits was \$10,969,707 as of June 30, 2023. Bank balances are 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. As of June 30, 2023, City's deposits are federally insured or collateralized.

City of Industry

Notes to Financial Statements **June 30, 2023**

2) CASH AND INVESTMENTS (Continued)

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
Bankers 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
Local Agency Bonds	5 years	None	None
U.S. Corporate Bonds/Notes	5 years	30%	None

City of Industry

Notes to Financial Statements **June 30, 2023**

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			
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
Noninvestment 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

Notes to Financial Statements **June 30, 2023**

2) CASH AND INVESTMENTS (Continued)

D) Risk Disclosures (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
Investments - unrestricted:		
Money market funds	\$ 115,037,774	N/A
Certificates of deposit	60,000,000	1.17 months
U.S. Treasury obligation	35,473,855	0.71 months
Commercial paper	119,998,611	12.26 Months
LAIF	127,623,949	N/A
Investments - restricted:		
Money market funds	42,751,768	N/A
Section 115 Trust	5,000,000	N/A
Investment held by fiscal agent:		
Money market funds	363,563,863	N/A
Certificates of deposit	10,000,000	0.08 months
U.S. Treasury obligation	60,911,045	0.41 Months
Commercial paper	18,205,971	1.39 Months
Total	<u>\$ 958,566,836</u>	

City of Industry

Notes to Financial Statements **June 30, 2023**

2) CASH AND INVESTMENTS (Continued)

D) Risk Disclosures (Continued)

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.

Investment Type	Minimum Legal Rating	Aaa/P-1	Exempt from Rating	Not Rated	Total as of June 30, 2023
Investments - unrestricted:					
Money market funds	Aaa/P-1	\$ -	\$ -	\$ 115,037,774	\$ 115,037,774
Certificates of deposit	N/A	-	-	60,000,000	60,000,000
U.S. Treasury obligation	N/A	-	-	35,473,855	35,473,855
Commercial paper	A-1/AA	111,690,681	-	8,307,930	119,998,611
LAIF	N/A	-	127,623,949	-	127,623,949
Investments - restricted:					
Money market funds	Aaa/P-1	-	-	42,751,768	42,751,768
Section 115 Trust	N/A	-	-	5,000,000	5,000,000
Investment held by fiscal agent:					
Money market funds	N/A	-	-	363,563,863	363,563,863
Certificates of deposit	Aaa/P-1	-	-	10,000,000	10,000,000
U.S. Treasury obligation	A-1	-	-	60,911,045	60,911,045
Commercial paper	A-1/AA	18,205,971	-	-	18,205,971
Total		<u>\$ 129,896,652</u>	<u>\$ 127,623,949</u>	<u>\$ 701,046,235</u>	<u>\$ 958,566,836</u>

City of Industry

Notes to Financial Statements **June 30, 2023**

2) CASH AND INVESTMENTS (Continued)

D) Risk Disclosures (Continued)

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 \$70,000,000 in certificates of deposit. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

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. Currently, LAIF does not have an investment rating.

LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more.

F) Investment in City Bonds

As of June 30, 2023, the IPFA has investments in City bonds in the amounts totaling \$41,372,544. These investments are reported in the Industry Public Facilities Authority Debt Service Fund. These assets arise from interfund activity and have been eliminated from the government-wide financial statements.

G) 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.

City of Industry

Notes to Financial Statements **June 30, 2023**

2) CASH AND INVESTMENTS (Continued)

G) Fair Value Measurement (Continued)

The City has the following recurring fair value measurements as of June 30, 2023:

Investment Type	Measurement Input					Total
	Level 1	Level 2	Level 3	Uncategorized		
Investments - unrestricted:						
Money market funds	\$ -	\$ -	\$ -	\$ 115,037,774	\$ 115,037,774	
Certificates of deposit	-	60,000,000	-	-	-	60,000,000
U.S. Treasury obligation	-	35,473,855	-	-	-	35,473,855
Commercial paper	-	119,998,611	-	-	-	119,998,611
LAIF	-	-	-	127,623,949	127,623,949	
Investments - restricted:						
Money market funds	-	-	-	42,751,768	42,751,768	
Section 115 Trust	-	-	-	5,000,000	5,000,000	
Investment held by fiscal agent:						
Money market funds	-	-	-	363,563,863	363,563,863	
Certificates of deposit	-	10,000,000	-	-	-	10,000,000
U.S. Treasury obligation	-	60,911,045	-	-	-	60,911,045
Commercial paper	-	18,205,971	-	-	-	18,205,971
Total	\$ -	\$ 304,589,482	\$ -	\$ 653,977,354	\$ 958,566,836	

3) ACCOUNTS RECEIVABLE

As of June 30, 2023, accounts receivable for governmental funds consisted of the following:

	General Fund	City Debt Service Fund	Nonmajor Governmental Funds	Total
Sales tax receivable	\$ 5,530,137	\$ -	\$ -	\$ 5,530,137
Property tax receivable	173,518	30,423	-	203,941
Other	278,295	134,164	283,119	695,578
Total	\$ 5,981,950	\$ 164,587	\$ 283,119	\$ 6,429,656

4) NOTES RECEIVABLE

As of June 30, 2023, notes receivable consisted of the following:

	Governmental Activities
Notes receivable:	
City of La Puente	\$ 1,227,614
San Gabriel Valley Water and Power LLC	20,000,000
Total Notes Receivable	\$ 21,227,614

City of Industry

Notes to Financial Statements **June 30, 2023**

4) NOTES RECEIVABLE (Continued)

A) City of La Puente Loan

In October 2015, The City entered into an agreement with the City of La Puente to mitigate 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, 2023, the outstanding balance of the advance was in the amount of \$20,000,000. Also refer to Note 17 for more contingency disclosures.

City of Industry

Notes to Financial Statements **June 30, 2023**

5) LEASE RECEIVABLE

The City, acting as lessor, leases land and buildings under long-term, noncancelable lease agreements. The leases expire at various dates through 2026 and provide various renewal options ranging from three months to six years. During the year ended June 30, 2023, the City recognized \$1,613,261 and \$230,038 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Total future minimum lease payments to be received under lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,133,569	\$ 276,970	\$ 2,410,539
2025	2,243,670	196,871	2,440,541
2026	1,602,207	120,573	1,722,780
2027	1,169,523	72,737	1,242,260
2028	785,188	29,572	814,760
2029 to 2033	507,038	32,369	539,407
Total	\$ 8,441,195	\$ 729,092	\$ 9,170,287

6) 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. As of June 30, 2023, the unpaid note balance amounted to \$27,114,364 and accrued interest amounted to \$32,671,069. 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 the Successor Agency (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, 2023, the City incurred expenses on behalf of the Hospital totaling \$963,878 relating to contract labor, security, and repairs and maintenance.

City of Industry

Notes to Financial Statements **June 30, 2023**

7) PREPAID ITEMS

As of June 30, 2023, government-wide financial statements report the following prepaid items:

	Governmental Activities	Business-Type Activities	Total
Prepaid bond insurance	\$ 3,197,009	\$ -	\$ 3,197,009
Other prepaid items	282,271	374,569	656,840
Total	\$ 3,479,280	\$ 374,569	\$ 3,853,849

As of June 30, 2023, fund financial statements reported the following prepaid items:

	Governmental Funds			Enterprise Funds				Total
	General Fund	City Debt Service Fund	Total	IPUC	IPUC	Industry		
				Water Fund	Electric Fund	Hills - Expo Center Fund		
Prepaid bond insurance	\$ -	\$ 3,197,009	\$ 3,197,009	\$ -	\$ -	\$ -	\$ -	\$ -
Other prepaid items	282,271	-	282,271	354,511	11,064	8,994	374,569	374,569
Total	\$ 282,271	\$ 3,197,009	\$ 3,479,280	\$ 354,511	\$ 11,064	\$ 8,994	\$ 374,569	\$ 374,569

8) 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.

A) Due to/from Other Funds

Due to/from other funds consisted of the following at June 30, 2023:

Due to Other Fund	Due from Other Funds					Total	
	Governmental Funds		Enterprise Funds				
	General Fund	City Capital Projects Fund	IPUC Electric Fund	Expo Center Fund	IPHMA Fund		
Governmental funds:							
General Fund	\$ -	\$ 66,630	\$ -	\$ 660	\$ 9,695	\$ 76,985	
City Capital Projects Fund	435,376	-	-	-	-	435,376	
Nonmajor Funds	364,487	45,419	149,085	-	1,035	560,026	
Enterprise funds:							
Expo Center Fund	660	-	-	-	-	660	
Total	\$ 800,523	\$ 112,049	\$ 149,085	\$ 660	\$ 10,730	\$ 1,073,047	

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

City of Industry

Notes to Financial Statements **June 30, 2023**

8) INTERFUND TRANSACTIONS (Continued)

B) Advances to/from Other Fund

Advances to/from other funds consisted of the following as of June 30, 2023:

Advance from Other Funds	Advance to Other Funds
Governmental fund:	Governmental Fund
	General Fund
Industry Public Facilities Authority	
Debt Service Fund	\$ 49,765,123
City Capital Projects Fund	6,773,139
Total	<u>\$ 56,538,262</u>

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, 2023, the total outstanding balance amounted to \$49,765,123 (principal of \$48,265,000 and accrued interest of \$1,500,123). Interest revenue for the City and interest expense for the IPFA in the amount of \$3,620,298 is eliminated in the statement of activities.

