

**City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)**

City of Industry, California

**Financial Statements and
Independent Auditors' Report**

For the Year Ended June 30, 2016



City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
For the Year Ended June 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the City of Industry Public Facilities Authority
City of Industry, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the Debt Service Fund of the City of Industry Public Facilities Authority (the "PFA"), a component unit of the City of Industry, California (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the PFA'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.

Auditor's 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 auditor's 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 the entity'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 entity'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 and the Debt Service Fund of the PFA as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to 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 opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PFA's basic financial statements. The Schedules of Long-Term Debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Long-Term Debt are the responsibility of management and were derived from and relate 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 Schedules of Long-Term Debt are 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 February 15, 2017, on our consideration of the PFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PFA's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
February 15, 2017

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Statement of Net Position
June 30, 2016

	Governmental Activities
ASSETS	
Current assets:	
Investment in IUDA bonds, current	\$ 47,815,000
Accrued interest	24,118,387
Prepaid items, current	808,619
Site lease prepayment, current	373,144
Total current assets	73,115,150
Noncurrent assets:	
Prepaid items, noncurrent	6,518,133
Site lease prepayment, noncurrent	4,850,868
Investments with fiscal agent, restricted	106,462,224
Investment in IUDA bonds, noncurrent	527,090,000
Investment in City bonds, noncurrent	51,460,000
Total noncurrent assets	696,381,225
Total assets	769,496,375
LIABILITIES	
Accrued interest payable	24,189,982
Bond payment deposits	101,577,957
Long-term liabilities:	
Due within one year	48,708,858
Due in more than one year	582,426,351
Total liabilities	756,903,148
NET POSITION	
Restricted for debt service	4,884,267
Unrestricted	7,708,960
Total net position	\$ 12,593,227

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Statement of Activities
For the Year Ended June 30, 2016

	Expenses	Net (Expense) Revenue and Changes in Net Position
		Net Governmental Activities
Governmental Activities:		
General administration	\$ 886,013	\$ (886,013)
Interest expense	32,705,635	(32,705,635)
Total governmental activities	\$ 33,591,648	(33,591,648)
 General revenues and transfers:		
Investment Income		24,874,549
Lease income		937,588
Transfer in from City and SA to IUDA		21,947,449
Total general revenues and transfers		47,759,586
Change in net position		14,167,938
 Net Position:		
Beginning of year		(1,574,711)
End of year		\$ 12,593,227

FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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**City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Balance Sheet
Governmental Fund
June 30, 2016**

		Debt Service
ASSETS		
Investments with fiscal agent, restricted	\$	106,462,224
Investments in SA to IUDA and City bonds		626,365,000
Accrued interest receivable		24,118,387
Prepaid items		7,326,752
Site lease prepayment		5,224,012
Total assets	\$	769,496,375
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Advance from the City	\$	2,150,000
Bond payment deposits from SA to IUDA		101,577,957
Total liabilities		103,727,957
FUND BALANCES:		
Restricted for debt service		4,884,267
Committed for debt service		660,884,151
Total fund balances		665,768,418
Total liabilities and fund balance	\$	769,496,375

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Reconciliation of the Governmental Fund Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2016

Total fund balance for the governmental fund	<u>\$ 665,768,418</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Accrued interest payable on outstanding bonds payable do not require the use of current financial resources, and accordingly, are not reported as expenditures in the governmental funds.	<u>(22,039,982)</u>
Long-term liabilities applicable to the Authority's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term debt included as net position below includes the following liabilities:	
City loan, due in more than one year	(51,460,000)
Tax allocation revenue bonds, due within one year	(47,815,000)
Tax allocation revenue bonds, due in more than one year	(527,090,000)
Refunding lease revenue bonds, due within one year	(780,000)
Refunding lease revenue bonds, due in more than one year	(3,450,000)
Issuance discount (premium) - current portion	(113,858)
Issuance discount (premium) - long-term	(426,351)
	<u>(631,135,209)</u>
Total net position of governmental activities	<u><u>\$ 12,593,227</u></u>

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2016

	Debt Service
REVENUES:	
Interest income	\$ 24,512,299
Lease income	937,588
Other income - call premium on redemption of IUDA bonds	362,250
Total revenues	25,812,137
EXPENDITURES:	
Current:	
General administration	388,235
Debt Service:	
Interest payments	2,337,588
Principal payments	750,000
Bond issuance costs	8,290,704
Total expenditures	11,766,527
REVENUES OVER EXPENDITURES	14,045,610
OTHER FINANCING SOURCES (USES):	
Transfers in from City of Industry	11,091
Transfers in from SA to IUDA	21,936,358
Issuance of City Loan	51,460,000
Redemption of 2007 Tax Allocation Revenue Bonds	(84,107,297)
Issuance of 2015 bonds	575,623,360
Total transfers and other financing sources (uses)	564,923,512
Net change in fund balance	578,969,122
FUND BALANCE:	
Beginning of year	86,799,296
End of year	\$ 665,768,418

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended June 30, 2016

Net change in fund balance - governmental fund \$ 578,969,122

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

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Proceeds from bonds issued and premiums on bonds	(575,623,360)
Proceeds from the City Loan	(51,460,000)
Principal payments	750,000
Redemption of 2007 Tax Allocation Revenue Bonds	84,107,297

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in accrued interest payable, including interest expense and fiscal charges on redeemed debt	(22,762,572)
Net change of bond premium/discount	187,451

Change in net position of governmental activities \$ 14,167,938

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The City of Industry Public Facilities Authority (the “PFA”) was created in 1990 by a joint exercise of power agreement and amended in 2005 between the City of Industry (the “City”) and the Industrial Urban Development Authority of the City of Industry (the “IUDA”). The agreement was made pursuant to the provisions of Article 1 through 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, Sections 6500, et seq. On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 that provides for the dissolution of all redevelopment agencies in the State of California. As a result, the City has elected to be the Successor Agency to the Industry Urban-Development Agency (the “SA to IUDA”).

