City of Industry

City of Industry, California

Independent Auditors' Report and Basic Financial Statements

For the Year Ended June 30, 2017

THE PUN GROUP
ACCOUNTANTS & ADVISORS

City of Industry
For the Year Ended June 30, 2017

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THE PUN GROUP
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Industry, California (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A"), the Budgetary Comparison Schedule, the Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of the City's Contributions and the Schedules of Funding Progress – Other postemployment Benefits Plan on pages 5 to 15 and 107 to 111 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, Schedule of Revenues, Expenses, and Change in Fund Balances – Budget and Actual, and Schedule of Long-Term Debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual fund financial statements, the Schedule of Revenues, Expenses, and Change in Fund Balances – Budget and Actual, and the Schedule 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 Combining and Individual fund financial statements, Schedule of Revenues, Expenses, and Change in Fund Balances – Budget and Actual, and Schedule 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 March 30, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The Pun Group, LLP

Santa Ana, California
March 30, 2018

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As management of the City of Industry and its component units ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- The assets and deferred outflows of the City's governmental activities exceeded its liabilities and deferred inflows at June 30, 2017 by $835.9 million (Net Position). Of this amount, $258.4 million is invested in capital assets, $199.0 million is restricted for capital projects activities and $230.4 million in unrestricted net position. Net Position reflects an increase of $20.0 million from prior period and is attributable to increases in capital assets, reductions in health insurance costs, and lower interest expense.

- The assets of the City's business-type activities exceeded its liabilities at June 30, 2017 by $38.1 million (Net Position). Of this amount, $30.9 million is invested in capital assets, net of related debt, and $7.2 million in unrestricted net position. Net position decreased by $0.3 million due to a decrease in total current assets attributable to lower prepaid items.

- The City's total debt and liabilities decreased by $201.2 million of which is primarily attributable to reductions in bond payment deposits, interest payable and long-term liabilities due in more than one year.

- In the General Fund, the net change in fund balance was a decrease of $38.2 million. The reduction was primarily due to an expenditure increase in capital projects of $33.9 million. At June 30, 2017, the General Fund ending fund balance was $750.5 million with an unassigned balance of $737.3 million.

General Overview of the Financial Statements

This annual report consists of four parts – *management's discussion and analysis,* the *basic financial statements, required supplementary information,* and other supplementary information section that presents *combining financial statements* and *debt amortization schedules*. The basic financial statements are comprised of 3 parts – (1) the government-wide financial statements, (2) the fund financial statements and (3) the notes to the financial statements. The government-wide financial statements, the Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Statements

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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

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

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

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

The City as a Whole

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

Governmental Activities – Net Position

Table 1
Net Position

	Governmental Activities		
	2017	2016	Change
Current and other assets	$ 1,650,445,972	$ 1,872,534,528	$ (222,088,556)
Capital assets, net	261,840,782	209,898,826	51,941,956
Total assets	1,912,286,754	2,082,433,354	(170,146,600)
Deferred outflows of resources			
Deferred charge on refunding	1,668,477	2,119,907	(451,430)
Deferred outflows of resources - pension	1,850,952	467,282	1,383,670
Total deferred outflows of resources	3,519,429	2,587,189	932,240
Long-term liabilities	1,028,275,683	1,109,300,873	(81,025,190)
Other liabilities	39,366,918	159,008,366	(119,641,448)
Total liabilities	1,067,642,601	1,268,309,239	(200,666,638)
Deferred inflows of resources			
Deferred inflows of resources - pension	829,627	817,775	11,852
Net position:			
Net investment in capital assets	258,386,502	205,662,259	52,724,243
Restricted for:			
Transportation and road	2,715,269	1,505,868	1,209,401
Capital projects	199,014,172	243,227,336	(44,213,164)
Debt service	145,335,927	298,183,888	(152,847,961)
Unrestricted	241,882,085	67,314,178	174,567,907
Total net position	$ 847,333,955	$ 815,893,529	$ 31,440,426

As noted above, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by approximately $835.9 million at June 30, 2017.

The largest portion of the Net Position is restricted by external sources on how the funds may be used. Approximately $258.4 million is the City's net investment in its capital assets. In addition, approximately $145.3 million are restricted for the City's future debt service obligations. It should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The City's total Net Position under governmental activities increased over the prior year by $31.4 million mainly due to increases in capital assets, reductions in health insurance costs, and lower interest expense.

Total liabilities and deferred inflows of resources decreased by approximately $200.7 million primarily attributable to reductions in bond payment deposits, interest payable and long-term liabilities due in more than one year.

The increase in net investment in capital assets of $52.7 million is a result of current year additions to capital assets and higher depreciation expense.

Governmental Activities – Changes in Net Position

Table 2
Change in Net Position

	Governmental Activities		
	2017	2016	Change
Revenues:			
Taxes	$ 136,810,762	$ 96,221,789	$ 40,588,973
Revenues from use of money and property	27,010,307	90,322,153	(63,311,846)
Other revenues	7,084,608	273,213	6,811,395
Community development	3,664,593	3,427,511	237,082
Total revenues	174,570,270	190,244,666	(15,674,396)
Expenses:			
General government	6,172,004	5,143,831	1,028,173
Support services	6,526,175	9,122,221	(2,596,046)
Community development	1,885,162	1,508,073	377,089
Community services	3,825,602	4,208,139	(382,537)
Public safety	12,667,221	14,703,686	(2,036,465)
Capital projects and public works	15,249,426	24,695,090	(9,445,664)
Interest expense	50,188,311	54,878,655	(4,690,344)
Total expenses	96,513,901	114,259,695	(17,745,794)
Increase in net assets before Other Items	78,056,369	75,984,971	2,071,398
Transfers, net	(46,615,943)	(10,033,359)	(36,582,584)
Increase (decrease) in net position	31,440,426	65,951,612	(34,511,186)
Net position, beginning of year	815,893,529	749,941,917	65,951,612
Net position, end of year	$ 847,333,955	$ 815,893,529	$ 31,440,426

The total revenues, reported as governmental activities, decreased by approximately $15.7 million. This was due to a decrease in revenue from use of money and property of $63.3 million as a result of a reduction of a $12.4 million adjustment in fair market values of current investments, $4.7 million in lower interest income due to the payoff of debt service payments, including an early redemption. However, it was offset by a $46.3 million collection of tax override revenues used for early redemption of IUDA bonds.

The City's total expenses before other items decreased by approximately $17.7 million from the prior year. The reduction was attributable to lower costs in employee health premiums, lower capital project costs and interest expense.

Business-Type Activities – Net Position

Table 3
Net Position

	Business-Type Activities		
	2017	2016	Change
Current and other assets	$ 15,358,333	$ 14,657,297	$ 701,036
Capital assets, net	30,931,672	32,480,986	(1,549,314)
Total assets	46,290,005	47,138,283	(848,278)
Liabilities	8,174,115	8,722,059	(547,944)
Total liabilities	8,174,115	8,722,059	(547,944)
Net position:			
Net investment in capital assets	30,911,524	32,480,986	(1,569,462)
Unrestricted	7,204,366	5,935,238	1,269,128
Total net position	$ 38,115,890	$ 38,416,224	$ (300,334)

Total net position for the City's business type activities decreased by approximately $0.3 million as compared to the prior year. The decrease was primarily attributable to reductions in bond payment deposits, interest payable and long-term liabilities due in more than one year.