The repayment schedule for the advances is as following:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 615,000	\$ 3,592,510	\$ 4,207,510
2025	645,000	3,561,760	4,206,760
2026	680,000	3,527,898	4,207,898
2027	715,000	3,490,158	4,205,158
2028	755,000	3,448,330	4,203,330
2029 to 2033	4,610,000	17,968,852	22,578,852
2034 to 2038	6,505,000	14,283,734	20,788,734
2039 to 2043	9,330,000	10,406,006	19,736,006
2044 to 2048	13,515,000	7,520,212	21,035,212
2049 to 2051	10,895,000	1,730,577	12,625,577
Total	<u>\$ 48,265,000</u>	<u>\$ 69,530,037</u>	<u>\$ 117,795,037</u>

City of Industry

Notes to Financial Statements June 30, 2023

8) INTERFUND TRANSACTIONS (Continued)

C) Transfers

Transfers in and transfers out for the year ended June 30, 2023, consisted of the following:

Transfers In	Transfers Out					
	Governmental Funds					
General Fund	City Capital Projects Funds	City Debt Service Fund	Tax Override Debt Service Fund	IPUC Debt Service Fund	Nonmajor Governmental Funds	
Governmental funds:						
General Fund	\$ -	\$ 15,630,356	\$ (1,603,394)	\$ (9,892)	\$ -	\$ 4,223,152
Capital Projects Funds	10,233,503	-	2,566,845	8,183,209	22,908,726	-
City Debt Service Fund	127,250	3,031,692	-	-	20,065,847	-
Tax Override Debt Service Fund	-	-	21,578	-	-	-
IPFA Debt Service Fund	10,740	-	-	-	-	-
Nonmajor Governmental Funds	6,730,334	-	-	-	-	-
Proprietary funds:						
IPUC Water Fund	-	227,091	-	-	-	-
IPUC Electric Fund	-	654,385	-	-	-	-
Expo Center Fund	697,000	2,745,284	-	-	-	-
IPHMA Fund	1,074,282	67,282	-	-	-	-
Total	<u>\$ 18,873,109</u>	<u>\$ 22,356,090</u>	<u>\$ 985,029</u>	<u>\$ 8,173,317</u>	<u>\$ 42,974,573</u>	<u>\$ 4,223,152</u>

Transfers In	Transfers Out			
	Proprietary Funds			
	IPUC Water Fund	IPUC Electric Fund	Expo Center Fund	IPHMA Fund
Governmental funds:				
General Fund	\$ -	\$ 198,578	\$ -	\$ -
Capital Projects Funds	-	-	548	67,283
City Debt Service Fund	-	-	-	-
Tax Override Debt Service Fund	-	-	-	-
IPFA Debt Service Fund	-	-	-	-
Nonmajor Governmental Funds	-	-	-	-
Proprietary funds:				
IPUC Water Fund	31,198	-	-	-
IPUC Electric Fund	-	654,385	-	-
Expo Center Fund	-	-	-	-
IPHMA Fund	-	-	-	-
Total	<u>\$ 31,198</u>	<u>\$ 852,963</u>	<u>\$ 548</u>	<u>\$ 67,283</u>
				<u>\$ 98,537,262</u>

The following transfers were made:

- \$10,233,503 Transfer to CIP fund project expenditures.
- \$22,908,726 Remaining tax override transferred for special projects in CIP fund.
- \$20,065,847 Transfer from IPFA to fund sales tax revenue bond payment.
- \$3,031,692 Interest income earned on bond proceeds for projects funds transferred to Debt Service.
- \$1,141,564 Transfer to IPHMA Fund to cover housing project costs.
- \$3,442,284 Transfer to CRIA Fund to cover project costs.
- \$15,630,354 Capital projects funds to reimburse General Fund for project costs.

City of Industry

Notes to Financial Statements **June 30, 2023**

9) CAPITAL ASSETS

A) Governmental Activities

A summary of changes in capital asset activity for the year ended June 30, 2023, is as follows:

Capital Assets	Balance at July 1, 2022	Additions	Deletions	Transfer and Reclassification	Balance at June 30, 2023
Primary government:					
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 110,604,835	\$ -	\$ -	\$ -	\$ 110,604,835
Construction in progress	37,338,942	22,749,769	(3,559,533)	(12,942,367)	43,586,811
Total capital assets, not being depreciated	147,943,777	22,749,769	(3,559,533)	(12,942,367)	154,191,646
Capital assets, being depreciated:					
Buildings and improvements	120,670,145	-	-	-	120,670,145
Machinery and equipment	1,926,746	-	-	-	1,926,746
Furniture and fixtures	4,581,832	-	-	-	4,581,832
Infrastructure	175,230,189	143,940,972	-	12,942,367	332,113,528
Total capital assets, being depreciated	302,408,912	143,940,972	-	12,942,367	459,292,251
Less accumulated depreciation:					
Buildings and improvements	(74,392,772)	(2,675,306)	-	-	(77,068,078)
Machinery and equipment	(1,913,423)	(32,775)	-	-	(1,946,198)
Furniture and fixtures	(4,546,569)	-	-	-	(4,546,569)
Infrastructure	(83,292,891)	(4,586,463)	-	(14,826,128)	(102,705,482)
Total accumulated depreciation	(164,145,655)	(7,294,544)	-	(14,826,128)	(186,266,327)
Total capital assets, being depreciated, net	138,263,257	136,646,428	-	(1,883,761)	273,025,924
Total Governmental Activities	\$ 286,207,034	\$ 159,396,197	\$ (3,559,533)	\$ (14,826,128)	\$ 427,217,570

Depreciation expense was charged to the primary government in the governmental activities in the amount of \$7,294,544 to the following functions:

General government	\$ 614,200
Support services	1,749,233
Community development	121,819
Community services	743,314
Public safety	1,819,988
Public works	2,245,990
Total depreciation expense	\$ 7,294,544

City of Industry

Notes to Financial Statements June 30, 2023

9) CAPITAL ASSETS (Continued)

B) Business-Type Activities

A summary of changes in capital asset activity for the year ended June 30, 2023, is as follows:

Capital Assets	Balance at July 1, 2022	Additions	Deletions	Transfer and Reclassification	Balance at June 30, 2023
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 6,764,880	\$ -	\$ -	\$ -	\$ 6,764,880
Water rights	441,200	-	-	-	441,200
Construction in progress	8,039,874	1,920,817	-	(278,814)	9,681,877
Total capital assets, not being depreciated	15,245,954	1,920,817	-	(278,814)	16,887,957
Capital assets, being depreciated:					
Buildings and improvements	55,037,294	-	-	156,551	55,193,845
Equipment, furniture and fixtures	1,322,648	-	-	-	1,322,648
Infrastructure	9,571,703	22,252,555	-	-	31,824,258
Source of supply - electric	4,495,494	-	-	-	4,495,494
Total capital assets, being depreciated	70,427,139	22,252,555	-	156,551	92,836,245
Less accumulated depreciation:					
Buildings and improvements	(40,148,670)	(901,736)	-	(22,626)	(41,073,032)
Equipment, furniture and fixtures	(1,308,080)	(4,856)	-	-	(1,312,936)
Infrastructure	(445,848)	(253,531)	-	(1,897,550)	(2,596,929)
Source of supply - electric	(2,028,372)	(121,676)	-	-	(2,150,048)
Total accumulated depreciation	(43,930,970)	(1,281,799)	-	(1,920,176)	(47,132,945)
Total capital assets, being depreciated, net	26,496,169	20,970,756	-	(1,763,625)	45,703,300
Total Business-type Activities	\$ 41,742,123	\$ 22,891,573	\$ -	\$ (2,042,439)	\$ 62,591,257

Depreciation expenses for business activities in the amount of \$1,281,799 were charged to the following activities:

Water	\$ 546,352
Electric	121,676
CRIA Expo Center	465,339
IPHMA	148,432
Total Depreciation Expense	\$ 1,281,799

C) Private-Purpose Trust Fund

The SA to IUDA has the following assets held for sale or disposition.

	Balance at July 1, 2022	Transfer	Additions	Deletions	Balance at June 30, 2023
Property held for sale or disposition:					
Land	\$ 50,064,421	\$ -	\$ -	\$ -	\$ 50,064,421

City of Industry

Notes to Financial Statements **June 30, 2023**

9) CAPITAL ASSETS (Continued)

C) Private-Purpose Trust Fund (Continued)

In addition, the SA to IUDA has the following capital assets as of June 30, 2023.

	<u>Balance at July 1, 2022</u>	<u>Transfer</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>
Capital assets, being depreciated:					
Land	\$ 7,151,286	\$ (351,286)	\$ -	\$ (6,800,000)	\$ -
Construction in progress	179,961,287	-	10,480,284	-	190,441,571
Buildings and improvements	2,969,734	-	-	(2,969,734)	-
Vehicles	-	-	-	-	-
Infrastructure	204,294,396	351,286	-	(204,479,372)	166,310
Less accumulated depreciation:	(20,828,169)	-	-	20,823,372	(4,797)
Capital Assets, Net	<u>\$ 373,548,534</u>	<u>\$ -</u>	<u>\$ 10,480,284</u>	<u>\$ (193,425,734)</u>	<u>\$ 190,603,084</u>

10) UNEARNED REVENUE

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 RWD 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. As of June 30, 2023, total unearned revenue from the sale of reclaimed water to RWD and SGVWD was in the amount of \$3,713,710.

Civic-Recreational-Industrial Authority

Unearned revenue for CRIA are for event rental fees collected prior to the event. As of June 30, 2023, unearned revenue for CRIA was in the amount of \$116,768.