PFA exists and acts as a separate entity. The governing board of PFA consists of a commission of five members; all members of the City Council.

PFA was established for the purpose of establishing a vehicle to reduce local borrowing costs, and accelerate construction, repair and maintenance of needed public capital improvements. PFA was also established to borrow money for the purpose of financing the acquisition and construction of public capital improvements. PFA has the power to issue bonds, notes or other evidences of indebtedness, and to expend their proceeds.

The PFA is a component unit and an integral part of the City and accordingly has also been included in the basic financial statements of the City issued as of June 30 of each year. Financial statements for PFA and the City may be obtained from the Finance Department located at 15625 East Stafford Street, City of Industry, California.

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

The component unit financial statements of PFA have been prepared in conformity 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.

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 activities for PFA.

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, infrastructure 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 liabilities in the government-wide financial statements, rather than as financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements

The accounts of PFA 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, 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. Fund financial statements are presented after the government-wide financial statements.

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their 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. Exceptions to this general rule include principal and interest on long-term debt which are recognized when due.

In the fund financial statements, governmental funds are presented using the “*current financial resources*” measurement focus. This means that only current assets and current liabilities are generally included on their 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. The proceeds of long-term debt are recorded as other financing sources rather than a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Debt Service Fund

PFA's major fund type is the Debt Service Fund, which is used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs.

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

Investments in inactive public deposits, securities and short-term obligations are stated at cost or amortized cost, which approximates market. The carrying amounts of investments approximate their fair values based on current rates of interest for instruments with similar characteristics. Investments in municipal bonds are stated at amortized cost. Cash deposits are reported at their carrying amount, which reasonably estimates fair value. Short-term investments are reported at cost, which approximates fair value. Investments that exceed more than one year in maturity and are traded on a national exchange are valued at fair value.

Investments in fiscal agent are restricted for the use of debt service.

D. Fair Value Measurement

In accordance with GASB Statement No. 72, *Fair Value Measurement and Applications*, this statement defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate.

E. Bond Issuance Costs and Premiums/Discounts

Bond premiums and discounts in the government-wide financial statements are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an outflow of resources in the period incurred on the statement of changes in net position. In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, at the time the bonds are issued. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

F. Net Position

Net Position, the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources, is classified as restricted and unrestricted. Restricted net position represents constraints on resources that are restricted by external creditors, grantors, contributors, laws or regulations of other governments. Unrestricted net position is amounts which do not meet the definition of restricted net position.

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Fund Balance

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

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

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

Committed – committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that PFA 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 PFA’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. PFA has no assigned fund balances at June 30, 2016.

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. PFA has no unassigned fund balances at June 30, 2016.

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources as committed, assigned, or unassigned amounts are considered to have been spent when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

H. 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.

I. New Accounting Standard

GASB Statement No. 72, Fair Value Measurement and Application - This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement became effective for periods beginning after June 15, 2015 and did not have any measurement impact on the PFA’s investment portfolio, except for the additional disclosure regarding to the measurement input as discussed in Note 2 of the PFA’s financial statements for the year ended June 30, 2016.

**City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016**

Note 1 – Summary of Significant Accounting Policies (Continued)

I. New Accounting Standard (Continued)

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No.68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans and Statement No. 68 for pension plans and pensions that are within their respective scopes. This Statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the PFA’s financial statements for the year ended June 30, 2016.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - This Statement establishes standards relating to the hierarchy of generally accepted accounting principles. The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement became effective for periods beginning after June 15, 2015, is applied retroactively, and did not have a significant impact on the PFA’s financial statements for the year ended June 30, 2016.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants - This Statement establishes standards relating to accounting and financial reporting for certain external investment pools and pool participants. This Statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. This statement did not have a significant impact on the PFA’s financial statements for the year ended June 30, 2016.

Note 2 – Investments

Investments as of June 30, 2016 consisted of the following:

Investments with fiscal agent	\$ 106,462,224
Investments in SA to IUDA bonds	574,905,000
Investments in City bonds	51,460,000
Total cash and investments	\$ 732,827,224

Investments with fiscal agents are restricted for future bond principal and interest payments. As of June 30, 2016 PFA's carrying value of these funds amounted to \$106,462,224.

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Investments (Continued)

A. Investments Authorized by the Authority’s Investment Policy

Under provision of PFA’s Investment policy, and in accordance with Section 53601 and Section 53635 of the California Government Code, PFA may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Bankers Acceptance
- Commercial paper rated A-1 by Standard & Poor’s Corporation or Moody’s Investor Service
- Local Agency Investment Fund (State Pool) deposits
- Repurchase agreements
- Inactive public deposits; non-negotiable and/or non-transferable certificates of deposits
- Savings accounts
- Los Angeles County Investment Pool

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

B. Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or PFA’s investment policy. The table below identifies the investment types that are authorized for investments held by 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 (in months)	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. government sponsored enterprise securities	None	None	None
Money market funds	None	None	None
Certificates of deposit	None	None	None
Commercial paper	None	None	None
Banker's acceptances	18	None	None
U.S. corporate bonds/notes	None	None	None
Municipal bonds	None	None	None
Non-investment grade bonds	None	10%	None
Exchange traded funds	None	None	None
Mortgage-backed securities	None	None	None
Investment contracts	None	None	None
LAIF	None	None	None
Foreign government bonds	None	None	None
Foreign corporate bonds/notes	None	None	None

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Investments (Continued)

C. Investment in Successor Agency to Industry Urban-Development Agency and City of Industry Bonds

The PFA intends to hold the investments in SA to IUDA bonds and City bonds through maturity. Accordingly, these investments are reported at amortized cost instead of fair value.