Business-Type Activities – Change in Net Position

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

Table 4
Change in Net Position

	Business-Type Activities		
	2017	2016	Change
Revenues:			
Charges for services	$ 10,427,691	$ 10,481,162	$ (53,471)
Revenues from use of money and property	62,692	21,210	41,482
Total revenues	10,490,383	10,502,372	(11,989)
Expenses:			
Purchased electricity	4,973,802	3,665,748	1,308,054
Water transmission and distribution	3,316,481	2,661,023	655,458
Cost of expo operations	2,913,056	2,853,847	59,209
Cost of housing authority operations	531,725	858,284	(326,559)
Total expenses	11,735,064	10,038,902	1,696,162
Income (Loss) from operations before transfers	(1,244,681)	463,470	(1,708,151)
Transfers	944,347	570,038	374,309
Change in net position	(300,334)	1,033,508	(1,333,842)
Net position, beginning of year	38,416,224	37,382,716	1,033,508
Net position, end of year	$ 38,115,890	$ 38,416,224	$ (300,334)

Revenues decreased by almost $0.01 million year over year. This was a primarily due to a reduction of $0.07 million in Electric sales as a result of a fluctuation in customer usage. However, expenses increased from prior year by almost $1.7 million which was a result of higher costs of $1.3 million in purchased electricity and $0.66 million in water transmission and distribution. However, this was offset by lower costs of $0.33 million in housing maintenance and repairs due to improved monitoring by staff.

Transfers-in from the general fund increased by $0.37 million mostly as a result of the reclassification of capital project expenses to the Capital Projects fund. The project costs were eligible to be funded by the bond proceeds of 2015 Taxable Sales Tax Revenue Refunding Bonds, Series B.

Financial Analysis of the City's Funds

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

Table 5
General Fund Comparison

	2017	2016	Change
Revenues:			
Taxes	$ 36,749,539	$ 37,339,981	$ (590,442)
Intergovernmental	2,891,853	-	2,891,853
Charges for services	1,623,313	1,564,264	59,049
Licenses and permits	1,616,681	1,524,979	91,702
Fines, forfeitures and penalties	350,559	338,268	12,291
Revenues from use of money			-
and property	5,592,034	12,606,738	(7,014,704)
Other revenue	642,699	-	642,699
Total revenues	49,466,678	53,374,230	(3,907,552)
Expenditures:			
Legislative	743,861	682,050	61,811
General administration	3,404,232	2,685,848	718,384
Community development	1,750,775	864,366	886,409
Community services	3,147,903	3,522,249	(374,346)
Public safety	10,907,556	8,610,354	2,297,202
Public works	11,142,022	13,176,829	(2,034,807)
Support services	5,856,392	8,429,092	(2,572,700)
Capital projects	42,813,923	8,927,978	33,885,945
Total expenditures	79,766,664	46,898,766	32,867,898
Excess of Revenues over Expenditures	(30,299,986)	6,475,464	(36,775,450)
Other Financing Sources (Uses):			
Pay-off loan from Successor Agency in refunding	-	(14,421,307)	14,421,307
Proceeds from sale of assets	1,166,665	-	1,166,665
Net Transfers	(9,099,528)	464,569,825	(473,669,353)
Total other financing sources (uses)	(7,932,863)	450,148,518	(458,081,381)
Change in fund balances	$ (38,232,849)	$ 456,623,982	$ (494,856,831)

The General Fund is the main operating fund of the City. At the end of the current fiscal year, the General Fund reflects a fund balance of $750.4 million, which is a decrease from prior year of $38.2 million. The reduction was primarily due to a $33.9 million increase in capital projects and a net revenue reduction of $3.9 million mainly as a result of a reduction in market value adjustments of $12.6 million (-1.9%) in investments totaling $671.2 million. The reduction was offset with higher interest income (+$4.4 million), rental income (+$1.2 million) and an intergovernmental reimbursement mainly from the IUDA (+$2.7 million).

Total expenditures of the General Fund increased by $32.9 million over prior year. The majority of this increase was due to a $33.9 million increase over prior year in real estate purchases.

Other Financing Sources decreased by $458.1 million primarily due to the transfer in prior year of $464.6 million from a bond redemption and a loan that was made to the Successor Agency.

General Fund Budgetary Highlights

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

Table 6
General Fund Budget to Actual Comparison

	Original Budget	Revised Budget	Actual	Variance
Legislative	$ 1,005,615	$ 963,565	$ 743,861	$ 219,704
General administration	4,248,520	3,725,825	3,404,232	321,593
Community development	1,835,650	1,936,062	1,750,775	185,287
Community services	3,693,786	3,759,786	3,147,903	611,883
Public safety	9,997,195	9,974,815	10,907,556	(932,741)
Public works	14,039,800	16,485,303	11,142,022	5,343,281
Support services	5,528,185	5,941,475	5,856,392	85,083
Capital outlay	-	-	42,813,923	(42,813,923)
Total expenditures	$ 40,348,751	$ 42,786,831	$ 79,766,664	$ (36,979,833)

The budget overage in the Public Safety was mainly due to the City's General Fund exchanges with Proposition A funds from other cities. The $5.3 million under budgeted in Public Works was a result of certain capital projects that are work in progress or were not begun. The budget overage in Capital Outlay was primarily due to real estate purchases that were not budgeted.

Capital Asset and Debt Administration

Capital Assets

Net capital assets for governmental activities as of June 30, 2017 and 2016 are summarized as follows:

Table 7
Net Capital Assets at Year-End

	Governmental Activities		
	2017	2016	Change
Land	$ 100,991,923	$ 60,035,146	$ 40,956,777
Construction in progress	23,014,165	7,028,403	15,985,762
Buildings and improvements	118,398,933	118,398,933	-
Equipment, furniture and fixtures	6,392,316	6,378,133	14,183
Infrastructure	143,030,585	141,395,929	1,634,656
Capital assets, gross	391,827,922	333,236,544	58,591,378
Less accumulated depreciation	(129,987,140)	(123,337,718)	(6,649,422)
Capital assets, net	$ 261,840,782	$ 209,898,826	$ 51,941,956

As of June 30, 2017, the City's governmental activities had approximately $261.8 million invested in capital assets including buildings, land, roads, and other general infrastructure net of accumulated depreciation. This amount represents a net increase of $51.9 million from prior year which was due to land acquisitions and increased capital project activities. Accumulated depreciation increased by $6.6 million.

Net capital assets for business activities as of June 30, 2017 and 2016 are summarized as follows:

Table 8
Net Capital Assets at Year-End

	Business-Type Activities		
	2017	2016	Change
Land	$ 6,764,880	$ 6,764,880	$ -
Water rights	441,200	441,200	-
Buildings and improvements	54,473,202	54,441,369	31,833
Source of supply	4,495,493	4,495,493	-
Equipment, furniture and fixtures	1,288,657	1,288,657	-
Infrastructure	294,622	294,622	-
Construction in progress	4,549	4,549	-
Capital assets, gross	67,762,603	67,730,770	31,833
Less accumulated depreciation	(36,830,931)	(35,249,784)	(1,581,147)
Capital assets, net	$ 30,931,672	$ 32,480,986	$ (1,549,314)

Capital assets in the Business-Type Activities belong to IPUC and the Industry Hills Expo Center. The decrease in net capital assets of $1.5 million was primarily a result of a net increase in accumulated depreciation of $1.6 million while activities in buildings and Improvements increased by $0.03 million.

