

**CIVIC-RECREATIONAL-INDUSTRY AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**CIVIC-RECREATIONAL-INDUSTRY AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Industry, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of the Civic-Recreational-Industrial Authority (the CRIA), a component unit of the City of Industry (the City), California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the CRIA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of the CRIA as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2022, on our consideration of the CRIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRIA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRIA's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
April 1, 2022

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 30,856	\$ 3,347	\$ 34,203
Investments	83,596	-	83,596
Accounts Receivable, Net	200,000	243,925	443,925
Accrued Interest	68	-	68
Inventory of Materials and Supplies	-	23,329	23,329
Prepaid Items	-	8,674	8,674
Deposits	-	3,000	3,000
Total Current Assets	<u>314,520</u>	<u>282,275</u>	<u>596,795</u>
Noncurrent Assets:			
Capital Assets:			
Capital Assets Not being Depreciated	-	1,262,442	1,262,442
Capital Assets being Depreciated, Net	<u>-</u>	<u>12,212,802</u>	<u>12,212,802</u>
Total Capital Assets, Net			
Accumulated Depreciation	<u>-</u>	<u>13,475,244</u>	<u>13,475,244</u>
Total Assets	<u>314,520</u>	<u>13,757,519</u>	<u>14,072,039</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	201,662	56,125	257,787
Deposits	-	25,650	25,650
Unearned Revenue	<u>-</u>	<u>54,228</u>	<u>54,228</u>
Total Current Liabilities	<u>201,662</u>	<u>136,003</u>	<u>337,665</u>
NET POSITION			
Investment in Capital Assets	-	13,475,244	13,475,244
Unrestricted	<u>112,858</u>	<u>146,272</u>	<u>259,130</u>
Total Net Position	<u>\$ 112,858</u>	<u>\$ 13,621,516</u>	<u>\$ 13,734,374</u>

See accompanying Notes to Financial Statements.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Administration	\$ 1,275,460	\$ -	\$ 5,883,786	\$ -
Total Governmental Activities	1,275,460	-	5,883,786	-
Business-Type Activities:				
General Administration	1,001,743	-	-	-
Expo Center Operations	386,587	14,738	-	5,621,236
Depreciation	460,508	-	-	-
Total Business-Type Activities	1,848,838	14,738	-	5,621,236
Total Primary Government	<u>\$ 3,124,298</u>	<u>\$ 14,738</u>	<u>\$ 5,883,786</u>	<u>\$ 5,621,236</u>
GENERAL REVENUES AND TRANSFERS				
Investment Income				
Miscellaneous Revenue				
Transfers				
Total General Revenues and Transfers				
CHANGE IN NET POSITION				
Net Position - Beginning of Year				
NET POSITION - END OF YEAR				

See accompanying Notes to Financial Statements.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Net Revenues (Expenses) and Change in Net Position		
	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS			
Primary Government:			
Governmental Activities:			
General Administration	\$ 4,608,326	\$ -	\$ 4,608,326
Total Governmental Activities	4,608,326	-	4,608,326
Business-Type Activities:			
General Administration	-	(1,001,743)	(1,001,743)
Expo Center Operations	-	5,249,387	5,249,387
Depreciation	-	(460,508)	(460,508)
Total Business-Type Activities	-	3,787,136	3,787,136
Total Primary Government	4,608,326	3,787,136	8,395,462
GENERAL REVENUES AND TRANSFERS			
Investment Income	507	-	507
Miscellaneous Revenue	-	5,133	5,133
Transfers	(4,557,694)	4,557,694	-
Total General Revenues and Transfers	(4,557,187)	4,562,827	5,640
CHANGE IN NET POSITION	51,139	8,349,963	8,401,102
Net Position - Beginning of Year	61,719	5,271,553	5,333,272
NET POSITION - END OF YEAR	<u>\$ 112,858</u>	<u>\$ 13,621,516</u>	<u>\$ 13,734,374</u>

See accompanying Notes to Financial Statements.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2021**