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. The PFA manages its exposure to interest rate risk by purchasing short-term investments and/or 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. PFA’s long-term investments in the Successor Agency to Industry Urban-Development Agency (“SA to IUDA”) and the City bonds have set interest rates between 1.764% and 7.750% over the life of the bonds.

Investment Type	Amounts	Weighted Average Maturity (in month)
Investments - unrestricted:		
SA to IUDA bonds	\$ 574,905,000	55.5
City bonds	51,460,000	26.8
Investment held by fiscal agent:		
Money market funds	106,462,224	N/A
	<u>\$ 732,827,224</u>	

Credit Risk

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical organization.

Investment Type	Total as of June 30, 2016	Minimum Legal Rating	Aaa/P-1	AA/Aa - A/A	Not Rated
Investments - unrestricted:					
SA to IUDA bonds	\$ 574,905,000	N/A	-	574,905,000	-
City bonds	51,460,000	N/A	-	-	51,460,000
Investment held by fiscal agent:					
Money market funds	106,462,224	Aaa/P-1	106,462,224	-	-
Total	<u>\$ 732,827,224</u>		<u>\$106,462,224</u>	<u>\$574,905,000</u>	<u>\$ 51,460,000</u>

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Investments (Continued)

D. Risk Disclosures (Continued)

Concentration of Credit Risk

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

Issuer	Investment Type	Amount
Successor Agency to Industry		
Urban-Development Agency	Municipal bonds	\$ 574,905,000
City of Industry	Municipal bonds	51,460,000

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. The California Government Code and PFA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. 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. PFA's investments in SA to IUDA and City bonds are held by the trustee and are discussed in further detail under Note 3.

Note 3 – Investment in IUDA bonds

The following schedule represents the future payments to be paid by the SA to the IUDA on the 2015A and 2015B SA to IUDA Bonds and by the City on the 2015 Sales Tax Revenue Subordinate Bonds, Series B.

Year Ended June 30,	Interest	Principal	Total
2017	\$ 37,269,240	\$ 47,815,000	\$ 85,084,240
2018	24,744,784	60,480,000	85,224,784
2019	23,221,077	62,020,000	85,241,077
2020	21,309,140	63,915,000	85,224,140
2021	19,139,589	66,075,000	85,214,589
2022-2026	52,877,592	269,335,000	322,212,592
2027-2031	17,506,864	14,450,000	31,956,864
2032-2036	15,376,316	5,655,000	21,031,316
2037-2041	12,967,064	8,065,000	21,032,064
2042-2046	9,394,550	11,640,000	21,034,550
2047-2051	4,127,650	16,915,000	21,042,650
Totals	<u>\$ 237,933,866</u>	<u>\$ 626,365,000</u>	<u>\$ 864,298,866</u>

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 4 – Bond Payment Deposits

In compliance with the PFA’s 2015 bond indenture, the City’s deposited the tax override revenue received during the year with the PFA’s bond Trustee for debt service payments due in the year ending June 30, 2017. In addition, the SA to IUDA and the refunding of SA to IUDA debt provided the remaining funds needed to be deposited with the PFA’s bond trustee. At June 30, 2016, total bond deposits received by PFA was in the amount of \$101,577,957.

Note 5 – Long-Term Liabilities

Summary of changes in long-term liabilities is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within one year	Due in more than one year
Governmental activities:						
Bonds payable:						
Tax allocation bonds	82,855,000	574,905,000	(82,855,000)	574,905,000	47,815,000	527,090,000
Lease revenue bonds	4,980,000	-	(750,000)	4,230,000	780,000	3,450,000
Subtotal	<u>87,835,000</u>	<u>574,905,000</u>	<u>(83,605,000)</u>	<u>579,135,000</u>	<u>48,595,000</u>	<u>530,540,000</u>
Deferred amounts:						
Unamortized						
premium/discounts	(114,903)	718,360	(63,248)	540,209	113,858	426,351
Total bonds payable	87,720,097	575,623,360	(83,668,248)	579,675,209	48,708,858	530,966,351
City of Industry Loan	-	51,460,000	-	51,460,000	-	51,460,000
Total long-term liabilities	<u>\$ 87,720,097</u>	<u>\$ 627,083,360</u>	<u>\$ (83,668,248)</u>	<u>\$ 631,135,209</u>	<u>\$ 48,708,858</u>	<u>\$ 582,426,351</u>

A. Public Facilities Authority Tax Allocation Revenue Bonds

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Tax allocation revenue bonds:					
2007 Tax Allocation Revenue Bonds	\$ 82,855,000	\$ -	\$ (82,855,000)	\$ -	\$ -
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)		239,525,000	-	239,525,000	32,000,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 2)		7,140,000	-	7,140,000	495,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 2)		249,770,000	-	249,770,000	10,245,000
2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A (Project No. 2)	-	33,815,000	-	33,815,000	1,975,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 3)	-	7,230,000	-	7,230,000	505,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 3)		37,425,000	-	37,425,000	2,595,000
Total tax allocation revenue bonds	<u>\$ 82,855,000</u>	<u>\$ 574,905,000</u>	<u>\$ (82,855,000)</u>	<u>\$ 574,905,000</u>	<u>\$ 47,815,000</u>