Debt

At June 30, 2017, the City had total long term debt and other non-current liabilities of approximately $1.03 billion which is a decrease of $81.0 million from prior year. The reduction is primarily due to retiring of $82.5 million in the principal of bonded debt while the City's pension liability increased by $1.5 million.

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

Table 9
Outstanding Debt, at Year-End

	Governmental Activities		
	2017	2016	Change
General obligation bonds	$ 94,075,000	$ 104,940,000	$ (10,865,000)
Revenue bonds	421,770,000	422,600,000	(830,000)
Refunding lease revenue bonds	3,450,000	4,230,000	(780,000)
Tax allocation bonds	505,645,000	574,905,000	(69,260,000)
Original issue premium	(4,633,554)	(3,821,723)	(811,831)
Compensated absences	104,573	111,140	(6,567)
Pension liability	7,864,664	6,336,456	1,528,208
Total outstanding debt	$ 1,028,275,683	$ 1,109,300,873	$ (81,025,190)

On April 11, 2017, the City issued a total of $34,340,000 Senior Sales Tax Revenue Refunding Bonds (taxable) to refund its 2010 Sales Tax Revenue Bonds. The refunding resulted in savings of debt service payments in the amount of $7.4 million and an economic gain of $1.8 million. Interest rates on the refunding bonds range from 1.500% to 3.500%.

Economic Factors and Next Year's Budgets and Rates

The City has experienced steady development within the City limits during the past year. Economic trends in the Los Angeles area are comparable with the indices. The assessed valuation of property located within the City boundaries including properties located in its redevelopment project areas amounted to approximately $8.373 billion for the 2017-2018 fiscal year as compared to $8.007 billion in the prior fiscal year which represents an increase of approximately 4.6% of assessed value.

The City's General Fund has adopted a balanced operating budget of $56.0 million in revenues and $44.1 million in expenses. Additionally, approximately $45.6 million in capital project expenditures is budgeted for several funds in the 2017-2018 fiscal year. The following is a summary of the major capital improvement projects for citywide.

Table 10
Capital Projects For FY 2017-2018

	Project Description	Budget 2017-18
1	Grade Separation Projects	$ 6,050,000
2	Street Widening, Reconstruction, Resurfacing and Slurry Seal	17,894,724
3	Bridge Widening, Seismic Retrofit And Mainteance Improvements	1,519,000
4	Traffic Signal Improvements	3,570,000
5	Storm Drain Improvements	2,960,000
6	IPUC - Potable Water System	58,000
7	IPUC - Electric Utility	3,340,000
8	Expo Center at Industry Hills	6,592,500
9	Industry Housing And Property Management Projects	600,000
10	Tonner Canyon	1,025,000
11	Civic Center Facilities Improvements	2,012,500
	Total	$ 45,621,724

The Operating Budget for Fiscal Year 2017-18 is a well-balanced budget that reflects the City's commitment to the betterment of the community and stay within the City's financial constraint. Budget documents are available online at www.cityofindustry.org. Questions or requests for information regarding the City of Industry's budget should be sent to the Finance Department at the address below.

Request for Information

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Industry
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	$ 7,441,956	$ 2,174,382	$ 9,616,338
Investments	254,933,351	10,797,548	265,730,899
Investment with fiscal agent - unrestricted	420,167,666	-	420,167,666
Accounts receivable, net	12,871,782	1,352,153	14,223,935
Interest receivables	12,456,311	-	12,456,311
Internal balances	(677,250)	677,250	-
Due from Fiduciary funds	5,851,264	-	5,851,264
Inventories	30,514	57,905	88,419
Prepaid items	15,191,773	296,095	15,487,868
Other assets	-	3,000	3,000
Total current assets	728,267,367	15,358,333	743,625,700
Noncurrent assets:			
Investments with fiscal agent - restricted	351,988,145	-	351,988,145
Investments in SA to IUDA and City's bonds	556,992,474	-	556,992,474
Loans receivables	12,427,042	-	12,427,042
Net OPEB asset	770,944	-	770,944
Capital assets:			
Not being depreciated	124,006,088	7,652,316	131,658,404
Being depreciated, net	137,834,694	23,279,356	161,114,050
Total capital assets, net of accumulated depreciation	261,840,782	30,931,672	292,772,454
Total noncurrent assets	1,184,019,387	30,931,672	1,214,951,059
Total assets	1,912,286,754	46,290,005	1,958,576,759
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding, net	1,668,477	-	1,668,477
Pension related deferred outflows of resources	1,850,952	-	1,850,952
Total deferred outflows of resources	3,519,429	-	3,519,429

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Net Position (Continued)
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	$ 15,369,515	$ 1,127,889	$ 16,497,404
Accrued liabilities	311,579	26,484	338,063
Rental deposits and advances	553,500	86,908	640,408
Interest payable	23,132,324	-	23,132,324
Unearned revenue	-	6,932,834	6,932,834
Long-term liabilities:			
Due within one year	78,437,678	-	78,437,678
Due in more than one year	941,973,341	-	941,973,341
Net pension Liabilities	7,864,664	-	7,864,664
Total liabilities	1,067,642,601	8,174,115	1,075,816,716
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	829,627	-	829,627
Total deferred inflows of resources	829,627	-	829,627
NET POSITION			
Net investment in capital assets	258,386,502	30,911,524	289,298,026
Restricted for:			
Transportation and road	2,715,269	-	2,715,269
Capital projects	199,014,172	-	199,014,172
Debt services	145,335,927	-	145,335,927
Unrestricted	241,882,085	7,204,366	249,086,451
Total net position	$ 847,333,955	$ 38,115,890	$ 885,449,845

(Concluded)

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Activities
For the Year Ended June 30, 2017

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total
Primary Government:					
Governmental activities:					
General government	$ 6,172,004	$ -	$ -	$ 1,095	$ 1,095
Support services	6,526,175	-	-	-	-
Community development	1,885,162	3,326,085	-	-	3,326,085
Community services	3,825,602	-	-	-	-
Public safety	12,667,221	338,508	1,649,433	-	1,987,941
Public works	15,249,426	-	24,212	5,179,718	5,203,930
Interest expenses and fiscal charges	50,188,311	-	-	-	-
Total governmental activities	96,513,901	3,664,593	1,673,645	5,180,813	10,519,051
Business-type activities:					
Industry Public Utilities Commission:					
Water utility	3,316,481	3,296,525	-	-	3,296,525
Electric utility	4,973,802	5,379,049	-	-	5,379,049
Industry-Hill Expo Center	2,913,056	1,560,817	-	-	1,560,817
Property and Housing Management Authority	531,725	191,300	-	-	191,300
Total business-type activities	11,735,064	10,427,691	-	-	10,427,691
Total City	$ 108,248,965	$ 14,092,284	$ 1,673,645	$ 5,180,813	$ 20,946,742

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Activities (Continued)
For the Year Ended June 30, 2017