City of Industry

Notes to Financial Statements **June 30, 2023**

11) LONG-TERM LIABILITIES

A summary of changes in the governmental activities long-term liabilities for the year ended June 30, 2023, is as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Amount Due in One Year	Amount Due in More Than One Year
Governmental activities:						
Bonds payable:						
City of Industry:						
General obligation bonds	\$ 37,310,000	\$ -	\$ (37,310,000)	\$ -	\$ -	\$ -
Sales tax revenue bonds	344,150,000	-	(5,520,000)	338,630,000	5,690,000	332,940,000
Public Facilities Authority:						
Tax allocation bonds	21,145,000	-	(21,145,000)	-	-	-
Subtotal	402,605,000	-	(63,975,000)	338,630,000	5,690,000	332,940,000
Deferred amounts:						
Unamortized premium/discounts	(4,936,219)	-	164,974	(4,771,245)	-	(4,771,245)
Total bonds payable	397,668,781	-	(63,810,026)	333,858,755	5,690,000	328,168,755
Compensated absences	181,465	27,816	-	209,281	-	209,281
Total long-term liabilities	\$ 397,850,246	\$ 27,816	\$ (63,810,026)	\$ 334,068,036	\$ 5,690,000	\$ 328,378,036

A) City of Industry General Obligation Bonds

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Amount Due in More Than One Year
General obligation bonds:					
2010 GO refunding bonds	\$ 18,670,000	\$ -	\$ (18,670,000)	\$ -	\$ -
2014 GO refunding bonds	18,640,000	-	(18,640,000)	-	-
Total general obligation bonds	\$ 37,310,000	\$ -	\$ (37,310,000)	\$ -	\$ -

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. These bonds were paid off during the current fiscal year.

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. These bonds were paid off during the current fiscal year.

City of Industry

Notes to Financial Statements **June 30, 2023**

11) LONG-TERM LIABILITIES (Continued)

B) City of Industry Sales Tax Revenue Bonds

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>	<u>Amount Due in One Year</u>
Sales tax research bonds:					
2015 Sales tax revenue refunding bonds, Series A	\$ 326,125,000	\$ -	\$ (2,130,000)	\$ 323,995,000	\$ 2,200,000
2015 Sales tax revenue refunding bonds, Series B	48,850,000	-	(585,000)	48,265,000	615,000
2017 Sales tax refunding revenue bonds	18,025,000	-	(3,390,000)	14,635,000	3,490,000
Elimination of City bonds issued to PFA	<u>(48,850,000)</u>	<u>-</u>	<u>585,000</u>	<u>(48,265,000)</u>	<u>(615,000)</u>
Total sales tax revenue bonds	<u>\$ 344,150,000</u>	<u>\$ -</u>	<u>\$ (5,520,000)</u>	<u>\$ 338,630,000</u>	<u>\$ 5,690,000</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 Revenues Bonds and 2008 Taxable Sales Tax Revenue Bonds were fully redeemed on December 13, 2015.

Principal ranges from \$2,200,000 to \$21,875,000 maturing annually through January 1, 2051. The bonds bear interest at rates ranging from 3.250% to 5.125%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,200,000	\$ 16,061,913	\$ 18,261,913
2025	2,270,000	15,990,412	18,260,412
2026	2,345,000	15,910,963	18,255,963
2027	2,435,000	15,825,956	18,260,956
2028	7,270,000	15,728,556	22,998,556
2029 to 2033	41,205,000	73,781,938	114,986,938
2034 to 2038	51,860,000	63,129,388	114,989,388
2039 to 2043	66,520,000	48,464,306	114,984,306
2044 to 2048	85,410,000	29,578,938	114,988,938
2049 to 2051	62,480,000	6,510,800	68,990,800
Total	<u>\$ 323,995,000</u>	<u>\$ 300,983,170</u>	<u>\$ 624,978,170</u>

City of Industry

Notes to Financial Statements **June 30, 2023**

11) LONG-TERM LIABILITIES (Continued)

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

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 \$615,000 to \$3,905,000 maturing annually through February 1, 2051. The bonds bear interest at rates ranging from 5.000% 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
2024	\$ 615,000	\$ 3,592,510	\$ 4,207,510
2025	645,000	3,561,760	4,206,760
2026	680,000	3,527,898	4,207,898
2027	715,000	3,490,158	4,205,158
2028	755,000	3,448,330	4,203,330
2029 to 2033	4,610,000	17,968,852	22,578,852
2034 to 2038	6,505,000	14,283,734	20,788,734
2039 to 2043	9,330,000	10,406,006	19,736,006
2044 to 2048	13,515,000	7,520,212	21,035,212
2049 to 2051	10,895,000	1,730,577	12,625,577
Total	<u>\$ 48,265,000</u>	<u>\$ 69,530,037</u>	<u>\$ 117,795,037</u>

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.

City of Industry

Notes to Financial Statements **June 30, 2023**

11) LONG-TERM LIABILITIES (Continued)

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

Principal ranges from \$3,390,000 to \$3,835,000 maturing annually through January 1, 2027. The bonds bear interest at rates ranging from 2.750% 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
2024	\$ 3,490,000	\$ 485,506	\$ 3,975,506
2025	3,595,000	376,444	3,971,444
2026	3,715,000	259,606	3,974,606
2027	3,835,000	134,226	3,969,226
Total	\$ 14,635,000	\$ 1,255,782	\$ 15,890,782

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, 2023, on the bonds amounted to \$758,663,989. Annual principal and interest payments on the sales tax revenue bonds are expected to require 68% of the sales tax revenues. For the year ended June 30, 2023, total sales tax revenues received to pay for these bonds amounted to \$38,090,384. Principal and interest paid on the bonds during the year ended June 30, 2023, amounted to \$26,443,642.

C) Public Facilities Authority Tax Allocation Revenue Bonds

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Amount Due in One Year
Direct borrowings:					
Tax allocation revenue bonds:					
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)	\$ 21,145,000	\$ -	\$ (21,145,000)	\$ -	\$ -
Total Tax Allocation Revenue Bonds	<u>\$ 21,145,000</u>	<u>\$ -</u>	<u>\$ (21,145,000)</u>	<u>\$ -</u>	<u>\$ -</u>

City of Industry

Notes to Financial Statements **June 30, 2023**

11) 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 \$1,335,000 to \$10,105,000 maturing annually through January 1, 2025. The bonds bear interest at rates ranging from 4.044% to 4.344%, due semiannually on January 1 and July 1. These bonds were paid off during the current fiscal year.

D) Compensated Absences

As of June 30, 2023, compensated absences totaled to \$209,281, which will be liquidated by the General Fund.

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City of Industry

Notes to Financial Statements **June 30, 2023**

12) SUCCESSOR AGENCY BONDS PAYABLE

A summary of changes in the Successor Agency to IUDA's bonds payables for the year ended June 30, 2023, is as follows:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>	<u>Amount Due in One Year</u>
Direct placements:					
Project Area 1:					
2015 Tax Allocation Revenue Refunding Bonds, Series A	<u>\$ 21,145,000</u>	<u>\$ -</u>	<u>\$ (21,145,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Total bonds payable	<u>\$ 21,145,000</u>	<u>\$ -</u>	<u>\$ (21,145,000)</u>	<u>\$ -</u>	<u>\$ -</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 \$1,335,000 to \$10,105,000, maturing annually through January 1, 2025. The bonds bear interest at rates ranging from 4.044% to 4.344%, due semiannually on January 1 and July 1. The bonds were paid off during the current fiscal year.

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.

City of Industry

Notes to Financial Statements **June 30, 2023**

12) SUCCESSOR AGENCY BONDS PAYABLE (Continued)

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 did not receive any RPTTF Funds for the year ended June 30, 2023.

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City of Industry

Notes to Financial Statements **June 30, 2023**

13) DEFINED BENEFIT PENSION PLAN

A) General Information About the Pension Plan

Plan Description

The City contributes to CalPERS, a cost-sharing multiple-employer defined benefit 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, California 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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 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 as of June 30, 2023, are summarized as follows:

	Classic Tier 1	Classic Tier 2	PEPRA
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 to 63	50 to 63	52 to 67
Monthly benefits, as a percentage of eligible compensation	1.426% to 2.418%	1.426% to 2.418%	1.000 to 2.500%
Required employee contribution rates	8.00%	7.00%	7.50%
Required employer contribution rates:			
Normal cost rate	15.90%	10.48%	8.19%
Payment of unfunded liability	\$88,889	\$3,158	\$5,207

City of Industry

Notes to Financial Statements **June 30, 2023**

13) DEFINED BENEFIT PENSION PLAN (Continued)

A) General Information About the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS'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. Employer Contributions to the Plan for the fiscal year ended June 30, 2023 were \$388,074. The actual employer payments of \$308,625 made to CalPERS by the City during the measurement period ended June 30, 2022 differed from the District's proportionate share of the employer's contributions of \$1,577,230 by \$1,268,605, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

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

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

City of Industry

Notes to Financial Statements **June 30, 2023**

13) DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

	Miscellaneous
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-age normal cost method
Asset valuation method	Fair value of assets
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.30% until purchasing power protection allowance floor of purchasing power applies, 2.30% there after

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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

City of Industry

Notes to Financial Statements **June 30, 2023**

13) DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Asset Class	Assumed Asset	
	Allocation	Real Return ^{1,2}
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

¹ An expected inflation of 2.30% used for this period

² Figures are based on the 2021 Asset Liability Management study

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

City of Industry

Notes to Financial Statements **June 30, 2023**

13) DEFINED BENEFIT PENSION PLAN (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

City of Industry

Notes to Financial Statements **June 30, 2023**

13) DEFINED BENEFIT PENSION PLAN (Continued)

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

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Proportionate Share of Net Pension Liability

The following table shows the City's proportionate share of the Plan's net pension liability over the measurement period.