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Long-Term Liabilities (Continued)

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

2007 Tax Allocation Revenue Bonds

On February 1, 2007, IUDA and PFA entered into a Bond Purchase Agreement. In April 2002, IUDA had previously issued \$197,000,000 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2002 Tax Allocation Bonds, Series B (“2002 IUDA TA Bonds”); IUDA used the proceeds to purchase U.S. government securities to advance refund the 1992 and 1997 Series Bonds. In order to purchase the 2002 IUDA TA Bonds and to fund the acquisition and construction of certain municipal improvements, PFA issued \$169,695,000 2007 Tax Allocation Bonds on February 1, 2007.

The net proceeds of \$166,028,203 were partially used to purchase the 2002 IUDA TA Bonds from IUDA. IUDA has assigned to PFA the IUDA’s right to redeem its 2002 IUDA TA Bonds. PFA has then transferred and assigned its rights, title and interest in the 2002 IUDA TA Bonds to the Trustee as security for the 2007 Tax Allocation Revenue Bonds. The 2002 IUDA TA Bonds are registered in the name of the Trustee.

The 2007 Tax Allocation Revenue Bonds were early redeemed during the year ended June 30, 2016.

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

On July 1, 2015, the PFA 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 2015A 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.

Principal ranges from \$6,835,000 to \$39,090,000 maturing annually through January 1, 2025. The bonds bear interests at rates range from 1.764% to 4.344%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 32,000,000	\$ 10,848,023	\$ 42,848,023
2018	36,180,000	6,667,535	42,847,535
2019	36,945,000	5,870,490	42,815,490
2020	37,925,000	4,840,094	42,765,094
2021	39,090,000	3,649,628	42,739,628
2022-2025	57,385,000	4,285,278	61,670,278
	<u>\$ 239,525,000</u>	<u>\$ 36,161,048</u>	<u>\$ 275,686,048</u>

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Long-Term Liabilities (Continued)

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

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

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

For Series A, principal ranges from \$495,000 to \$975,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 495,000	\$ 535,500	\$ 1,030,500
2018	700,000	332,250	1,032,250
2019	735,000	297,250	1,032,250
2020	770,000	260,500	1,030,500
2021	805,000	222,000	1,027,000
2022-2025	3,635,000	465,250	4,100,250
	<u>\$ 7,140,000</u>	<u>\$ 2,112,750</u>	<u>\$ 9,252,750</u>

For Series B, principal ranges from \$6,965,000 to \$48,825,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 1.914% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 10,245,000	\$ 15,798,230	\$ 26,043,230
2018	16,040,000	10,336,064	26,376,064
2019	16,420,000	9,942,603	26,362,603
2020	16,905,000	9,443,599	26,348,599
2021	17,490,000	8,870,689	26,360,689
2022-2026	165,600,000	24,033,132	189,633,132
2027	7,070,000	356,611	7,426,611
	<u>\$ 249,770,000</u>	<u>\$ 78,780,928</u>	<u>\$ 328,550,928</u>

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Long-Term Liabilities (Continued)

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

2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A

On July 1, 2015, the PFA issued the \$33,815,000 Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial-Redevelopment Project No. 2) (Taxable) for the purpose of acquiring the SA to IUDA’s Project No. 2 2015A Subordinate Bonds, which was issued to defease remaining balance of the IUDA’s Project No. 2’s 2003 Subordinate Lien Tax Allocation Refunding Bonds with outstanding accreted value of \$178,967,753.

Principal ranges from \$1,975,000 to \$6,375,000 maturing annually through January 1, 2024. The bonds bear interests at rates ranges from 2.500% to 5.750%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,975,000	\$ 2,867,794	\$ 4,842,794
2018	3,255,000	1,830,800	5,085,800
2019	3,350,000	1,643,637	4,993,637
2020	3,590,000	1,451,013	5,041,013
2021	3,805,000	1,244,587	5,049,587
2022-2024	17,840,000	2,090,700	19,930,700
	<u>\$ 33,815,000</u>	<u>\$ 11,128,531</u>	<u>\$ 44,943,531</u>

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

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

For Series A, principal ranges from \$505,000 to \$985,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1.

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Long-Term Liabilities (Continued)

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

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

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 505,000	\$ 542,250	\$ 1,047,250
2018	710,000	336,250	1,046,250
2019	740,000	300,750	1,040,750
2020	780,000	263,750	1,043,750
2021	815,000	224,750	1,039,750
2022-2025	3,680,000	470,750	4,150,750
	<u>\$ 7,230,000</u>	<u>\$ 2,138,500</u>	<u>\$ 9,368,500</u>

For Series B, principal ranges from \$2,595,000 to \$3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 1.914% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 2,595,000	\$ 2,360,783	\$ 4,955,783
2018	3,110,000	1,524,187	4,634,187
2019	3,325,000	1,461,987	4,786,987
2020	3,425,000	1,362,237	4,787,237
2021	3,530,000	1,259,487	4,789,487
2022-2026	18,110,000	3,584,519	21,694,519
2027	3,330,000	167,965	3,497,965
	<u>\$ 37,425,000</u>	<u>\$ 11,721,165</u>	<u>\$ 49,146,165</u>

Revenue pledged

All of the 2015 Tax Allocation Refunding Bonds are secured and payable in the following order of priority: 1) pledged tax revenue through ownership to local obligation bonds, 2) investment income with respect to the funds and accounts established under the indenture, and 3) certain override revenues until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2016 amounted to \$716,947,922.