	Net (Expenses) Revenues and Changes in Net Position Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Primary Government:			
Governmental activities:			
General government	$ (6,170,909)	$ -	$ (6,170,909)
Support services	(6,526,175)	-	(6,526,175)
Community development	1,440,923	-	1,440,923
Community services	(3,825,602)	-	(3,825,602)
Public safety	(10,679,280)	-	(10,679,280)
Public works	(10,045,496)	-	(10,045,496)
Interest expenses and fiscal charges	(50,188,311)	-	(50,188,311)
Total governmental activities	(85,994,850)	-	(85,994,850)
Business-type activities:			
Industry Public Utilities Commission:			
Water utility	-	(19,956)	(19,956)
Electric utility	-	405,247	405,247
Industry-Hill Expo Center	-	(1,352,239)	(1,352,239)
Property and Housing Management Authority	-	(340,425)	(340,425)
Total business-type activities	-	(1,307,373)	(1,307,373)
Total City	(85,994,850)	(1,307,373)	(87,302,223)
General revenues and transfers:			
General revenues:			
Taxes:			
Property taxes	101,331,410	-	101,331,410
Sales tax	32,124,812	-	32,124,812
Tax increment pass through payments	511,068	-	511,068
Franchise fees	1,510,735	-	1,510,735
Documentary transfer tax	296,077	-	296,077
Transient occupancy tax	1,036,660	-	1,036,660
Total taxes	136,810,762	-	136,810,762
Revenues from use of money and property	27,010,307	62,692	27,072,999
Other revenues	230,150	-	230,150
Transfers	(944,347)	944,347	-
Transfers out to Successor Agency	(45,671,596)	-	(45,671,596)
Total general revenues and transfers	117,435,276	1,007,039	118,442,315
Changes in net position	31,440,426	(300,334)	31,140,092
Net position:			
Beginning of year	815,893,529	38,416,224	854,309,753
End of year	$ 847,333,955	$ 38,115,890	$ 885,449,845

See accompanying Notes to the Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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City of Industry
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Capital Projects Funds	Debt Service Funds	Nonmajor Governmental Funds	Total
ASSETS					
Cash	$ 4,574,749	$ 63,229	$ 100,899	$ 2,703,079	$ 7,441,956
Investments	251,067,128	981,684	2,884,539	-	254,933,351
Investments with fiscal agent - unrestricted	420,167,666	-	-	-	420,167,666
Accounts receivable, net	9,034,524	-	1,843,569	1,993,689	12,871,782
Accrued interest	828,950	183,238	11,444,123	-	12,456,311
Inventory	30,514	-	-	-	30,514
Prepaid items	690,525	-	14,501,248	-	15,191,773
Site lease prepayment	-	-	4,850,869	-	4,850,869
Due from other funds	6,697,374	-	-	11	6,697,385
Due from Successor Agency	5,890,751	-	-	-	5,890,751
Notes receivable	12,427,042	-	-	-	12,427,042
Investments with fiscal agent - restricted	-	206,793,383	145,194,762	-	351,988,145
Other investments	-	-	556,992,474	-	556,992,474
Advances to other funds	53,000,483	-	-	-	53,000,483
Total assets	$ 764,409,706	$ 208,021,534	$ 737,812,483	$ 4,696,779	$ 1,714,940,502
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 6,381,262	$ 8,979,594	$ 4,673	$ 3,986	$ 15,369,515
Accrued expenses	311,579	-	-	-	311,579
Deposits	553,500	-	-	-	553,500
Due to other funds	707,301	-	4,689,810	1,977,524	7,374,635
Due to Successor Agency	39,487	-	-	-	39,487
Site lease unearned revenues	4,850,869	-	-	-	4,850,869
Advance from other funds	-	-	53,000,483	-	53,000,483
Total Liabilities	12,843,998	8,979,594	57,694,966	1,981,510	81,500,068
Deferred inflows of resources:					
Unavailable revenue	1,107,388	-	-	1,975,315	3,082,703
Total deferred inflows of resources	1,107,388	-	-	1,975,315	3,082,703
Fund balances:					
Nonspendable	13,148,081	-	14,501,248	-	27,649,329
Restricted	-	199,014,172	145,335,927	2,715,269	347,065,368
Committed	-	27,768	520,280,342	-	520,308,110
Unassigned	737,310,239	-	-	(1,975,315)	735,334,924
Total fund balances	750,458,320	199,041,940	680,117,517	739,954	1,630,357,731
Total liabilities, deferred inflows of resources and fund balances	$ 764,409,706	$ 208,021,534	$ 737,812,483	$ 4,696,779	$ 1,714,940,502

See accompanying Notes to the Basic Financial Statements.

City of Industry
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position
June 30, 2017

Total fund balance of governmental funds		$ 1,630,357,731
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
City infrastructure and capital assets	$ 391,827,922	
Accumulated depreciation	(129,987,140)	261,840,782
Other assets, deferred outflows of resources, liabilities and deferred inflows of resources are not available for current period expenditures or to provide for current resources. These consist of:		
Accrued interest payable on bonds payable	(23,132,324)	
Net OPEB assets	770,944	
Unavailable revenues	3,082,703	
Deferred loss on refunding, net	1,668,477	
Deferred outflows of resources related to pension	1,850,952	
Deferred inflows of resources related to pension	(829,627)	(16,588,875)
Long-term liabilities applicable to the City'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:		
City of Industry:		
Bonds payable - Current portion	(17,295,000)	
Bonds payable - Long term	(498,550,000)	
Issuance (premium) discount - Current portion	(187,122)	
Issuance (premium) discount - Long term	5,247,027	
Compensated absences	(104,573)	
Net pension liability	(7,864,664)	
Public Facilities Authority:		
Bonds payable - Current portion	(60,805,000)	
Bonds payable - Long term	(448,290,000)	
Issuance (premium) discount - Current portion	(100,556)	
Issuance (premium) discount - Long term	(325,795)	(1,028,275,683)
Net position of governmental activities		$ 847,333,955

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Genearl Fund	Capital Projects Funds	Debt Service Funds	Nonmajor Governmental Funds	Total
REVENUES:					
Taxes	$ 36,749,539	$ -	$ 98,961,805	$ 1,511,759	$ 137,223,103
Intergovernmental	2,891,853	-	-	549,073	3,440,926
Charges for services	1,623,313	-	-	-	1,623,313
Licenses and permits	1,616,681	-	-	-	1,616,681
Fines, forfeitures and penalties	350,559	-	-	-	350,559
Use of money and property	5,592,034	1,012,790	24,994,208	8,101	31,607,133
Other revenue	642,699	-	-	-	642,699
Total revenues	49,466,678	1,012,790	123,956,013	2,068,933	176,504,414
EXPENDITURES:					
Current:					
Legislative	743,861	-	-	-	743,861
General administration	3,404,232	118,701	1,228,215	-	4,751,148
Support services	5,856,392	-	-	-	5,856,392
Community development	1,750,775	-	-	-	1,750,775
Community services	3,147,903	-	-	-	3,147,903
Public safety	10,907,556	-	-	100,625	11,008,181
Public works	11,142,022	1,647,177	-	23,731	12,812,930
Debt service:					
Principal retirement	-	-	116,075,000	-	116,075,000
Interest and fiscal charges	-	-	66,610,765	-	66,610,765
Capital outlay	42,813,923	17,065,741	-	202,594	60,082,258
Total expenditures	79,766,664	18,831,619	183,913,980	326,950	282,839,213
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(30,299,986)	(17,818,829)	(59,957,967)	1,741,983	(106,334,799)
OTHER FINANCING SOURCES (USES):					
Transfers in	49,619,770	22,467,521	37,156,719	-	109,244,010
Transfers out	(58,719,298)	(48,961,162)	-	(2,507,897)	(110,188,357)
Transfers out to Successor Agency	-	-	(45,671,596)	-	(45,671,596)
Issuance of sales tax revenue bonds	-	-	34,340,000	-	34,340,000
Issuance discount	-	-	(152,619)	-	(152,619)
Bond issuance costs	-	-	(1,385,434)	-	(1,385,434)
Proceeds from sale of assets	1,166,665	-	-	-	1,166,665
Total other financing sources (uses)	(7,932,863)	(26,493,641)	24,287,070	(2,507,897)	(12,647,331)
NET CHANGE IN FUND BALANCES	(38,232,849)	(44,312,470)	(35,670,897)	(765,914)	(118,982,130)
FUND BALANCES:					
Beginning of year	788,691,169	243,354,410	715,788,414	1,505,868	1,749,339,861
End of year	$ 750,458,320	$ 199,041,940	$ 680,117,517	$ 739,954	$ 1,630,357,731

See accompanying Notes to the Basic Financial Statements.