	<u>General Fund</u>
ASSETS	
Cash and Investments	\$ 30,856
Investments	83,596
Accounts Receivable, Net	200,000
Accrued Interest	68
Total Assets	<u>\$ 314,520</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 201,662
FUND BALANCE	
Assigned for Capital Projects	<u>112,858</u>
Total Liabilities and Fund Balance	<u>\$ 314,520</u>

See accompanying Notes to Financial Statements.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balance of Governmental Funds	<u>\$ 112,858</u>
Net Position of Governmental Activities	<u>\$ 112,858</u>

See accompanying Notes to Financial Statements.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>
REVENUES	
Intergovernmental Revenue	\$ 5,883,786
Investment income	<u>507</u>
Total Revenues	<u>5,884,293</u>
EXPENDITURES	
General Administration:	
Administrative Costs	61,949
Professional Services	580,056
Operation of Property	<u>633,455</u>
Total Expenditures	<u>1,275,460</u>
EXCESS OF REVENUES OVER EXPENDITURES	4,608,833
OTHER FINANCING USES	
Transfers Out	<u>(4,557,694)</u>
NET CHANGE IN FUND BALANCE	51,139
Fund Balance - Beginning of Year	<u>61,719</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 112,858</u></u>

See accompanying Notes to Financial Statements.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balance of the Total Governmental Funds	<u>\$ 51,139</u>
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Net Change in Net Position of Governmental Activities	<u>\$ 51,139</u>
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See accompanying Notes to Financial Statements.

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	<u>Industry Hills Expo Center Enterprise Fund</u>
ASSETS	
Current Assets:	
Cash	\$ 3,347
Accounts Receivable, Net	243,925
Inventory of Materials and Supplies	23,329
Prepaid Items	8,674
Deposits	3,000
Total Current Assets	<u>282,275</u>
Noncurrent Assets:	
Capital Assets:	
Capital Assets Not being Depreciated	1,262,442
Capital Assets being Depreciated, Net	<u>12,212,802</u>
Total Capital Assets, Net Accumulated Depreciation	<u>13,475,244</u>
Total Assets	<u>13,757,519</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	56,125
Deposits	25,650
Unearned Revenue	<u>54,228</u>
Total Current Liabilities	<u>136,003</u>
NET POSITION	
Investment in Capital Assets	13,475,244
Unrestricted	<u>146,272</u>
Total Net Position	<u><u>\$ 13,621,516</u></u>

See accompanying Notes to Financial Statements.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021**

	Industry Hills Expo Center Enterprise Fund
OPERATING REVENUES	
Grand Arena	\$ 13,763
Facilities	975
Other Revenue	5,133
Total Operating Revenues	<u>19,871</u>
OPERATING EXPENSES	
General Administration	1,001,743
Expo Center Operations	386,587
Depreciation	460,508
Total Operating Expenses	<u>1,848,838</u>
OPERATING LOSS	(1,828,967)
TRANSFER IN	4,557,694
CAPITAL CONTRIBUTIONS	<u>5,621,236</u>
CHANGE IN NET POSITION	8,349,963
Net Position - Beginning of Year	<u>5,271,553</u>
NET POSITION - END OF YEAR	<u><u>\$ 13,621,516</u></u>

See accompanying Notes to Financial Statements.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021**

	Industry Hills Expo Center Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Users	\$ (4,283)
Cash Payments for Services and Supplies	<u>(1,386,050)</u>
Net Cash Used by Operating Activities	<u>(1,390,333)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Received from Other Funds	<u>4,557,694</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,557,694</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	<u>(3,198,682)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(3,198,682)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(31,321)
Cash and Cash Equivalents - Beginning of Year	<u>34,668</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,347</u>
CASH AND CASH EQUIVALENTS	
Cash	<u>\$ 3,347</u>
Total Cash and Cash Equivalents	<u>\$ 3,347</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	<u>\$ (1,828,967)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	460,508
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Accounts Receivable	(6,104)
Prepaid Items	20
Inventory	15,085
Increase (Decrease) in:	
Accounts Payable	31,580
Accrued Liabilities	(1,609)
Customer Deposits	(18,050)
Unearned Revenues	<u>(42,796)</u>
Total Adjustments	<u>438,634</u>
Net Cash Used by Operating Activities	<u>\$ (1,390,333)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Contributed Capital	<u>\$ 5,621,236</u>