B. Public Facilities Authority Lease Revenue Refunding Bonds

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Lease revenue refunding bonds					
2010 Lease Revenue Refunding Bonds	\$ 4,980,000	\$ -	\$ (750,000)	\$ 4,230,000	\$ 780,000

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Long-Term Liabilities (Continued)

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

2010 Lease Revenue Refunding Bonds and City Certificates of Participation

In order to assist the City in financing the construction of various projects, on August 1, 2000, IUDA and the City entered into a lease agreement for certain properties owned by the City for a one time site lease payment in the amount of \$11,000,000. The IUDA agreed to lease back these properties to the City. In conjunction with the signing of these lease agreements on August 30, 2000, the City issued \$12,620,000 of Certificates of Participation Series 2000 bonds (“2000 Certificates”) to fund IUDA’s site lease payment. Under the lease agreement, the certificates represented direct, undivided fractional interests of the owners in lease payments to be made by the City to IUDA.

The term of both leases ceased on the date in which all the outstanding 2000 Certificates were paid in full as discussed below.

In March 2010, the City terminated its lease agreement with IUDA and leased the properties to PFA under a Site Lease Agreement between the City and PFA. As consideration, PFA paid an upfront rental payment of approximately \$7,500,000 to the City for the lease of certain properties. The funds were then used by the City to prepay the 2000 Certificates. These funds were placed in an irrevocable trust to provide for all future debt service payments on the 2000 Certificates. Accordingly, the trust account and the defeased Certificates are not included in the City’s financial statements.

In order to prepay the Site Lease, PFA issued \$8,460,000 of 2010 Refunding Lease Revenue Bonds. Principal ranges from \$780,000 to \$915,000 maturing annually through August 1, 2020. The bonds bear interests at rates range from 4.000% to 4.250%, due semiannually on February 1 and August 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 780,000	\$ 156,988	\$ 936,988
2018	810,000	125,188	935,188
2019	845,000	92,088	937,088
2020	880,000	57,038	937,038
2021	915,000	19,444	934,444
	<u>\$ 4,230,000</u>	<u>\$ 450,746</u>	<u>\$ 4,680,746</u>

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

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

City of Industry
Public Facilities Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Long-Term Liabilities (Continued)

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

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

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

Year Ending June 30,	Lease Expense
2017	\$ 373,144
2018	373,144
2019	373,144
2020	373,144
2021	373,144
Thereafter	3,358,292

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

Year Ending June 30,	Amount
2017	\$ 937,658
2018	937,658
2019	937,658
2020	937,658
2021	937,658

C. Loans from the City of Industry

On December 1, 2015, the PFA 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 rates from 2.750% to 7.750% annually, due February 1 and August 1 each year. The principal payments are due on February 1 each year and range from \$485,000 to \$3,905,000. As of June 30, 2016, total outstanding balance payable to the City was in the amount of \$53,610,000, which included principal in the amount of \$51,460,000 and accrued interest in the amount of \$2,150,000.

Year Ending June 30,	Principal	Interest	Total
2017	\$ -	\$ 4,316,660	\$ 4,316,660
2018	485,000	3,717,698	4,202,698
2019	505,000	3,704,360	4,209,360
2020	520,000	3,687,948	4,207,948
2021	540,000	3,668,448	4,208,448
2022-2026	3,085,000	17,947,964	21,032,964
2027-2031	4,050,000	16,982,288	21,032,288
2032-2036	5,655,000	15,376,316	21,031,316
2037-2041	8,065,000	12,967,064	21,032,064
2042-2046	11,640,000	9,394,550	21,034,550
2047-2051	16,915,000	4,127,650	21,042,650
	<u>\$ 51,460,000</u>	<u>\$ 95,890,946</u>	<u>\$ 147,350,946</u>

City of Industry
Public Facilities Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Self-Insurance Plan

The City of Industry has established a Self-Insurance Plan (the "Plan") to pay for liability claims against the City and PFA. The Plan is administered by an insurance committee which is responsible for approving all claims of \$25,000 or less and for making a 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 liabilities of claims in excess of \$250,000, up to \$10,000,000, are covered by excess liability insurance policies. June 30, 2016, there are no pending liability claims outstanding against PFA.

Note 6 – Transfers to/from Other Funds

During the year ended June 30, 2016, PFA received net transfers of \$21,947,499, from the City of Industry's Tax Override Fund and the SA to IUDA in connection with the 2015 bond issuance.

SUPPLEMENTARY INFORMATION

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City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Schedules of Long Term Debt
\$8,460,000 2010 Refunding Lease Revenue Bonds
For the Year Ended June 30, 2016

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
8/1/2016	\$ 780,000	4.000%	\$ 86,294	\$ 866,294	\$ -
2/1/2017	-	4.000%	70,694	70,694	936,988
8/1/2017	810,000	4.000%	70,694	880,694	-
2/1/2018	-	4.000%	54,494	54,494	935,188
8/1/2018	845,000	4.000%	54,494	899,494	-
2/1/2019	-	4.125%	37,594	37,594	937,088
8/1/2019	880,000	4.125%	37,594	917,594	-
2/1/2020	-	4.250%	19,444	19,444	937,038
8/1/2020	915,000	4.250%	19,444	934,444	934,444
	<u>\$ 4,230,000</u>		<u>\$ 450,746</u>	<u>\$ 4,680,746</u>	<u>\$ 4,680,746</u>