	Proportionate share of Miscellaneous Plan		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2021 (VD)	\$ 31,643,882	\$ 35,233,713	\$ (3,589,831)
Balance at: 6/30/2022 (MD)	<u>32,612,426</u>	<u>30,406,905</u>	<u>2,205,521</u>
Net change	<u>\$ (968,544)</u>	<u>\$ 4,826,808</u>	<u>\$ (5,795,352)</u>

The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The City's proportionate share of the net pension liability for the miscellaneous Plan as of the June 30, 2021 and 2022 measurement dates was as follows:

	Miscellaneous
Proportion - June 30, 2021	-0.18906%
Proportion - June 30, 2022	0.04713%
Change - increase	0.23619%

City of Industry

Notes to Financial Statements **June 30, 2023**

13) 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 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 6.9 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

	Current	
	Discount Rate	Discount Rate
	-1% (5.90%)	(6.90%)
Net pension liability/(asset)	<u>\$ 6,651,183</u>	<u>\$ 2,205,521</u>
		<u>\$ (1,452,155)</u>

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

City of Industry

Notes to Financial Statements **June 30, 2023**

13) DEFINED BENEFIT PENSION PLAN (Continued)

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

The EARSL for PERF C for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

As of the start of the measurement period (July 1, 2021), the City's net pension liability/(asset) was (\$3,589,831). For the measurement period ending June 30, 2022 (the measurement date), the City incurred a pension expense of \$5,492,758.

As of June 30, 2023, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 226,002	\$ -
Differences between actual and expected experience	14,627	-
Net differences between projected and actual earnings on Plan investments	403,993	-
Change in proportionate share of contributions		1,656,000
Change in employers proportion	4,065,369	
Pension contributions subsequent to measurement date	388,074	-
Total	\$ 5,098,065	\$ 1,656,000

City of Industry

Notes to Financial Statements **June 30, 2023**

13) DEFINED BENEFIT PENSION PLAN (Continued)

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

The amount of \$388,074 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,007,829
2025	1,086,520
2026	712,547
2027	247,095
2028	-
Thereafter	-
Total	\$ 3,053,991

C) Payable to the Pension Plan

As of June 30, 2023, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

14) 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, 2023, the plan had investments in the amount of \$2,377,329.

City of Industry

Notes to Financial Statements **June 30, 2023**

15) OTHER POSTEMPLOYMENT BENEFITS

A) General Information about the OPEB Plan

Plan Description

The City provides other postemployment benefits (OPEB) through the California Employer's Retiree Benefit Trust Fund (CERBT), 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 are as follows:

	General Employees	Management
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	50
Dependent coverage	Yes	Yes
City contribution percentage	100.00%	100.00%
City cap	None	None

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

** 25 years for those hired April 26, 1990 to June 30, 2012; 10 years for those hired prior to April 26, 1990.

Employees Covered by Benefit Term

At the June 30, 2021, valuation date, the following employees were covered by the benefit term:

Active employees	27
Inactive employees receiving benefits	29
Total	56

City of Industry

Notes to Financial Statements **June 30, 2023**

15) OTHER POSTEMPLOYMENT BENEFITS (Continued)

A) General Information about the OPEB Plan

Contribution

The obligation of the City to contribute to the plan is established and may be amended by the City Council. 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, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

Total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial cost method	Entry age actuarial cost method
Actuarial assumptions:	
Inflation	2.50%
Discount rate	6.75%
Healthcare cost trend	4.00%
Payroll increase	2.75%
Mortality rate table	2017 CalPERS mortality for miscellaneous and school employees
Retirement rate:	
Hired before January 1, 2013	2017 CalPERS 2.7% @ 55 rates for miscellaneous employees
Hired before December 31, 2012	2017 CalPERS 2.0% @ 62 rates for miscellaneous employees
Service requirement:	
General employees:	
Hired before April 26, 1990	100% at 10 years of service
Hired April 26, 1990 to June 30, 2012	100% at 25 years of service
Hired July 1, 2012 or Later	100% at 15 years of service
Elected and appointed officials	100% at 8 years of service
Management	100% at 15 years of service
Participation rate:	
< 65 non-Medicare participation	% at 100%
> 65 Medicare participation	% at 100%
Turnover	2009 CalPERS turnover for miscellaneous employees

City of Industry

Notes to Financial Statements **June 30, 2023**

15) OTHER POSTEMPLOYMENT BENEFITS (Continued)

B) Net OPEB Liability (Asset) (Continued)

Discount Rate

The discount rate of 6.75% 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	59.000%	7.545%
All fixed income	25.000%	4.250%
Real estate investment trusts	8.000%	7.250%
All commodities	3.000%	7.545%
Treasury Inflation Protection Securities (TIPS)	5.000%	3.000%
	<u>100.000%</u>	

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.

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, 2021 (measurement date)	\$ 8,305,982	\$ 13,788,161	\$ (5,482,179)
Changes recognized for the measurement period:			
Service cost	292,496	-	292,496
Interest on total OPEB liability	552,005	(1,838,972)	2,390,977
Change in assumptions	-	-	-
Difference between expected and actual experience	46,166	-	46,166
Contributions-employer	-	13,631	(13,631)
Investment income	-	-	-
Administrative expenses	-	(3,509)	3,509
Benefit payments	(594,910)	(594,910)	-
Net change during measurement period 2021 to 2022	295,757	(2,423,760)	2,719,517
Balance at June 30, 2022 (measurement date)	\$ 8,601,739	\$ 11,364,401	\$ (2,762,662)

City of Industry

Notes to Financial Statements **June 30, 2023**

15) OTHER POSTEMPLOYMENT BENEFITS (Continued)

C) Change in the Net OPEB Liability (Asset) (Continued)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the City, as well as what the City's net OPEB 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:

	Current Discount Rate -1% (5.75%)	Discount Rate (6.75%)	Discount Rate +1% (7.75%)
Net OPEB (asset)	\$ (1,800,298)	\$ (2,762,662)	\$ (3,569,518)

Sensitivity of the Net OPEB 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:

	Healthcare Cost Trend Rate 1% lower	Current Healthcare Trend Rate	Healthcare Cost Trend Rate 1% higher
Net OPEB asset	\$ (3,728,899)	\$ (2,762,662)	\$ (1,596,014)

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

For the year ended June 30, 2023, the City recognized OPEB expense in the amount of (\$130,775). As of June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 713,259	\$ 860,973
Change in assumptions	388,132	-
Net differences between projected and actual earnings on Plan investments	948,281	-
Total	\$ 2,049,672	\$ 860,973

City of Industry

Notes to Financial Statements **June 30, 2023**

15) OTHER POSTEMPLOYMENT BENEFITS (Continued)

D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (51,551)
2025	146,543
2026	386,990
2027	702,521
2028	4,196
Thereafter	-
Total	\$ 1,188,699

16) 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, 2023, there are approximately \$1,906,400 in pending liability claims and litigation outstanding against the City and its component units. This balance is included in the accrued liabilities of the general fund in the governmental balance sheet. 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.

Changes in the liability since June 30, 2021, resulted from the following:

	Liability
Liability at June 30, 2021	\$ 728,314
Estimates during the year	36,608
Claim payments during the year	-
Liability at June 30, 2022	764,922
Estimates during the year	1,141,474
Claim payments during the year	-
Liability at June 30, 2023	\$ 1,906,396

City of Industry

Notes to Financial Statements **June 30, 2023**

17) COMMITMENTS AND CONTINGENCIES

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 year ended 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.

18) 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).

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.

City of Industry

Notes to Financial Statements **June 30, 2023**

18) JOINT GOVERNED ORGANIZATION - TRES HERMANOS CONSERVATION AUTHORITY (Continued)

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 \$37,485,000 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, California.

19) 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, 2023</u>
Landscaping services	City Council Member	\$ 447,556
<u>Other Related Party Transactions</u>	<u>Related Parties</u>	<u>Amount for the Year Ended June 30, 2023</u>
Tenant of the City's (Housing Authority) properties	City Council Members, Commissioners, and Board Members	\$ 51,095

City of Industry

Notes to Financial Statements **June 30, 2023**

20) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended June 30, 2023, expenditures in excess of appropriations are as follows:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund:			
Support services	\$ 5,077,284	\$ 5,631,104	\$ (553,820)
Community development	2,085,000	6,327,188	(4,242,188)
Community services	8,180,209	8,875,345	(695,136)
Debt Service Fund:			
General administration	16,700	17,200	(500)
Interest and fiscal charges	20,962,000	21,218,546	(256,546)
Industry Public Facilities			
Authority Debt Service Fund:			
Interest and fiscal charges	5,459,900	6,785,339	(1,325,439)
Measure R			
Special Revenue Fund:			
Public works	6,000	6,980	(980)
Proposition C Sales Tax			
Special Revenue Fund:			
Public works	8,000	9,310	(1,310)
Measure M			
Special Revenue Fund:			
Public works	7,000	7,896	(896)

City of Industry

Required Supplementary Information Schedule of the City's Proportional Share of the Plan's Net Pension Liability and Related Ratios (Unaudited) Last Ten Years*

	California Public Employees' Retirement System (CalPERS) Miscellaneous Classic Plan				
Measurement period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Reporting period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Plan's proportion of the net pension liability (asset)	0.047134%	-0.189058%	0.006036%	0.000381%	-0.001493%
Plan's proportionate share of the net pension liability (asset)	\$ 2,205,521	\$ (3,589,831)	\$ 656,759	\$ 39,088	\$ (143,883)
Plan's covered payroll	\$ 2,840,527	\$ 2,615,700	\$ 2,376,701	\$ 1,730,895	\$ 1,680,481
Plan's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	77.64%	-137.24%	27.63%	2.26%	-8.56%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	93.24%	111.34%	97.84%	99.87%	100.49%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30 2015 to June 30 2016:

GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30 2016 to June 30 2017:

There were no changes in assumptions.