City of Industry
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances of total governmental funds	$	(118,982,130)
Amounts reported for governmental activities in the statement of activities are difference because:		
Capital outlays, project improvement costs, and purchases of real estate are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlays		60,082,258
Depreciation expense		(6,649,422)
In the statement of activities, only the gain/loss on the sale and disposal of assets is reported whereas in the governmental funds, the proceeds from the sale and disposal of assets increase financial resources. Thus, the change in net position differs from the change in fund balance by cost of assets sold or disposed of.		
Disposal of land		(1,490,880)
Revenue reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities.		3,082,703
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. These consist of the following:		
Proceeds from City bonds issued		(34,340,000)
Issuance discount		152,619
Redemption of City bonds		32,355,000
Repayment of principal on long-term debt		83,720,000
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. These items consist of:		
Change in accrued interest payable, including interest expense on redeemed debts		13,892,963
Amortization of bond premium/discount and deferred amounts on refunding		207,782
Change in compensated absences		6,567
Change in OPEB assets		(440,644)
Change in pension expense		(156,390)
Total changes in net position of governmental activities	$	31,440,426

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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City of Industry
Statement of Net Position
Proprietary Funds
June 30, 2017

	Enterprise Funds			
	Industry Public Utilities Commission Funds	Civic-Recreational-Industrial Authority Industry Hills-Expo Center Fund	Property and Housing Management Authority Fund	Total
ASSETS				
Current assets:				
Cash	$ 1,990,167	$ 124,690	$ 59,525	$ 2,174,382
Investments	10,679,274	-	118,274	10,797,548
Accounts receivable, net	1,149,319	201,810	1,024	1,352,153
Inventories	10,000	47,905	-	57,905
Prepaid items	248,655	47,440	-	296,095
Deposits	-	3,000	-	3,000
Due from other funds	707,290	-	-	707,290
Total current assets	14,784,705	424,845	178,823	15,388,373
Noncurrent assets:				
Capital assets:				
Capital assets, not being depreciated	922,936	-	6,729,380	7,652,316
Capital assets, being depreciated, net	12,352,630	7,270,516	3,656,210	23,279,356
Total capital assets, net	13,275,566	7,270,516	10,385,590	30,931,672
Total noncurrent assets	13,275,566	7,270,516	10,385,590	30,931,672
Total assets	28,060,271	7,695,361	10,564,413	46,320,045
LIABILITIES				
Accounts payable	971,028	95,280	61,581	1,127,889
Accrued liabilities	6,336	-	-	6,336
Retention payable	-	-	20,148	20,148
Deposits	32,836	50,072	4,000	86,908
Due to other funds	15,188	-	14,852	30,040
Unearned revenue	6,785,368	142,666	4,800	6,932,834
Total liabilities	7,810,756	288,018	105,381	8,204,155
NET POSITION				
Investment in capital assets	13,275,566	7,270,516	10,365,442	30,911,524
Unrestricted	6,973,949	136,827	93,590	7,204,366
Total net position	$ 20,249,515	$ 7,407,343	$ 10,459,032	$ 38,115,890

See accompanying Notes to the Basic Financial Statements.

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City of Industry
Statement of Revenues, Expenses, and Changes in Fund Position
Proprietary Funds
For the Year Ended June 30, 2017

	Enterprise Funds			
	Industry Public Utilities Commission Funds	Civic-Recreational-Industrial Authority Industry Hills-Expo Center Fund	Property and Housing Management Authority Fund	Total
OPERATING REVENUES:				
Water sales and service	$ 3,236,624	$ -	$ -	$ 3,236,624
Electric and solar energy sales	5,257,895	-	-	5,257,895
Event and rental revenues	-	1,552,885	191,300	1,744,185
Total operating revenues	8,494,519	1,552,885	191,300	10,238,704
OPERATING EXPENSES:				
Purchased water	515,619	-	-	515,619
Purchased electricity	2,533,273	-	-	2,533,273
Personnel service	703,175	-	23,245	726,420
General administration	3,817,260	1,037,654	-	4,854,914
Expo Center operations	-	1,127,486	-	1,127,486
Housing Authority operations	-	-	396,205	396,205
Depreciation	720,956	747,916	112,275	1,581,147
Total operating expenses	8,290,283	2,913,056	531,725	11,735,064
OPERATING INCOME (LOSS)	204,236	(1,360,171)	(340,425)	(1,496,360)
NONOPERATING REVENUES:				
Investment income	60,949	-	1,743	62,692
Other revenues	181,055	7,932	-	188,987
Total nonoperating revenues	242,004	7,932	1,743	251,679
Changes in net position before transfers	446,240	(1,352,239)	(338,682)	(1,244,681)
TRANSFERS :				
Transfers in	504,142	449,906	-	954,048
Transfers out	-	-	(9,701)	(9,701)
Total transfers	504,142	449,906	(9,701)	944,347
CHANGES IN NET POSITION	950,382	(902,333)	(348,383)	(300,334)
NET POSITION:				
Beginning of the year	19,299,133	8,309,676	10,807,415	38,416,224
End of the year	$ 20,249,515	$ 7,407,343	$ 10,459,032	$ 38,115,890

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Cash Flows
Proprietary Funds
For Year Ended June 30, 2017

	Enterprise Funds			
	Industry Public Utilities Commission Funds	Civic-Recreational-Industrial Authority Industry Hills-Expo Center Fund	Property and Housing Management Authority Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 7,847,819	$ 1,404,671	$ 193,336	$ 9,445,826
Receipts from other funds	3,304	-	-	3,304
Payments to vendors for supplies and services	(5,955,721)	(2,207,729)	(469,199)	(8,632,649)
Payments to employees	(703,175)	-	(23,245)	(726,420)
Payments to other funds for supplies and services	(1,080,110)	-	14,852	(1,065,258)
Other revenues	181,055	7,932	-	188,987
Net cash provided by (used in) operating activities	293,172	(795,126)	(284,256)	(786,210)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in from other funds	504,142	449,906	-	954,048
Transfers out to other funds	-	-	(9,701)	(9,701)
Net cash provided by (used in) noncapital financing activities	504,142	449,906	(9,701)	944,347
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	-	(30,364)	(30,364)
Net cash (used in) capital and related financing activities	-	-	(30,364)	(30,364)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(5,465,957)	-	-	(5,465,957)
Proceeds from sales of investments	3,741,893	-	354,614	4,096,507
Interest income received	27,219	-	-	27,219
Net cash provided by (used in) investing activities	(1,696,845)	-	354,614	(1,342,231)
Net increase (decrease) in cash and cash Equivalent	(899,531)	(345,220)	30,293	(1,214,458)
CASH AND CASH EQUIVALENT:				
Beginning of year	2,889,698	469,910	29,232	3,388,840
End of year	$ 1,990,167	$ 124,690	$ 59,525	$ 2,174,382