See accompanying Notes to Financial Statements.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Agency

The Civic-Recreational-Industrial Authority (the CRIA) was created on March 1, 1972, by a joint exercise of powers agreement between the City of Industry, California (the City) and the Industry Urban-Development Agency (the IUDA). The agreement was made pursuant to the provisions of Article I, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, Sections 6500, et seq. The IUDA was dissolved as a legal entity as of February 1, 2012, under ABX1 26, and therefore can no longer participate as a member of CRIA. On May 24, 2012, the City adopted resolution No. CC 2012-10. The resolution amended and restated the existing joint exercise of powers agreement and admitted the City of La Puente as a member of CRIA.

The CRIA exists and acts as a separate entity. The governing board of CRIA consists of a commission of five members: four members appointed by the Council of the City of Industry and one member by the Council of the City of La Puente.

The CRIA has the power to acquire sites and to acquire, construct, finance, and lease the public buildings and appurtenances and to issue revenue bonds for the financing of these projects. Under the Joint Powers Agreement, the City of Industry may advance funds to CRIA in certain circumstances.

The CRIA is a component unit and an integral part of the City of Industry and accordingly has also been included in the City of Industry general purpose financial statements issued as of June 30 of each year. Only the funds of CRIA are included herein; therefore, these financial statements do not purport to represent the financial position or results of operations of the City. Financial statements for the City of Industry may be obtained from the Finance Department at the City of Industry offices located at 15625 Mayor Dave Way, City of Industry, California.

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

The financial statements of the CRIA have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

C. Government-Wide Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the CRIA accompanied by a total column.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide Financial Statements (Continued)

These statements are presented on an *economic resources* measurement focus and the *accrual basis* of accounting. Under the *economic resources* measurement focus, all economic resources including capital assets, and long term liabilities, are included in the accompanying statement of net position.

Under the *accrual basis* of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditure. Eliminations for interfund activities, payables, and receivables have been made at June 30, 2021.

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 CRIA 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.

D. Fund Financial Statements

The accounts of the CRIA are organized on the basis of funds, 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, liabilities, 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.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statements (Continued)

Fund financial statements for the primary government's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually.

Governmental Fund Financial Statements

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. The revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Revenues are considered available if they are collected within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. Interest income is susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by CRIA and are recognized at that time.

In the fund financial statements, governmental funds are presented using the "current financial resources" measurement focus. This means that only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheets. The statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets.

CRIA reports the following major governmental fund:

General Fund – The General Fund is CRIA's operating fund is also used to account for financial resources to be used for the acquisition and construction of major capital facilities, other than those financed by Enterprise Funds.

Proprietary Fund Financial Statements

The Proprietary Fund is used to account for CRIA's ongoing organizations and activities, which are similar to those often found in the private sector. In the fund financial statements, the proprietary fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred.

In the fund financial statements, proprietary fund is presented using the *economic resources* measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) associated with their activity are included on their statements of net position. Amounts expended to acquire capital assets are recorded as assets in the proprietary fund statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statements (Continued)

Proprietary Fund Financial Statements (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating 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 CRIA generally come from the leasing of its facilities to various parties. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Enterprise Fund is a type of proprietary fund that is used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on the continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The CRIA reports the following major proprietary fund:

Industry-Hill Expo Center Enterprise Fund – This fund accounts for space rentals for events and equestrian activities to the general public at the Industry-Hill Expo Center.

E. Cash, Cash Equivalent, and Investments

The CRIA's cash includes cash on hand and demand deposits with financial institutions. For the purpose of the statement of cash flows, the CRIA considers all highly liquid investments with maturities 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 are valued at fair value.

F. Accounts Receivable

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

G. Inventories

Inventories of the Industry-Hills Expo Center Enterprise Fund consist of food and beverages. The inventories are reported at the lower of cost or net realizable value on the first-in, first-out basis of accounting.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year end.