From fiscal year June 30 2017 to June 30 2018:

The discount rate was reduced from 7.65% to 7.15%.

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.

From fiscal year June 30 2020 to June 30 2021:

There were no changes in assumptions.

From fiscal year June 30 2021 to June 30 2022:

There were no changes in assumptions.

From fiscal year June 30 2022 to June 30 2023:

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial 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

Schedule of the City's Proportional Share of the Plan's Net Pension Liability and

Related Ratios (Unaudited) (Continued)

Last Ten Years*

	California Public Employees' Retirement System (CalPERS) Miscellaneous Classic Plan			
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Measurement period				
Reporting period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Plan's proportion of the net pension liability (asset)	0.090690%	0.090886%	0.092292%	0.076870%
Plan's proportionate share of the net pension liability (asset)	\$ 8,994,206	\$ 7,864,480	\$ 6,331,815	\$ 4,782,916
Plan's covered payroll	\$ 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 payroll	434.05%	406.12%	318.46%	268.76%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	69.70%	70.65%	77.21%	83.03%

City of Industry

Required Supplementary Information **Schedule of Contributions – Pension (Unaudited)** **Last Ten Years**

Fiscal Year Ended	California Public Employees' Retirement System (CalPERS) Miscellaneous Classic Plan				
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Actuarially determined contribution	\$ 388,074	\$ 308,625	\$ 291,851	\$ 245,590	\$ 195,741
Contributions in relation to the actuarially determined contributions	(388,074)	(308,625)	(291,851)	(245,590)	(195,741)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,071,627	\$ 2,840,527	\$ 2,615,700	\$ 2,376,701	\$ 1,730,895
Contributions as a percentage of covered payroll	12.63%	10.87%	11.16%	10.33%	11.31%

Notes to Schedule:

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age (a)				
Amortization method	Fair value				
Asset valuation method					
Inflation	2.500%	2.500%	2.500%	2.625%	2.750%
Salary increases	(b)	(b)	(b)	(b)	(b)
Investment rate of return	7.15% (c)	7.15% (c)	7.65% (c)	7.65% (c)	7.65% (c)
Retirement age	(d)	(d)	(d)	(d)	(d)
Mortality	(e)	(e)	(e)	(e)	(e)

(a) Level percentage of payroll, closed

(b) Depending on age, service, and type of employment

(c) Net of pension plan investment expense, including inflation

(d) 50 to 67 years old

(e) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS board.

City of Industry

Required Supplementary Information **Schedule of Contributions – Pension (Unaudited) (Continued)** **Last Ten Years**

Fiscal Year Ended	California Public Employees' Retirement System (CalPERS) Miscellaneous Classic Plan				
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	\$ 640,586	\$ 567,355	\$ 534,918	\$ 255,850	\$ 303,098
Contributions in relation to the actuarially determined contributions	<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>\$ (8,566,340)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,680,481	\$ 2,072,156	\$ 1,936,492	\$ 1,988,262	\$ 1,779,595
Contributions as a percentage of covered payroll	38.12%	27.38%	27.62%	12.87%	17.03%

Notes to Schedule:

Valuation date	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age (a)	Entry age (a)	Entry age (a)	Entry age (a)	Entry age (a)
Amortization method	Fair value	Fair value	Fair value	15 Year Smoothed	15 Year Smoothed
Asset valuation method				Market Method	Market Method
Inflation	2.750%	2.750%	2.750%	2.750%	2.750%
Salary increases	(b)	(b)	(b)	(b)	(b)
Investment rate of return	7.65% (c)	7.50% (c)	7.50% (c)	7.50% (c)	7.50% (c)
Retirement age	(d)	(d)	(d)	(d)	(d)
Mortality	(e)	(e)	(e)	(e)	(e)

(a) Level percentage of payroll, closed

(b) Depending on age, service, and type of employment

(c) Net of pension plan investment expense, including inflation

(d) 50 to 67 years old

(e) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS board.

City of Industry

Required Supplementary Information Schedule of Changes Net Other Postemployment Benefits Liability (Asset) and Related Ratios (Unaudited) Last Ten Years*

Reporting period	Measurement Period Ended					
	June 30, 2022 June 30, 2023	June 30, 2021 June 30, 2022	June 30, 2020 June 30, 2021	June 30, 2019 June 30, 2020	June 30, 2018 June 30, 2019	June 30, 2017 June 30, 2018
Total OPEB liability:						
Service cost	\$ 292,496	\$ 228,121	\$ 222,016	\$ 268,372	\$ 261,189	\$ 254,199
Interest on total OPEB liability	552,005	453,854	438,946	638,477	619,722	602,445
Changes in assumptions	-	609,924	-	-	-	-
Differences between expected and actual experience	46,166	975,729	105,870	(3,185,366)	95,803	-
Changes in benefits	-	-	-	-	-	-
Benefit payments	(594,910)	(560,106)	(550,184)	(825,116)	(579,992)	(653,626)
Actual minus expected benefit payments	-	-	-	171,949	(95,803)	-
Net change in Total Pension Liability	295,757	1,707,522	216,648	(2,931,684)	300,919	203,018
Total pension liability, beginning of year	8,305,982	6,598,460	6,381,812	9,313,496	9,012,577	8,809,559
Total OPEB liability, end of year	<u>8,601,739</u>	<u>8,305,982</u>	<u>6,598,460</u>	<u>6,381,812</u>	<u>9,313,496</u>	<u>9,012,577</u>
OPEB fiduciary net position:						
Investment income	(1,838,972)	3,120,564	401,157	715,105	904,934	1,136,614
Contributions - employers	13,631	31,285	-	-	-	-
Benefit payments	(594,910)	(560,106)	(550,184)	(825,116)	(579,992)	(653,626)
Administrative expenses	(3,509)	(4,270)	(5,586)	(2,471)	(20,767)	(9,512)
Other	-	-	-	-	2,091	-
Net change in OPEB fiduciary net position	(2,423,760)	2,587,473	(154,613)	(112,482)	306,266	473,476
Total fiduciary net position, beginning of year	13,788,161	11,200,688	11,355,301	11,467,783	11,161,517	10,688,041
Total fiduciary net position, end of year (a)	<u>11,364,401</u>	<u>13,788,161</u>	<u>11,200,688</u>	<u>11,355,301</u>	<u>11,467,783</u>	<u>11,161,517</u>
Net OPEB asset	<u>\$ (2,762,662)</u>	<u>\$ (5,482,179)</u>	<u>\$ (4,602,228)</u>	<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 asset	132.12%	166.00%	169.75%	177.93%	123.13%	123.84%
Covered-employee payroll	\$ 2,754,964	\$ 2,615,700	\$ 2,376,701	\$ 1,730,895	\$ 1,680,481	\$ 2,072,156
Net OPEB asset as a percentage of covered-employee payroll	100.28%	209.59%	193.64%	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 assumptions.

From fiscal year June 30 2018 to June 30 2019:

There were no changes in assumptions.

From fiscal year June 30 2019 to June 30 2020:

There were no changes in assumptions.

From fiscal year June 30 2020 to June 30 2021:

There were no changes in assumptions.

From fiscal year June 30 2021 to June 30 2022:

There were no changes in assumptions.

From fiscal year June 30 2022 to June 30 2023:

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 Budgetary Comparison Schedule – General Fund (Unaudited) For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 53,179,000	\$ 53,279,000	\$ 51,369,319	\$ (1,909,681)
Intergovernmental	329,000	329,000	289,861	(39,139)
Charges for services	400,000	400,000	290,511	(109,489)
License and permits	1,977,000	1,982,000	2,189,604	207,604
Fines, forfeitures, and penalties	367,000	367,000	300,996	(66,004)
Use of money and property	7,475,700	13,675,700	24,190,693	10,514,993
Other revenue	1,888,000	1,888,000	2,396,367	508,367
Total Revenues	65,615,700	71,920,700	81,027,351	9,106,651
EXPENDITURES				
Current:				
Legislative	934,000	934,000	870,077	63,923
General administration	8,725,900	13,023,900	5,831,027	7,192,873
Support services	4,040,000	5,077,284	5,631,104	(553,820)
Community development	2,085,000	2,085,000	6,327,188	(4,242,188)
Community services	8,117,000	8,180,209	8,875,345	(695,136)
Public safety	13,245,000	13,260,000	13,153,974	106,026
Public works	15,178,000	14,568,000	14,187,850	380,150
Total Expenditures	52,324,900	57,128,393	54,876,565	2,251,828
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,290,800	14,792,307	26,150,786	11,358,479
OTHER FINANCING USES				
Transfers in	5,842,000	40,242,000	18,438,800	(21,803,200)
Transfers out	(44,199,000)	(44,670,000)	(18,873,109)	25,796,891
Proceeds from sale of capital assets	-	-	26,800	26,800
Total Other Financing Uses	(38,357,000)	(4,428,000)	(407,509)	4,020,491
Net Change in Fund Balance	(25,066,200)	10,364,307	25,743,277	15,378,970
FUND BALANCE (DEFICIT)				
Beginning of year	673,183,162	673,183,162	673,183,162	-
End of year	\$ 648,116,962	\$ 683,547,469	\$ 698,926,439	\$ 15,378,970

City of Industry

Note to Required Supplementary Information For the Year Ended June 30, 2023

The City Council adopts an annual budget, submitted by the City Manager prior to June 30. 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 other than Measure W Special Revenue Fund.