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Cash Flows (Continued)
Proprietary Funds
For Year Ended June 30, 2017

	Enterprise Funds			
	Industry Public Utilities Commission Funds	Civic-Recreational-Industrial Authority Industry Hills-Expo Center Fund	Property and Housing Management Authority Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	$ 204,236	$ (1,360,171)	$ (340,425)	$ (1,496,360)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	720,956	747,916	112,275	1,581,147
Other revenues	181,055	7,932	-	188,987
(Increase) decrease in accounts receivables	(22,088)	(144,693)	436	(166,345)
(Increase) decrease in inventories	-	(4,202)	-	(4,202)
(Increase) decrease in prepaid items	757,108	(35,178)	-	721,930
(Increase) decrease in due from other funds	(591,994)	-	-	(591,994)
Increase (decrease) in accounts payable	146,987	(3,209)	(72,994)	70,784
Increase (decrease) in accrued liabilities	6,336	-	-	6,336
Increase (decrease) in customer deposits	(112,669)	1,502	(3,200)	(114,367)
Increase (decrease) in due to other funds	(484,812)	-	14,852	(469,960)
Increase (decrease) in unearned revenues	(511,943)	(5,023)	4,800	(512,166)
Net cash provided by (used in) operating activities	$ 293,172	$ (795,126)	$ (284,256)	$ (786,210)

See accompanying Notes to the Basic Financial Statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Industry
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private-Purpose Trust Fund	Agency Fund
ASSETS		
Cash	$ 1,249,111	$ 314,295
Investments	2,060,301	1,774,341
Other receivables	1,992,764	11,513
Prepaid items	1,350,000	-
Notes receivable	13,208,317	-
Property held for sale or disposition	407,718,074	-
Restricted assets:		
Cash	94,546	-
Investments	146,725,192	-
Investments with fiscal agent	55,733,835	519,099
Total assets	630,132,140	$ 2,619,248
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding, net	34,045,095	
Total deferred outflows of resources	34,045,095	
LIABILITIES		
Current liabilities:		
Accounts payable	4,574,086	$ -
Interest payable	9,896,999	-
Due to bond holders	-	2,619,248
Due to City of Industry	5,851,264	-
Bonds payable, due within one year	60,106,571	-
Total current liabilities	80,428,920	2,619,248
Noncurrent liabilities:		
Bonds payable, due in more than one year	445,960,499	-
Total noncurrent liabilities	445,960,499	-
Total liabilities	526,389,419	$ 2,619,248
NET POSITION		
Fiduciary net position held in trust for Successor Agency	$ 137,787,816	

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Private-Purpose Trust Fund
ADDITIONS:	
Taxes, net	$ 55,722,458
Revenues from use of money and property	
Interest income	798,472
Rental and other income	8,153,407
Transfers in from City of Industry	46,306,222
Intergovernment revenue	302,000
Gain on disposal of assets	46,331,294
Other revenue	465
Total additions	157,614,318
DEDUCTIONS:	
General administration	7,377,861
Bond interest expenses	29,631,482
Other expenses	9,000
Total deductions	37,018,343
CHANGES IN NET POSITION	120,595,975
NET POSITION:	
Beginning of the year	17,191,841
End of the year	$ 137,787,816

See accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Industry
Index to the Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies

A. Description of the Reporting Agency

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

B. Blended Component Units

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

IPUC was established to provide reliable utility service at reasonable rates to the residents and to assist in the promotion and stability for business owners in the City. IPUC manages the Industry Waterworks System and the Industry Electric System; a Board that consists of the council members of the City of Industry governs the IPUC. The IPUC is represented by Proprietary funds.

PFA was established for the purpose of establishing a vehicle to reduce local borrowing costs, accelerate construction, repair and maintenance of needed public capital improvements. The Board consists of all members of the City Council. PFA receives all of its funding from payments received on bonds issued by the City and SA to IUDA which PFA owns. PFA is represented by a Debt Service and Capital Projects fund.

The Housing Authority was established to manage the property and housing rental activity in the City. The Board consists of three members who are appointed by the City Council. The Housing Authority is represented by a Proprietary Fund.

C. Fiduciary Component Unit

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

The Financial statements presentation follows the recommendations promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as accounting principles generally accepted in the United States of America ("U.S. GAAP"). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. Details of the City's accounting policies are as follows:

Government-Wide Financial Statements

The City's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present the Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. 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 reported as program revenues include (1) charges to customers for goods and services provided, (2) operating grants and contributions and (3) capital grants and contributions. All other revenues not reported as program revenues are presented as general revenues.

Certain indirect costs are included in program expenses.

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.

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements

The accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

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

Governmental Funds

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. Revenues are considered measurable when 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, except for (1) accumulated unpaid vacation and other employee amounts are not accrued and (2) principal and interest on long-term debt are recognized when due.

Property taxes and interest income are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the City and are recognized at that time.

Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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 as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures 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 and 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.

The City reports the following major governmental funds:

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Funds (Continued)

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

Proprietary Funds

Proprietary funds are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred. Inventories are stated at lower of cost (first-in, first-out method) or market value. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus.

Accordingly, all assets and liabilities (whether current or non-current) associated with their activity are included on their statements of Net Position.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total Net Position. 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary funds:

Industry Public Utilities Commission ("IPUC") Enterprise Funds – These funds account for activities of providing water and limited electrical services to the public.

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fiduciary Fund Types

Fiduciary fund financial statements are presented using the full-accrual basis of accounting.

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

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

E. Cash and Investments

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

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

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

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas are presented in the footnotes:

- Interest Rate Risk
- Credit Risk
    - Overall
    - Custodial Credit Risk
    - Concentration of Credit Risk
- Foreign Currency Risk

Note 1 – Summary of Significant Accounting Policies (Continued)

F. 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.

G. Accounts Receivable

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

H. Inventories

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

I. Prepaid Items

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

J. Property Held for Sale or Disposition

Land held for sale or disposition is reported in the governmental fund financial statements at the lower of cost or net realizable value. In the governmental fund financial statements, nonspendable fund balances are reported in an amount equal to the carrying value of land held for sale because such assets are not available to finance the City's current operations. In the fiduciary fund financial statements, property held for sale or disposition is reported at the lower of cost or net realizable value.

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Capital Assets and Depreciation

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

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

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

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

L. Unearned Revenue and Unavailable Revenue

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

M. Property Taxes

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Bond Issuance Costs and Premiums/Discounts

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

O. Defined Benefit Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

P. Compensated Absences

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Net Position

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

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

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

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

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

R. Fund Balance

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

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

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

Committed – committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the City imposes upon itself at its highest level of decision making authority (the City Council) through resolutions and that remain binding unless removed in the same manner. The City has $520,308,110 of committed fund balances at June 30, 2017.

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

Unassigned – this category is for any spendable balances 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Estimates

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

T. New Accounting Standard

GASB Statement No. 82, *Pension Issues*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not have a significant impact on the City's financial statements for the year ended June 30, 2017.