I. Capital Assets and Depreciation

Capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

If a cost related to capital assets does not extend its useful life, increase its productivity, improve its operating efficiency, or add additional production capacity, 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 and proprietary fund financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position.

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

Building and Improvements	45 Years
Furniture and fixtures	3 to 10 Years
Infrastructure	20 to 50 Years
Vehicles	7 Years

J. Net Position

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

Investment in capital assets - includes buildings and improvements, furniture and fixtures, infrastructure and vehicles, net of accumulated depreciation.

Restricted – restricted net position represents constraints on resources that are restricted by external creditors, granters, contributors, laws or regulations of other governments.

Unrestricted – unrestricted net position is amounts which do not meet the definition of investment in capital assets or restricted net position.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Position (Continued)

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

K. Fund Balances

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, granters, contributors, or laws or regulations of other governments, or (b) imposed by law by constitutional provisions or enabling legislation. The CRIA has no restricted fund balances at June 30, 2021.

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

Assigned – assigned fund balances are amounts that are constrained by the CRIA'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 board of directors is authorized for this purpose.

Unassigned – this category represents fund balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes.

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

L. Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2021, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Total
Cash	\$ 30,856	\$ 3,347	\$ 34,203
Investments	83,596	-	83,596
Total Cash and Investments	<u>\$ 114,452</u>	<u>\$ 3,347</u>	<u>\$ 117,799</u>

Cash and Investments at June 30, 2021,
in More Detail:

Cash:

Cash on Hand	\$ 700
Demand Deposits	33,503
Total Cash	<u>34,203</u>

Investments:

Local Agency Investment Fund (LAIF)	83,596
Total Cash and Investments	<u>\$ 117,799</u>

A. Demand Deposits

The carrying amount of the CRIA's cash deposits was \$33,503 at June 30, 2021. Bank balances before reconciling items were \$182,856 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the CRIA's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the CRIA'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 CRIA's name.

The market value of pledged securities must equal at least 110% of the CRIA'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 CRIA's total cash deposits. The CRIA may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The CRIA, however, has not waived the collateralization requirements. At June 30, 2021, the CRIA's deposits were fully insured by the FDIC.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

B. Investments

Under provision of CRIA's Investment Policy, and in accordance with Section 53601 of the California Government Code, CRIA 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	N/A	20%	None
Banker's Acceptances	180 Days	40%	30%
Commercial Paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	None	None
Non-Negotiable Certificates of Deposit	5 Years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Repurchase Agreements	1 Year	None	None
Los Angeles County Investment Pool	N/A	None	None
U.S. Corporate Bonds/Notes	5 Years	30%	None

CRIA's Investment Policy does not contain any specific provisions intended to limit CRIA's exposure to interest rate risk, credit risk, and concentration of credit risk other than those specified in the California Government Code.

C. State of California Local Agency Investment Fund

The CRIA 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 CRIA's investment in this pool is reported in the accompanying financial statements at amounts based upon the CRIA'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.

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 CRIA manages its exposure to interest rate risk is by purchasing short 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. At June 30, 2021, the CRIA's investment in LAIF have maturity less than one year.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 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. LAIF does not have a rating provided by a nationally recognized statistical organization.

Concentration of Credit Risk

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

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as LAIF.

NOTE 3 INTERFUND TRANSACTIONS

Transfers In/Out

For the year ended June 30, 2021, the CRIA had the following transfers in and out:

		Transfers In	
		Industry Hills Expo Center	
Transfers Out		Enterprise Fund	Total
General Fund		\$ 4,557,694	\$ 4,557,694

The purpose of the transfers was to provide needed operating funds to operate the Industry Hills Expo Center.

NOTE 4 INTERGOVERNMENTAL REVENUE

During the year ended June 30, 2021, the CRIA received \$5,883,786 from the City of Industry to provide funding for operations and capital costs.

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 CAPITAL ASSETS

A. Governmental Activities

Governmental activities did not have any capital assets or changes for the year ended June 30, 2021.