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.

Budgets were adopted for all funds except for Proposition C-AQMD Grant Special Revenue Fund.

Excess Expenditures over Appropriations

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund:			
Support services	\$ 5,077,284	\$ 5,631,104	\$ (553,820)
Community development	2,085,000	6,327,188	(4,242,188)
Community services	8,180,209	8,875,345	(695,136)

City of Industry

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual

City Capital Projects Fund – Major Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,941,000	\$ 2,941,000	\$ 1,931,808	\$ (1,009,192)
Use of money and property	-	-	3,614,116	3,614,116
Other revenue	<u>4,412,000</u>	<u>4,412,000</u>	<u>3,147,402</u>	<u>(1,264,598)</u>
Total Revenues	<u>7,353,000</u>	<u>7,353,000</u>	<u>8,693,326</u>	<u>1,340,326</u>
EXPENDITURES				
Current:				
Community Services	95,000	95,000	-	95,000
Capital outlay	<u>56,970,000</u>	<u>51,967,500</u>	<u>19,512,953</u>	<u>32,454,547</u>
Total Expenditures	<u>57,065,000</u>	<u>52,062,500</u>	<u>19,512,953</u>	<u>32,549,547</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(49,712,000)</u>	<u>(44,709,500)</u>	<u>(10,819,627)</u>	<u>33,889,873</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	22,908,726	43,960,114	21,051,388
Transfers out	-	-	(22,356,090)	(22,356,090)
Total Other Financing Sources (Uses)	-	22,908,726	21,604,024	(1,304,702)
Net Change in Fund Balance	(49,712,000)	(21,800,774)	10,784,397	32,585,171
FUND BALANCE (DEFICIT)				
Beginning of year	<u>109,519,580</u>	<u>109,519,580</u>	<u>109,519,580</u>	<u>-</u>
End of year	<u>\$ 59,807,580</u>	<u>\$ 87,718,806</u>	<u>\$ 120,303,977</u>	<u>\$ 32,585,171</u>

City of Industry

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual

City Debt Service Fund – Major Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ -	\$ -	\$ 1,503,005	\$ 1,503,005
Use of money and property	<u>-</u>	<u>515,000</u>	<u>1,700,799</u>	<u>1,185,799</u>
Total Revenues	<u>-</u>	<u>515,000</u>	<u>3,203,804</u>	<u>2,688,804</u>
EXPENDITURES				
Current:				
General administration	16,700	16,700	17,200	(500)
Debt service:				
Principal	43,415,000	43,415,000	43,415,000	-
Interest and fiscal charges	<u>20,962,000</u>	<u>20,962,000</u>	<u>21,218,546</u>	<u>(256,546)</u>
Total Expenditures	<u>64,393,700</u>	<u>64,393,700</u>	<u>64,650,746</u>	<u>(257,046)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(64,393,700)</u>	<u>(63,878,700)</u>	<u>(61,446,942)</u>	<u>2,431,758</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	39,500,000	39,500,000	23,224,789	(16,275,211)
Transfers out	<u>(5,842,000)</u>	<u>(40,242,000)</u>	<u>(985,029)</u>	<u>39,256,971</u>
Total Other Financing Sources (Uses)	<u>33,658,000</u>	<u>(742,000)</u>	<u>22,239,760</u>	<u>22,981,760</u>
Net Change in Fund Balance	(30,735,700)	(64,620,700)	(39,207,182)	25,413,518
FUND BALANCE (DEFICIT)				
Beginning of year	<u>89,398,421</u>	<u>89,398,421</u>	<u>89,398,421</u>	<u>-</u>
End of year	<u>\$ 58,662,721</u>	<u>\$ 24,777,721</u>	<u>\$ 50,191,239</u>	<u>\$ 25,413,518</u>

City of Industry

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual

Tax Override Debt Service Fund – Major Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 20,707,000	\$ 20,707,000	\$ 5,345,065	\$ (15,361,935)
Total Revenues	<u>20,707,000</u>	<u>20,707,000</u>	<u>5,345,065</u>	<u>(15,361,935)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	21,578	21,578
Transfers out	<u>(20,707,000)</u>	<u>(20,707,000)</u>	<u>(8,173,317)</u>	<u>12,533,683</u>
Total Other Financing Sources (Uses)	<u>(20,707,000)</u>	<u>(20,707,000)</u>	<u>(8,151,739)</u>	<u>12,555,261</u>
Net Change in Fund Balance	-	-	(2,806,674)	(2,806,674)
FUND BALANCE (DEFICIT)				
Beginning of year	<u>2,808,835</u>	<u>2,808,835</u>	<u>2,808,835</u>	<u>-</u>
End of year	<u>\$ 2,808,835</u>	<u>\$ 2,808,835</u>	<u>\$ 2,161</u>	<u>\$ (2,806,674)</u>

City of Industry

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Industry Public Facilities Authority Debt Service Fund – Major Fund For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ 5,715,850	\$ 5,715,850	\$ 1,781,958	\$ (3,933,892)
Other revenues	-	-	250,623	250,623
Total Revenues	<u>5,715,850</u>	<u>5,715,850</u>	<u>2,032,581</u>	<u>(3,683,269)</u>
EXPENDITURES				
Debt service:				
Principal	21,730,000	21,730,000	21,145,000	585,000
Interest and fiscal charges	5,459,900	5,459,900	6,785,339	(1,325,439)
Total Expenditures	<u>27,189,900</u>	<u>27,189,900</u>	<u>27,930,339</u>	<u>(740,439)</u>
Deficiency of Revenues Under Expenditures	<u>(21,474,050)</u>	<u>(21,474,050)</u>	<u>(25,897,758)</u>	<u>(4,423,708)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,707,000	20,707,000	10,740	(20,696,260)
Transfers out	-	(22,908,726)	(42,974,573)	(20,065,847)
Total Other Financing Sources (Uses)	<u>20,707,000</u>	<u>(2,201,726)</u>	<u>(42,963,833)</u>	<u>(40,762,107)</u>
Net Change in Fund Balance	(767,050)	(23,675,776)	(68,861,591)	(45,185,815)
FUND BALANCE (DEFICIT)				
Beginning of year	61,967,136	61,967,136	61,967,136	-
End of year	<u>\$ 61,200,086</u>	<u>\$ 38,291,360</u>	<u>\$ (6,894,455)</u>	<u>\$ (45,185,815)</u>

City of Industry

Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2023

Special Revenue Funds					
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax	Proposition C - AQMD Grants
ASSETS					
Cash	\$ -	\$ -	\$ 65,321	\$ 11,065	\$ -
Investments	-	-	-	-	-
Accounts receivable, net	7,230	-	-	-	471
Accrued interest	-	-	284	-	-
Total Assets	\$ 7,230	\$ -	\$ 65,605	\$ 11,065	\$ 471
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 33,359	\$ -	\$ -
Due to other funds	-	-	45,419	2,156	-
Total Liabilities	-	-	78,778	2,156	-
FUND BALANCES (DEFICIT)					
Restricted for transportation and roads	7,230	-	-	8,909	471
Unassigned	-	-	(13,173)	-	-
Total Fund Balances	7,230	-	(13,173)	8,909	471
Total Liabilities and Fund Balances	\$ 7,230	\$ -	\$ 65,605	\$ 11,065	\$ 471

(continued)

City of Industry

Supplementary Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds June 30, 2023

	Special Revenue Funds			Authority Capital Projects Fund		Total
	Measure M	Measure W	CARB Grant			
				Projects Fund		
ASSETS						
Cash	\$ -	\$ 1,510,678	\$ 328,213	\$ 253,063	\$ 2,168,340	
Investments	-	843,876	789,393	85,283	1,718,552	
Accounts receivable, net	-	-	-	275,418	283,119	
Accrued interest	-	-	6,198	670	7,152	
Total Assets	\$ -	\$ 2,354,554	\$ 1,123,804	\$ 614,434	\$ 4,177,163	
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 80,267	\$ -	\$ 407,117	\$ 520,743	
Due to other funds	-	362,331	149,085	1,035	560,026	
Total Liabilities	-	442,598	149,085	408,152	1,080,769	
FUND BALANCES (DEFICIT)						
Restricted for transportation and roads	-	1,911,956	974,719	-	2,903,285	
Unassigned	-	-	-	206,282	193,109	
Total Fund Balances	-	1,911,956	974,719	206,282	3,096,394	
Total Liabilities and Fund Balances	\$ -	\$ 2,354,554	\$ 1,123,804	\$ 614,434	\$ 4,177,163	
						(concluded)

City of Industry

Supplementary Information Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2023