Note 2 – Cash and Investments

At June 30, 2017, cash and cash investments are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Unrestricted cash and investments:			
Cash	$ 9,616,338	$ 1,563,406	$ 11,179,744
Investments	265,730,899	3,834,642	269,565,541
Investments with fiscal agent	420,167,666	-	420,167,666
Restricted cash and investments:			
Cash	-	94,546	94,546
Investment	-	146,725,192	146,725,192
Investments with fiscal agent	351,988,145	56,252,934	408,241,079
Investments in IUDA bonds	505,645,000	-	505,645,000
Investments in City bonds	51,347,474	-	51,347,474
Total cash and investments	$ 1,604,495,522	$ 208,470,720	$ 1,812,966,242

At June 30, 2017, cash and investments consisted of the following:

Cash on hand	$ 27,541
Deposits with financial institution	11,246,749
Investments	973,283,207
Investments with fiscal agent	828,408,745
Total cash and investments	$ 1,812,966,242

Note 2 – Cash and Investments (Continued)

A. Demand Deposits

The carrying amount of the City's cash deposits were $11,246,749 at June 30, 2017. Bank balances before reconciling items were $11,548,306 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). The City, however, has not waived the collateralization requirements.

At June 30, 2017, the City and SA to IUDA's deposits exceeded federally insured limits by $9,277,663 and $154,979, respectively; however, such amounts are secured by the financial institutions that hold such deposits for the City and SA to IUDA.

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

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

- Securities of the U.S. Government
- U.S. government sponsored enterprise securities
- Bankers Acceptance
- Commercial paper rated A-1 by Standard & Poor's Corporation or Moody's Investor Service
- California Local Agency Investment Fund ("LAIF")
- Repurchase agreements
- Inactive public deposits
- Los Angeles County Investment Pool
- Savings accounts

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

Note 2 – Cash and Investments (Continued)

C. Investments Authorized by Debt Agreements

Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by a bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity (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

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2017, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2017:

	Measurement Input			
Investment Type	Observable Input (Level 1)	Significant Other Observable Input (Level 2)	Uncategorized	Total
Investments - unrestricted:				
Money market funds	$ -	$ -	$ 805,373	$ 805,373
U.S. government sponsored enterprise securities	-	75,448,391	-	75,448,391
Treasury notes	130,254,195	-	-	130,254,195
Commercial paper	-	18,453,751	-	18,453,751
LAIF	-	-	44,603,831	44,603,831
Investment - restricted:				
Money market funds	-	-	121,890,937	121,890,937
LAIF	-	-	21,190,012	21,190,012
Commercial paper	-	3,644,243	-	3,644,243
Investment held by fiscal agent:				
Money market funds	-	-	165,104,574	165,104,574
Treasury notes	215,176,495	-	-	215,176,495
U.S. government sponsored enterprise securities	-	448,127,676	-	448,127,676
Investment in SA to IUDA bonds	-	-	505,645,000	505,645,000
Investment in City bonds	-	51,347,474	-	51,347,474
Total	$ 345,430,690	$ 597,021,535	$ 859,239,727	$ 1,801,691,952

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

E. Risk Disclosures

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure by the counterparty, the City will not be able recover the value of its investments or collateral security that are in the possession of an outside party. Under section 53652 of the California Government Code, it is required that the depository secure active or inactive deposits with eligible securities having a fair market value of at least 10% in excess of the total amount of all deposits. As of June 30, 2017, the financial institutions that hold collateral for the City of Industry had satisfied this requirement.

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the City and its component units manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City and its component units and fiduciary funds monitor the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

Investment Type	Amounts	Weighted Average Maturity (in month)
Investments - unrestricted:		
Money market funds	$ 805,373	N/A
U.S. government sponsored enterprise securities	75,448,391	34.2
Treasury notes	130,254,195	17.4
Commercial paper	18,453,751	4.0
LAIF	44,603,831	N/A
Investment - restricted:		
Money market funds	121,890,937	N/A
LAIF	21,190,012	N/A
Commercial paper	3,644,243	4.6
Investment held by fiscal agent:		
Money market funds	165,104,574	N/A
Treasury notes	215,176,495	21.3
U.S. government sponsored enterprise securities	448,127,676	35.6
Investment in SA to IUDA bonds	505,645,000	46.5
Investment in City bonds	51,347,474	29.0
	$ 1,801,691,952	

Note 2 – Cash and Investments (Continued)

E. *Risk Disclosures (Continued)*

Credit Risk

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical organization. Presented below is the minimum rating required by Section 53601 and Section 53635 of the California Government Code, Section 33603 of the Health and Safety Code, the City and its component unit's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Total as of June 30, 2017	Minimum Legal Rating	Aaa/P-1	AA/Aa - A/A	A1	Not Rated
Investments - unrestricted:						
Money market funds	$ 805,373	None	$ 805,373	$ -	$ -	$ -
U.S. government sponsored enterprise securities	75,448,391	None	-	75,448,391	-	-
Treasury notes	130,254,195	None	130,254,195	-	-	-
Commercial paper	18,453,751	A	18,453,751	-	-	-
LAIF	44,603,831	None	-	-	-	44,603,831
Investment - restricted:						
Money market funds	121,890,937	Aaa/P-1	121,890,937	-	-	-
LAIF	21,190,012	None	-	-	-	21,190,012
Commercial paper	3,644,243	None	3,644,243	-	-	-
Investment held by fiscal agent:						
Money market funds	165,104,574	None	165,104,574	-	-	-
Treasury notes	215,176,495	None	215,176,495	-	-	-
U.S. government sponsored enterprise securities	448,127,676	None	-	448,127,676	-	-
Investment in SA to IUDA bonds	505,645,000	None	-	-	-	505,645,000
Investment in City bonds	51,347,474	None	-	-	51,347,474	-
Total	$ 1,801,691,952		$ 655,329,568	$ 523,576,067	$ 51,347,474	$ 571,438,843

Concentration of Credit Risk

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

Note 2 – Cash and Investments (Continued)

F. State of California Local Agency Investment Fund

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2017 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2017, the City had $65,793,843 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The credit quality rating of LAIF is unrated as of June 30, 2017.

G. Investment in IUDA Bonds

As of June 30, 2017, the PFA has investments in IUDA bonds in the amounts totaled to $574,905,000 The City intends to hold the investments until the maturity date. As a result, these investments are reported at amortized cost, instead of fair value.

Note 3 – Accounts Receivable

As of June 30, 2017, accounts receivable consisted of the following:

	General Fund	Debt Service Funds	Nonmajor Governmental Funds	Total
Sales tax receivable	$ 6,047,388	$ -	$ -	$ 6,047,388
Property tax receivable	118,083	1,843,569	-	1,961,652
Receivable from Successor Agency	1,085,593	-	-	1,085,593
Grants receivables	-	-	1,975,315	1,975,315
Refuse receivable	1,146,085	-	-	1,146,085
Other	637,375	-	18,374	655,749
	$ 9,034,524	$ 1,843,569	$ 1,993,689	$ 12,871,782

Note 4 – Notes Receivable

As of June 30, 2017, notes receivable consisted of the following:

	Governmental Activities	Fiduciary Fund
Notes receivable:		
City of La Puente	$ 1,688,823	$ -
San Gabriel Valley Water and Power LLC	10,738,219	-
Developer notes receivable - construction loans	-	9,082,629
Developer notes receivable - Nissan	-	4,125,688
Total notes receivable	$ 12,427,042	$ 13,208,317

A. City of La Puente Loan

In October 2015, The City entered into an agreement with the City of La Puente to mitigate of noise, traffic and railroad impact and for other public purposes. As part of the agreement, the City of Industry agreed to lend The City of La Puente, and La Puente agreed to borrow and repay to Industry, the loan in the amount of $5,952,908 for La Puente to use in constructing a sound wall along the north side of Valley Boulevard and the railroad tracks on the south side of Valley Boulevard along with other public improvements. The agreement was revised subsequently. Instead of lending the City of La Puente the entire $5,952,908 in advance for the project, the City will pay for the project costs and be reimbursed by the City of La Puente. The loan bears an annual interest of 0.33%. At June 30, 2017, outstanding balance of the loan was in the amount of $1,688,823.