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Schedules of Long Term Debt (Continued)
Tax Allocation Revenue Bonds, Series 2015A (Taxable)
Civic-Recreational-Industrial Redevelopment Project No. 1
For the Year Ended June 30, 2016

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	1.764%	\$ 7,232,015	\$ 7,232,015	\$ -
1/1/2017	32,000,000	1.764%	3,616,008	35,616,008	42,848,023
7/1/2017	-	2.203%	3,333,768	3,333,768	-
1/1/2018	36,180,000	2.203%	3,333,767	39,513,767	42,847,535
7/1/2018	-	2.789%	2,935,245	2,935,245	-
1/1/2019	36,945,000	2.789%	2,935,245	39,880,245	42,815,490
7/1/2019	-	3.139%	2,420,047	2,420,047	-
1/1/2020	37,925,000	3.139%	2,420,047	40,345,047	42,765,094
7/1/2020	-	3.471%	1,824,814	1,824,814	-
1/1/2021	39,090,000	3.471%	1,824,814	40,914,814	42,739,628
7/1/2021	-	3.821%	1,146,407	1,146,407	-
1/1/2022	30,740,000	3.821%	1,146,407	31,886,407	33,032,814
7/1/2022	-	4.044%	559,119	559,119	-
1/1/2023	9,705,000	4.044%	559,119	10,264,119	10,823,238
7/1/2023	-	4.244%	362,884	362,884	-
1/1/2024	10,105,000	4.244%	362,884	10,467,884	10,830,768
7/1/2024	6,835,000	4.344%	148,458	6,983,458	6,983,458
	<u>\$ 239,525,000</u>		<u>\$ 36,161,048</u>	<u>\$ 275,686,048</u>	<u>\$ 275,686,048</u>

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Schedules of Long Term Debt (Continued)
Tax Allocation Revenue Bonds, Series 2015A (Taxable)
Transportation-Distribution-Industrial Redevelopment Project No. 2
For the Year Ended June 30, 2016

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	5.000%	\$ 357,000	\$ 357,000	\$ -
1/1/2017	495,000	5.000%	178,500	673,500	1,030,500
7/1/2017	-	5.000%	166,125	166,125	-
1/1/2018	700,000	5.000%	166,125	866,125	1,032,250
7/1/2018	-	5.000%	148,625	148,625	-
1/1/2019	735,000	5.000%	148,625	883,625	1,032,250
7/1/2019	-	5.000%	130,250	130,250	-
1/1/2020	770,000	5.000%	130,250	900,250	1,030,500
7/1/2020	-	5.000%	111,000	111,000	-
1/1/2021	805,000	5.000%	111,000	916,000	1,027,000
7/1/2021	-	5.000%	90,875	90,875	-
1/1/2022	845,000	5.000%	90,875	935,875	1,026,750
7/1/2022	-	5.000%	69,750	69,750	-
1/1/2023	885,000	5.000%	69,750	954,750	1,024,500
7/1/2023	-	5.000%	47,625	47,625	-
1/1/2024	930,000	5.000%	47,625	977,625	1,025,250
7/1/2024	-	5.000%	24,375	24,375	-
1/1/2025	975,000	5.000%	24,375	999,375	1,023,750
	<u>\$ 7,140,000</u>		<u>\$ 2,112,750</u>	<u>\$ 9,252,750</u>	<u>\$ 9,252,750</u>

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Schedules of Long Term Debt (Continued)
Tax Allocation Revenue Bonds, Series 2015B (Tax-Exempt)
Transportation-Distribution-Industrial Redevelopment Project No. 2
For the Year Ended June 30, 2016

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	1.914%	\$ 10,532,153	\$ 10,532,153	\$ -
1/1/2017	10,245,000	1.914%	5,266,077	15,511,077	26,043,230
7/1/2017	-	2.453%	5,168,032	5,168,032	-
1/1/2018	16,040,000	2.453%	5,168,032	21,208,032	26,376,064
7/1/2018	-	3.039%	4,971,301	4,971,301	-
1/1/2019	16,420,000	3.039%	4,971,302	21,391,302	26,362,603
7/1/2019	-	3.389%	4,721,799	4,721,799	-
1/1/2020	16,905,000	3.389%	4,721,800	21,626,800	26,348,599
7/1/2020	-	4.121%	4,435,345	4,435,345	-
1/1/2021	17,490,000	4.121%	4,435,344	21,925,344	26,360,689
7/1/2021	-	4.121%	4,074,963	4,074,963	-
1/1/2022	22,550,000	4.121%	4,074,963	26,624,963	30,699,926
7/1/2022	-	4.294%	3,610,320	3,610,320	-
1/1/2023	46,855,000	4.294%	3,610,320	50,465,320	54,075,640
7/1/2023	-	5.044%	2,604,344	2,604,344	-
1/1/2024	48,825,000	5.044%	2,604,343	51,429,343	54,033,687
7/1/2024	-	5.044%	1,372,977	1,372,977	-
1/1/2025	40,405,000	5.044%	1,372,977	41,777,977	43,150,954
7/1/2025	-	5.044%	353,962	353,962	-
1/1/2026	6,965,000	5.044%	353,963	7,318,963	7,672,925
7/1/2026	-	5.044%	178,306	178,306	-
1/1/2027	7,070,000	5.044%	178,305	7,248,305	7,426,611
	<u>\$ 249,770,000</u>		<u>\$ 78,780,928</u>	<u>\$ 328,550,928</u>	<u>\$ 328,550,928</u>