Special Revenue Funds					
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax	Proposition C - AQMD Grants
REVENUES					
Taxes	\$ -	\$ 6,980	\$ -	\$ -	\$ -
Intergovernmental	23,663	-	11,225	9,310	-
Use of money and property	-	-	1,155	-	-
Other	-	-	-	-	-
 Total Revenues	 23,663	 6,980	 12,380	 9,310	 -
EXPENDITURES					
Current:					
Public works	23,663	6,980	282,646	9,310	-
 Total Expenditures	 23,663	 6,980	 282,646	 9,310	 -
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 -	 -	 (270,266)	 -	 -
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	764	764	-
Transfers out	-	-	(764)	(764)	-
 Total Other Financing Sources (Uses)	 -	 -	 -	 -	 -
 Net Change in Fund Balances	 -	 -	 (270,266)	 -	 -
FUND BALANCES (DEFICIT)					
Beginning of year	7,230	-	257,093	8,909	471
 End of year	 \$ 7,230	 \$ -	 \$ (13,173)	 \$ 8,909	 \$ 471

(continued)

City of Industry

Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds For the Year Ended June 30, 2023

	Special Revenue Funds				
	Measure M	Measure W	CARB Grant	Authority Capital Projects Fund	Total
	\$	\$	\$	\$	\$
REVENUES					
Taxes	-	-	-	-	6,980
Intergovernmental	7,896	1,641,223	312,434	-	2,005,751
Use of money and property	-	22,095	15,591	1,967	40,808
Other	-	-	-	418	418
Total Revenues	7,896	1,663,318	328,025	2,385	2,053,957
EXPENDITURES					
Current:					
Public works	7,896	1,180,628	149,085	2,404,739	4,064,947
Total Expenditures	7,896	1,180,628	149,085	2,404,739	4,064,947
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	482,690	178,940	(2,402,354)	(2,010,990)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	780,000	5,948,806	6,730,334
Transfers out	-	-	(780,000)	(3,441,624)	(4,223,152)
Total Other Financing Sources (Uses)	-	-	-	2,507,182	2,507,182
Net Change in Fund Balances	-	482,690	178,940	104,828	496,192
FUND BALANCES (DEFICIT)					
Beginning of year	-	1,429,266	795,779	101,454	2,600,202
End of year	\$ -	\$ 1,911,956	\$ 974,719	\$ 206,282	\$ 3,096,394
					(concluded)

City of Industry

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual

Gas Tax Special Revenue Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 26,000	\$ 26,000	\$ 23,663	\$ (2,337)
Total Revenues	<u>26,000</u>	<u>26,000</u>	<u>23,663</u>	<u>(2,337)</u>
EXPENDITURES				
Current:				
Public works	<u>26,000</u>	<u>26,000</u>	<u>23,663</u>	<u>2,337</u>
Total Expenditures	<u>26,000</u>	<u>26,000</u>	<u>23,663</u>	<u>2,337</u>
Excess of Revenues Over Expenditures	-	-	-	-
FUND BALANCE (DEFICIT)				
Beginning of year	<u>7,230</u>	<u>7,230</u>	<u>7,230</u>	<u>-</u>
End of year	\$ 7,230	\$ 7,230	\$ 7,230	\$ -

City of Industry

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual

Measure R Local Return Special Revenue Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 6,000	\$ 6,000	\$ 6,980	\$ 980
Total Revenues	6,000	6,000	6,980	980
EXPENDITURES				
Current:				
Public works	6,000	6,000	6,980	(980)
Total Expenditures	6,000	6,000	6,980	(980)
Excess of Revenues Over Expenditures	-	-	-	-
FUND BALANCE (DEFICIT)				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

City of Industry

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual

Proposition A Sales Tax Special Revenue Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Use of money and property	\$ 312,000 2,000	\$ 312,000 2,000	\$ 11,225 1,155	\$ (300,775) (845)
Total Revenues	<u>314,000</u>	<u>314,000</u>	<u>12,380</u>	<u>(301,620)</u>
EXPENDITURES				
Current: Public works	<u>286,000</u>	<u>286,000</u>	<u>282,646</u>	<u>3,354</u>
Total Expenditures	<u>286,000</u>	<u>286,000</u>	<u>282,646</u>	<u>3,354</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>28,000</u>	<u>28,000</u>	<u>(270,266)</u>	<u>(298,266)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	764	(764)
Transfers out	-	-	(764)	764
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	28,000	28,000	(270,266)	(298,266)
FUND BALANCE (DEFICIT)				
Beginning of year	<u>257,093</u>	<u>257,093</u>	<u>257,093</u>	<u>-</u>
End of year	\$ 285,093	\$ 285,093	\$ (13,173)	\$ (298,266)

City of Industry

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual

Proposition C Sales Tax Special Revenue Fund

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 9,310	\$ 1,310
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>9,310</u>	<u>1,310</u>
EXPENDITURES				
Current:				
Public works	<u>8,000</u>	<u>8,000</u>	<u>9,310</u>	<u>(1,310)</u>
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>9,310</u>	<u>1,310</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>764</u>	<u>(764)</u>
Transfers out	<u>-</u>	<u>-</u>	<u>(764)</u>	<u>764</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)				
Beginning of year	<u>8,909</u>	<u>8,909</u>	<u>8,909</u>	<u>-</u>
End of year	<u>\$ 8,909</u>	<u>\$ 8,909</u>	<u>\$ 8,909</u>	<u>\$ -</u>

City of Industry

Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual
Measure M Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 7,000	\$ 7,000	\$ 7,896	\$ 896
Total Revenues	<u>7,000</u>	<u>7,000</u>	<u>7,896</u>	<u>896</u>
EXPENDITURES				
Current:				
Public works	<u>7,000</u>	<u>7,000</u>	<u>7,896</u>	<u>(896)</u>
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>7,896</u>	<u>896</u>
Excess of Revenues Over Expenditures	-	-	-	-
FUND BALANCE (DEFICIT)				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Industry

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual

Measure W Special Revenue Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	1,600,000	1,600,000	1,641,223	41,223
Use of money and property	2,000	15,000	22,095	7,095
Total Revenues	<u>1,602,000</u>	<u>1,615,000</u>	<u>1,663,318</u>	<u>48,318</u>
EXPENDITURES				
Current:				
Public works	<u>1,214,000</u>	<u>1,214,000</u>	<u>1,180,628</u>	<u>33,372</u>
Total Expenditures	<u>1,214,000</u>	<u>1,214,000</u>	<u>1,180,628</u>	<u>33,372</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	388,000	401,000	482,690	81,690
FUND BALANCE (DEFICIT)				
Beginning of year	<u>1,429,266</u>	<u>1,429,266</u>	<u>1,429,266</u>	<u>-</u>
End of year	\$ 1,817,266	\$ 1,830,266	\$ 1,911,956	\$ 81,690

City of Industry

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual

CARB Tax Special Revenue Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 312,434	\$ 62,434
Use of money and property	<u>-</u>	<u>-</u>	<u>15,591</u>	<u>15,591</u>
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>328,025</u>	<u>78,025</u>
EXPENDITURES				
Current:				
Public works	<u>250,000</u>	<u>250,000</u>	<u>149,085</u>	<u>100,915</u>
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>149,085</u>	<u>100,915</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>178,940</u>	<u>178,940</u>
FUND BALANCE (DEFICIT)				
Beginning of year	<u>795,779</u>	<u>795,779</u>	<u>795,779</u>	<u>-</u>
End of year	\$ 795,779	\$ 795,779	\$ 974,719	\$ 178,940

City of Industry

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual CRIA Capital Projects Fund For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ 1,000	\$ 1,000	\$ 1,967	\$ 967
Other revenue	-	-	418	418
Total Revenues	1,000	1,000	2,385	1,385
EXPENDITURES				
Current:				
Public works	1,897,000	2,415,000	2,404,739	10,261
Total Expenditures	1,897,000	2,415,000	2,404,739	10,261
Deficiency of Revenues Under Expenditures	(1,896,000)	(2,414,000)	(2,402,354)	11,646
OTHER FINANCING SOURCES (USES)				
Transfers in	4,109,000	4,397,000	5,948,806	1,551,806
Transfers out	(1,463,000)	(1,145,700)	(3,441,624)	(2,295,924)
Total Other Financing Sources (Uses)	2,646,000	3,251,300	2,507,182	(744,118)
Net Change in Fund Balance	750,000	837,300	104,828	(732,472)
FUND BALANCE (DEFICIT)				
Beginning of year	101,454	101,454	101,454	-
End of year	\$ 851,454	\$ 938,754	\$ 206,282	\$ (732,472)