B. Business-Type Activities

The summary of changes in the business-type activities capital assets for the year ended June 30, 2021, is as follows:

	Business-Type Activities				
	Balance at July 1, 2020	Additions	Deletions	Transfer and Reclassification	Balance at June 30, 2021
Capital Assets, Not being Depreciated:					
Construction in Progress	\$ -	\$ 1,262,442	\$ -	\$ -	\$ 1,262,442
Capital Assets, Being Depreciated:					
Buildings and Improvements	23,469,304	38,665	-	-	23,507,969
Furniture and Fixtures	992,857	-	-	-	992,857
Vehicles	100,459	-	-	-	100,459
Infrastructure	-	7,518,811	-	-	7,518,811
Total Capital Assets, being Depreciated	24,562,620	7,557,476	-	-	32,120,096
Less Accumulated Depreciation:					
Buildings and Improvements	(18,384,636)	(452,208)	-	-	(18,836,844)
Furniture and Fixtures	(961,692)	-	-	-	(961,692)
Vehicles	(100,458)	(8,300)	-	-	(108,758)
Total Accumulated Depreciation	(19,446,786)	(460,508)	-	-	(19,907,294)
Total Capital Assets, being Depreciated, Net	5,115,834	8,359,410	-	-	13,475,244
Total Business-Type Activities Capital Assets, Net	<u>\$ 5,115,834</u>	<u>\$ 8,359,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,475,244</u>

Depreciation expense for the year ended June 30, 2021, amounted to \$460,508.

NOTE 6 SELF-INSURANCE PLANS

The City established a Self-Insurance Plan (the Plan) to pay for liability claims against the City and the CRIA. The Plan is administered by an insurance committee which is responsible for approving all claims of \$25,000 or less and for making provision for having sufficient funds available to pay approved claims and legal and investigative expenses. The insurance committee has given this authority to the City Manager. Potential liability of claims in excess of \$250,000, up to \$10,000,000, is covered by excess liability insurance policies. As of June 30, 2021, there are no pending liability claims outstanding against the CRIA.

NOTE 7 EXCESS EXPENDITURES OVER APPROPRIATIONS

	Actual	Budget	Excess
General Fund	\$ 1,117,000	\$ 1,275,460	\$ (158,460)

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
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BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 1,877,500	\$ 1,877,500	\$ 5,883,786	\$ 4,006,286
Investment income	1,500	1,500	507	(993)
Total Revenues	<u>1,879,000</u>	<u>1,879,000</u>	<u>5,884,293</u>	<u>4,005,293</u>
EXPENDITURES				
General Administration:				
Administrative Costs	66,800	66,800	61,949	4,851
Professional Services	542,200	542,200	580,056	(37,856)
Operation of Property	508,000	508,000	633,455	(125,455)
Total Expenditures	<u>1,117,000</u>	<u>1,117,000</u>	<u>1,275,460</u>	<u>(158,460)</u>
EXCESS OF REVENUES OVER EXPENDITURES	762,000	762,000	4,608,833	3,846,833
OTHER FINANCING USES				
Transfers Out	<u>(1,075,000)</u>	<u>(1,750,000)</u>	<u>(4,557,694)</u>	<u>(2,807,694)</u>
Total Other Financing Sources	<u>(1,075,000)</u>	<u>(1,750,000)</u>	<u>(4,557,694)</u>	<u>(2,807,694)</u>
NET CHANGE IN FUND BALANCE	(313,000)	(988,000)	51,139	1,039,139
Fund Balance - Beginning of Year	<u>61,719</u>	<u>61,719</u>	<u>61,719</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (251,281)</u>	<u>\$ (926,281)</u>	<u>\$ 112,858</u>	<u>\$ 1,039,139</u>

See accompanying Note to Required Supplementary Information.

**CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

The board of directors adopts an annual budget, submitted by the Executive Director 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 board of directors 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 Executive Director 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 board of directors.

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

The CRIA maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Board of Directors. 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.

Excess Expenditures Over Appropriations

	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 1,117,000	\$ 1,275,460	\$ (158,460)