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Schedules of Long Term Debt (Continued)
Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015A (Taxable)
Transportation-Distribution-Industrial Redevelopment Project No. 2
For the Year Ended June 30, 2016

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	2.500%	\$ 1,911,863	\$ 1,911,863	\$ -
1/1/2017	1,975,000	2.500%	955,931	2,930,931	4,842,794
7/1/2017	-	5.750%	915,400	915,400	-
1/1/2018	3,255,000	5.750%	915,400	4,170,400	5,085,800
7/1/2018	-	5.750%	821,818	821,818	-
1/1/2019	3,350,000	5.750%	821,819	4,171,819	4,993,637
7/1/2019	-	5.750%	725,507	725,507	-
1/1/2020	3,590,000	5.750%	725,506	4,315,506	5,041,013
7/1/2020	-	5.750%	622,293	622,293	-
1/1/2021	3,805,000	5.750%	622,294	4,427,294	5,049,587
7/1/2021	-	5.750%	512,900	512,900	-
1/1/2022	5,695,000	5.750%	512,900	6,207,900	6,720,800
7/1/2022	-	5.750%	349,169	349,169	-
1/1/2023	5,770,000	5.750%	349,169	6,119,169	6,468,338
7/1/2023	-	5.750%	183,281	183,281	-
1/1/2024	6,375,000	5.750%	183,281	6,558,281	6,741,562
	<u>\$ 33,815,000</u>		<u>\$ 11,128,531</u>	<u>\$ 44,943,531</u>	<u>\$ 44,943,531</u>

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Schedules of Long Term Debt (Continued)
Tax Allocation Revenue Bonds, Series 2015A (Taxable)
Transportation-Distribution-Industrial Redevelopment Project No. 3
For the Year Ended June 30, 2016

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	5.000%	\$ 361,500	\$ 361,500	\$ -
1/1/2017	505,000	5.000%	180,750	685,750	1,047,250
7/1/2017	-	5.000%	168,125	168,125	-
1/1/2018	710,000	5.000%	168,125	878,125	1,046,250
7/1/2018	-	5.000%	150,375	150,375	-
1/1/2019	740,000	5.000%	150,375	890,375	1,040,750
7/1/2019	-	5.000%	131,875	131,875	-
1/1/2020	780,000	5.000%	131,875	911,875	1,043,750
7/1/2020	-	5.000%	112,375	112,375	-
1/1/2021	815,000	5.000%	112,375	927,375	1,039,750
7/1/2021	-	5.000%	92,000	92,000	-
1/1/2022	855,000	5.000%	92,000	947,000	1,039,000
7/1/2022	-	5.000%	70,625	70,625	-
1/1/2023	900,000	5.000%	70,625	970,625	1,041,250
7/1/2023	-	5.000%	48,125	48,125	-
1/1/2024	940,000	5.000%	48,125	988,125	1,036,250
7/1/2024	-	5.000%	24,625	24,625	-
1/1/2025	985,000	5.000%	24,625	1,009,625	1,034,250
	<u>\$ 7,230,000</u>		<u>\$ 2,138,500</u>	<u>\$ 9,368,500</u>	<u>\$ 9,368,500</u>

**City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Schedules of Long Term Debt (Continued)
Tax Allocation Revenue Bonds, Series 2015B (Tax-Exempt)
Transportation-Distribution-Industrial Redevelopment Project No. 3
For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	1.914%	\$ 1,573,855	\$ 1,573,855	\$ -
1/1/2017	2,595,000	1.914%	786,928	3,381,928	4,955,783
7/1/2017	-	2.000%	762,094	762,093	-
1/1/2018	3,110,000	2.000%	762,093	3,872,093	4,634,187
7/1/2018	-	3.000%	730,994	730,993	-
1/1/2019	3,325,000	3.000%	730,993	4,055,993	4,786,987
7/1/2019	-	3.000%	681,119	681,118	-
1/1/2020	3,425,000	3.000%	681,118	4,106,118	4,787,237
7/1/2020	-	5.044%	629,744	629,743	-
1/1/2021	3,530,000	5.044%	629,743	4,159,743	4,789,487
7/1/2021	-	5.044%	540,717	540,717	-
1/1/2022	3,435,000	5.044%	540,717	3,975,717	4,516,434
7/1/2022	-	5.044%	454,086	454,086	-
1/1/2023	3,605,000	5.044%	454,086	4,059,086	4,513,172
7/1/2023	-	5.044%	363,168	363,168	-
1/1/2024	3,795,000	5.044%	363,168	4,158,168	4,521,336
7/1/2024	-	5.044%	267,458	267,458	-
1/1/2025	3,990,000	5.044%	267,458	4,257,458	4,524,916
7/1/2025	-	5.044%	166,830	166,830	-
1/1/2026	3,285,000	5.044%	166,830	3,451,830	3,618,661
7/1/2026	-	5.044%	83,983	83,983	-
1/1/2027	3,330,000	5.044%	83,983	3,413,983	3,497,965
	<u>\$ 37,425,000</u>		<u>\$ 11,721,165</u>	<u>\$ 49,146,164</u>	<u>\$ 49,146,164</u>