City of Industry

Supplementary Information

Schedule of Long-Term Debt – City of Industry Only

\$336,570,000 Taxable Sales Tax Refunding Bonds, Series 2015A

For the Year Ended June 30, 2023

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
July 1, 2023	\$ -	3.250%	\$ 8,030,956	\$ 8,030,956	\$ -
January 1, 2024	2,200,000	3.250%	8,030,956	10,230,956	18,261,912
July 1, 2024	-	3.250%	7,995,206	7,995,206	-
January 1, 2025	2,270,000	3.500%	7,995,206	10,265,206	18,260,412
July 1, 2025	-	3.500%	7,955,481	7,955,481	-
January 1, 2026	2,345,000	3.625%	7,955,481	10,300,481	18,255,962
July 1, 2026	-	3.625%	7,912,978	7,912,978	-
January 1, 2027	2,435,000	4.000%	7,912,978	10,347,978	18,260,956
July 1, 2027	-	4.000%	7,864,278	7,864,278	-
January 1, 2028	7,270,000	4.000%	7,864,278	15,134,278	22,998,556
July 1, 2028	-	4.000%	7,718,878	7,718,878	-
January 1, 2029	7,560,000	4.125%	7,718,878	15,278,878	22,997,756
July 1, 2029	-	4.125%	7,562,953	7,562,953	-
January 1, 2030	7,870,000	4.250%	7,562,953	15,432,953	22,995,906
July 1, 2030	-	4.250%	7,395,716	7,395,716	-
January 1, 2031	8,205,000	4.625%	7,395,716	15,600,716	22,996,432
January 1, 2021	-	4.625%	7,205,975	7,205,975	-
January 1, 2032	8,585,000	4.625%	7,205,975	15,790,975	22,996,950
July 1, 2032	-	4.625%	7,007,447	7,007,447	-
January 1, 2033	8,985,000	4.625%	7,007,447	15,992,447	22,999,894
July 1, 2033	-	4.625%	6,799,669	6,799,669	-
January 1, 2034	9,400,000	4.625%	6,799,669	16,199,669	22,999,338
July 1, 2034	-	4.625%	6,582,294	6,582,294	-
January 1, 2035	9,835,000	5.125%	6,582,294	16,417,294	22,999,588
July 1, 2035	-	5.125%	6,330,272	6,330,272	-
January 1, 2036	10,335,000	5.125%	6,330,272	16,665,272	22,995,544
July 1, 2036	-	5.125%	6,065,438	6,065,438	-
January 1, 2037	10,865,000	5.125%	6,065,438	16,930,438	22,995,876
July 1, 2037	-	5.125%	5,787,022	5,787,022	-
January 1, 2038	11,425,000	5.125%	5,787,022	17,212,022	22,999,044
July 1, 2038	-	5.125%	5,494,256	5,494,256	-
January 1, 2039	12,010,000	5.125%	5,494,256	17,504,256	22,998,512
July 1, 2039	-	5.125%	5,186,500	5,186,500	-
January 1, 2040	12,625,000	5.125%	5,186,500	17,811,500	22,998,000
July 1, 2040	-	5.125%	4,862,984	4,862,984	-
January 1, 2041	13,270,000	5.125%	4,862,984	18,132,984	22,995,968
July 1, 2041	-	5.125%	4,522,941	4,522,941	-
January 1, 2042	13,950,000	5.125%	4,522,941	18,472,941	22,995,882
July 1, 2042	-	5.125%	4,165,472	4,165,472	-
January 1, 2043	14,665,000	5.125%	4,165,472	18,830,472	22,995,944
July 1, 2043	-	5.125%	3,789,681	3,789,681	-
January 1, 2044	15,420,000	5.125%	3,789,681	19,209,681	22,999,362
July 1, 2044	-	5.125%	3,394,544	3,394,544	-
January 1, 2045	16,210,000	5.125%	3,394,544	19,604,544	22,999,088
July 1, 2045	-	5.125%	2,979,163	2,979,163	-
January 1, 2046	17,040,000	5.125%	2,979,163	20,019,163	22,998,326
July 1, 2046	-	5.125%	2,542,513	2,542,513	-
January 1, 2047	17,910,000	5.125%	2,542,513	20,452,513	22,995,026
July 1, 2047	-	5.125%	2,083,568	2,083,568	-
January 1, 2048	18,830,000	5.125%	2,083,568	20,913,569	22,997,138
July 1, 2048	-	5.125%	1,601,050	1,601,050	-
January 1, 2049	19,795,000	5.125%	1,601,050	21,396,050	22,997,100
July 1, 2049	-	5.125%	1,093,803	1,093,803	-
January 1, 2050	20,810,000	5.125%	1,093,803	21,903,803	22,997,606
July 1, 2050	-	5.125%	560,547	560,547	-
January 1, 2051	21,875,000	5.125%	560,547	22,435,547	22,996,094
	<u>\$ 323,995,000</u>		<u>\$ 300,983,170</u>	<u>\$ 624,978,172</u>	<u>\$ 624,978,172</u>

City of Industry

Supplementary Information

Schedule of Long-Term Debt – City of Industry Only

\$51,460,000 Taxable Sales Tax Refunding Bonds, Series 2017

For the Year Ended June 30, 2023

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
August 1, 2023	\$ 615,000	5.000%	\$ 1,796,255	\$ 1,796,255	\$ -
February 1, 2024	-	5.000%	1,796,255	2,411,255	4,207,510
August 1, 2024	-	5.250%	1,780,880	1,780,880	-
February 1, 2025	645,000	5.250%	1,780,880	2,425,880	4,206,760
August 1, 2025	-	5.550%	1,763,948	1,763,948	-
February 1, 2026	680,000	5.550%	1,763,948	2,443,949	4,207,897
August 1, 2026	-	5.850%	1,745,078	1,745,078	-
February 1, 2027	715,000	5.850%	1,745,078	2,460,079	4,205,157
August 1, 2027	-	6.150%	1,724,165	1,724,165	-
February 1, 2028	755,000	6.150%	1,724,165	2,479,165	4,203,330
August 1, 2028	-	6.450%	1,700,949	1,700,949	-
February 1, 2029	805,000	6.450%	1,700,949	2,505,949	4,206,898
August 1, 2029	-	6.750%	1,674,988	1,674,988	-
February 1, 2030	860,000	6.750%	1,674,988	2,534,988	4,209,976
August 1, 2030	-	7.000%	1,645,962	1,645,962	-
February 1, 2031	915,000	7.000%	1,645,962	2,560,963	4,206,925
February 1, 2021	-	7.250%	1,613,937	1,613,937	-
February 1, 2032	980,000	7.250%	1,613,938	2,593,938	4,207,875
August 1, 2032	-	7.250%	1,578,412	1,578,412	-
February 1, 2033	1,050,000	7.250%	1,578,412	2,628,413	4,206,825
August 1, 2033	-	7.250%	1,540,350	1,540,350	-
February 1, 2034	1,125,000	7.250%	1,540,350	2,665,350	4,205,700
August 1, 2034	-	7.250%	1,499,569	1,499,569	-
February 1, 2035	1,205,000	7.250%	1,499,569	2,704,569	4,204,138
August 1, 2035	-	7.250%	1,455,887	1,455,887	-
February 1, 2036	1,295,000	7.250%	1,455,887	2,750,888	4,206,775
August 1, 2036	-	7.500%	1,408,943	1,408,943	-
February 1, 2037	1,390,000	7.500%	1,408,943	2,798,944	4,207,887
August 1, 2037	-	7.500%	1,356,819	1,356,819	-
February 1, 2038	1,490,000	7.500%	1,356,819	2,846,819	4,203,638
August 1, 2038	-	7.500%	1,300,945	1,300,944	-
February 1, 2039	1,605,000	7.500%	1,300,945	2,905,944	4,206,888
August 1, 2039	-	7.500%	1,240,756	1,240,756	-
February 1, 2040	1,725,000	7.500%	1,240,756	2,965,756	4,206,512
August 1, 2040	-	7.500%	1,176,068	1,176,068	-
February 1, 2041	1,855,000	7.500%	1,176,068	3,031,069	4,207,137
August 1, 2041	-	7.750%	1,106,506	1,106,506	-
February 1, 2042	1,995,000	7.750%	1,106,506	3,101,506	4,208,012
August 1, 2042	-	7.750%	1,029,200	1,029,200	-
February 1, 2043	2,150,000	7.750%	1,029,200	3,179,200	4,208,400
August 1, 2043	-	7.750%	945,888	945,888	-
February 1, 2044	2,315,000	7.750%	945,888	3,260,888	4,206,776
August 1, 2044	-	7.750%	856,181	856,181	-
February 1, 2045	2,495,000	7.750%	856,181	3,351,181	4,207,362
August 1, 2045	-	7.750%	759,500	759,500	-
February 1, 2046	2,685,000	7.750%	759,500	3,444,500	4,204,000
August 1, 2046	-	7.750%	655,457	655,456	-
February 1, 2047	2,900,000	7.750%	655,457	3,555,456	4,210,912
August 1, 2047	-	7.750%	543,082	543,081	-
February 1, 2048	3,120,000	7.750%	543,082	3,663,081	4,206,162
August 1, 2048	-	7.750%	422,183	422,181	-
February 1, 2049	3,365,000	7.750%	422,183	3,787,181	4,209,362
August 1, 2049	-	7.750%	291,789	291,788	-
February 1, 2050	3,625,000	7.750%	291,789	3,916,788	4,208,576
August 1, 2050	-	7.750%	151,321	151,319	-
February 1, 2051	3,905,000	7.750%	151,321	4,056,319	4,207,638
	<u>\$ 48,265,000</u>		<u>\$ 69,530,037</u>	<u>\$ 117,795,028</u>	<u>\$ 117,795,028</u>

City of Industry

Supplementary Information

Schedule of Long-Term Debt – City of Industry Only

\$34,340,000 Taxable Sales Tax Refunding Bonds, Series 2017

For the Year Ended June 30, 2023

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
July 1, 2023	\$ -	3.000%	\$ 242,753	\$ 242,753	\$ -
January 1, 2024	3,490,000	3.125%	242,753	3,732,753	3,975,506
July 1, 2024	-	3.125%	188,222	188,222	-
January 1, 2025	3,595,000	3.250%	188,222	3,783,222	3,971,444
July 1, 2025	-	3.250%	129,803	129,803	-
January 1, 2026	3,715,000	3.375%	129,803	3,844,803	3,974,606
July 1, 2026	-	3.375%	67,113	67,113	-
January 1, 2027	<u>3,835,000</u>	<u>3.500%</u>	<u>67,113</u>	<u>3,902,113</u>	<u>3,969,226</u>
	<u>\$ 14,635,000</u>		<u>\$ 1,255,782</u>	<u>\$ 15,890,782</u>	<u>\$ 15,890,782</u>