**City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Schedules of Long Term Debt (Continued)
City of Industry Loan
For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
8/1/2016	\$ -	2.750%	\$ 2,457,811	\$ 2,457,811	\$ -
2/1/2017	-	2.750%	1,858,849	1,858,849	4,316,660
8/1/2017	-	2.750%	1,858,849	1,858,849	-
2/1/2018	485,000	2.750%	1,858,849	2,343,849	4,202,698
8/1/2018	-	3.250%	1,852,180	1,852,180	-
2/1/2019	505,000	3.250%	1,852,180	2,357,180	4,209,360
8/1/2019	-	3.750%	1,843,974	1,843,974	-
2/1/2020	520,000	3.750%	1,843,974	2,363,974	4,207,948
8/1/2020	-	4.250%	1,834,224	1,834,224	-
2/1/2021	540,000	4.250%	1,834,224	2,374,224	4,208,448
8/1/2021	-	4.500%	1,822,749	1,822,749	-
2/1/2022	560,000	4.500%	1,822,749	2,382,749	4,205,498
8/1/2022	-	4.750%	1,810,149	1,810,149	-
2/1/2023	585,000	4.750%	1,810,149	2,395,149	4,205,298
8/1/2023	-	5.000%	1,796,255	1,796,255	-
2/1/2024	615,000	5.000%	1,796,255	2,411,255	4,207,510
8/1/2024	-	5.250%	1,780,880	1,780,880	-
2/1/2025	645,000	5.250%	1,780,880	2,425,880	4,206,760
8/1/2025	-	5.550%	1,763,949	1,763,949	-
2/1/2026	680,000	5.550%	1,763,949	2,443,949	4,207,898
8/1/2026	-	5.850%	1,745,079	1,745,079	-
2/1/2027	715,000	5.850%	1,745,079	2,460,079	4,205,158
8/1/2027	-	6.150%	1,724,165	1,724,165	-
2/1/2028	755,000	6.150%	1,724,165	2,479,165	4,203,330
8/1/2028	-	6.450%	1,700,949	1,700,949	-
2/1/2029	805,000	6.450%	1,700,949	2,505,949	4,206,898
8/1/2029	-	6.750%	1,674,988	1,674,988	-
2/1/2030	860,000	6.750%	1,674,988	2,534,988	4,209,976
8/1/2030	-	7.000%	1,645,963	1,645,963	-
2/1/2031	915,000	7.000%	1,645,963	2,560,963	4,206,926
8/1/2031	-	7.250%	1,613,938	1,613,938	-
2/1/2032	980,000	7.250%	1,613,938	2,593,938	4,207,876
8/1/2032	-	7.250%	1,578,413	1,578,413	-
2/1/2033	1,050,000	7.250%	1,578,413	2,628,413	4,206,826
8/1/2033	-	7.250%	1,540,350	1,540,350	-
2/1/2034	1,125,000	7.250%	1,540,350	2,665,350	4,205,700
8/1/2034	-	7.250%	1,499,569	1,499,569	-
2/1/2035	1,205,000	7.250%	1,499,569	2,704,569	4,204,138
8/1/2035	-	7.250%	1,455,888	1,455,888	-
2/1/2036	1,295,000	7.250%	1,455,888	2,750,888	4,206,776
8/1/2036	-	7.500%	1,408,944	1,408,944	-

(Continued)

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Schedules of Long Term Debt (Continued)
City of Industry Loan (Continued)
For the Year Ended June 30, 2016

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
2/1/2037	\$ 1,390,000	7.500%	\$ 1,408,944	\$ 2,798,944	\$ 4,207,888
8/1/2037	-	7.500%	1,356,819	1,356,819	-
2/1/2038	1,490,000	7.500%	1,356,819	2,846,819	4,203,638
8/1/2038	-	7.500%	1,300,944	1,300,944	-
2/1/2039	1,605,000	7.500%	1,300,944	2,905,944	4,206,888
8/1/2039	-	7.500%	1,240,756	1,240,756	-
2/1/2040	1,725,000	7.500%	1,240,756	2,965,756	4,206,512
8/1/2040	-	7.500%	1,176,069	1,176,069	-
2/1/2041	1,855,000	7.500%	1,176,069	3,031,069	4,207,138
8/1/2041	-	7.750%	1,106,506	1,106,506	-
2/1/2042	1,995,000	7.750%	1,106,506	3,101,506	4,208,012
8/1/2042	-	7.750%	1,029,200	1,029,200	-
2/1/2043	2,150,000	7.750%	1,029,200	3,179,200	4,208,400
8/1/2043	-	7.750%	945,888	945,888	-
2/1/2044	2,315,000	7.750%	945,888	3,260,888	4,206,776
8/1/2044	-	7.750%	856,181	856,181	-
2/1/2045	2,495,000	7.750%	856,181	3,351,181	4,207,362
8/1/2045	-	7.750%	759,500	759,500	-
2/1/2046	2,685,000	7.750%	759,500	3,444,500	4,204,000
8/1/2046	-	7.750%	655,456	655,456	-
2/1/2047	2,900,000	7.750%	655,456	3,555,456	4,210,912
8/1/2047	-	7.750%	543,081	543,081	-
2/1/2048	3,120,000	7.750%	543,081	3,663,081	4,206,162
8/1/2048	-	7.750%	422,181	422,181	-
2/1/2049	3,365,000	7.750%	422,181	3,787,181	4,209,362
8/1/2049	-	7.750%	291,788	291,788	-
2/1/2050	3,625,000	7.750%	291,788	3,916,788	4,208,576
8/1/2050	-	7.750%	151,319	151,319	-
2/1/2051	3,905,000	7.750%	151,319	4,056,319	4,207,638
	<u>\$ 51,460,000</u>		<u>\$ 95,890,946</u>	<u>\$ 147,350,946</u>	<u>\$ 147,350,946</u>

(Concluded)