B. San Gabriel Valley Water and Power LLC

The City entered into ground lease agreement with San Gabriel Valley Water and Power, LLC (the "Tenant") and leased properties to the Tenant for a period of twenty-five years for the development of solar projects. As part of the agreement, as further amended, the City agreed to advance $20,000,000 for funding of the project costs. At June 30, 2017, the outstanding balance of the advance was in the amount of $10,738,219.

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

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

Note 4 – Notes Receivable (Continued)

C. Developer Notes Receivable - Construction Loan (Continued)

	Outstanding Balance at June 30, 2017	Principal Amounts due within one year	Principal Amounts due in more than one year
Due June 2022, payable in monthly payments of $78,171 including interest at 4.00% per annum beginning July 2002	$ 4,244,638	$ 782,515	$ 3,462,123
Due June 2022, payable in monthly payments of $68,658 inlcuding interest at 4.00% per annum beginning July 2002	3,619,458	667,261	2,952,197
Due June 2022, payable in monthly payments of $22,441 including interest at 4.00% per annum beginning July 2002	1,218,533	224,641	993,892
Totals	$ 9,082,629	$ 1,674,417	$ 7,408,212

Total interest received on these loans during the year ended June 30, 2017, amounted to $392,196.

D. Developer Notes Receivable – Nissan Auto Mall

In May 2010, IUDA entered into an agreement with a Developer to redevelop certain real property located within the City of Industry, Redevelopment Plan for Project Area No. 1. In order to finance the property acquisition, IUDA provided the Developer with a loan of $4,500,000, of which $4,258,598 was outstanding as of June 30, 2017.

	Outstanding Balance at June 30, 2017	Principal Amounts due within one year	Principal Amounts due in more than one year
Due May 2022, payable in monthly payments of $25,069 and a final balloon payment of $3,427,959 inlcuding interest at 4.00% per annum beginning May 2012	$ 4,125,688	$ 138,321	$ 3,987,367

Total interest received on this loan during the year ended June 30, 2017, amounted to $132,906.

Note 5 – Industry Convalescent Hospital

During 1992, the City Council passed a resolution stating that periodic advances made to Industry Convalescent Hospital dba El Encanto Healthcare and Habilitation Center in the past, as well as currently, will be treated as loans. The note is payable on demand with simple interest at 6% per annum on the unpaid balance. As of June 30, 2017 the unpaid note balance amounted to $20,060,000 and accrued interest amounted to $24,567,938. As the collectability of this note and accrued interest is uncertain, the loan amounts have been shown as General Fund expenditures in the financial statements; and the City will recognize the collections on the note receivable as revenue as the amounts are collected.

The Hospital leases property from SA to IUDA for $1 a year, which is renewed annually, and at the time of renewal the lease may be terminated or the lease payment renegotiated by SA to IUDA. During the year ended June 30, 2017, the City incurred expenses on behalf of the Hospital totaling $244,104 relating to contract labor, security and repairs and maintenance.

Note 6 – Prepaid Items

At June 30, 2017, Government-Wide Financial Statements report the following prepaid items:

	Governmental Activities	Business-type Activities	Total
Prepaid bond insurance	$ 14,501,248	$ -	$ 14,501,248
Other prepaid items	690,525	296,095	986,620
	$ 15,191,773	$ 296,095	$ 15,487,868

At June 30, 2017, Fund Financial Statements reported the following prepaid items:

	Governmental Fund			Enterprise Fund		
	General Fund	Debt Service Fund	Total	IPUC Fund	Industry Hills-Expo Center Fund	Total
Prepaid bond insurance	$ -	$ 14,501,248	$ 14,501,248	$ -	$ -	$ -
Other prepaid items	690,525	-	690,525	248,655	47,440	296,095
	$ 690,525	$ 14,501,248	$ 15,191,773	$ 248,655	$ 47,440	$ 296,095

Note 7 – Interfund Transactions

All interfund assets, liabilities, fund equity, revenues, expenditures and operating transfers have been eliminated in the Statement of Net Position and the Statement of Activities.

A. Due to /from Other Funds

Due to/from other funds consisted of the following at June 30, 2017:

	Due from Other Funds			
	Governmental Fund		Proprietary Fund	
Due to Other Funds	General Fund	Nonmajor Governmental Fund	IPUC Enterprise Fund	Total
Governmental Funds:				
General Fund	$ -	$ 11	$ 707,290	$ 707,301
Debt Service Funds	4,689,810	-	-	4,689,810
Nonmajor Governmental Funds	1,977,524	-	-	1,977,524
Proprietary Funds:				
IPUC Enterprise Fund	15,188	-	-	15,188
Housing Authority	14,852	-		14,852
Totals	$ 6,697,374	$ 11	$ 707,290	$ 7,404,675

The majority of the interfund balances were a result of routine interfund transactions due for reimbursement of expenditures. Debt Service Funds borrowed $4,689,810 from General Fund to make debt payments due to timing difference in receiving sales tax revenue and deposit with trustee. The amount is expected to be repaid in the following fiscal year Nonmajor Governmental Fund (Grant Special Revenue Fund) will repay $1,975,315 to General Fund upon receiving reimbursement from Los Angeles County Metropolitan Transportation Authority for project costs incurred by General Fund.

B. Advances to/from Other Funds

Advances to/from other funds consisted of the following at June 30, 2017:

	Advance to Other Funds
	Governmental Fund
Advance from Other Funds	General Fund
Governmental Fund:	
Debt Service Fund	$ 53,000,483
Totals	$ 53,000,483

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 ranges from 2.75% to 7.75% annually, due February 1 and August 1 each year. The principal payments are due on February 1 each year and range from $485,000 to $3,905,000.

Note 7 – Interfund Transactions (Continued)

B. Advances to/from Other Funds (Continued)

As of June 30, 2017, total outstanding balance was in the amount of $51,460,000. Interest revenue for the City and interest expense for the PFA in the amount of $2,166,660 is eliminated in the Statement of Activities.

The repayment schedule for the advances is as following:

Year Ending June 30,	Principal	Interest	Total
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	560,000	3,645,498	4,205,498
2023-2027	3,240,000	17,792,624	21,032,624
2028-2032	4,315,000	16,720,006	21,035,006
2033-2037	6,065,000	14,966,328	21,031,328
2038-2042	8,670,000	12,362,188	21,032,188
2043-2047	12,545,000	8,492,450	21,037,450
2048-2051	14,015,000	2,816,738	16,831,738
Total	$ 51,460,000	$ 91,574,286	$ 143,034,286

C. Site Lease Prepayment

In March 2010, the PFA made the site lease prepayment to the City in the amount of $7,462,875. The lease revenues for the City and lease expenditures for the PFA are to be recognized over the life of the lease. As of June 30, 2017, the remaining site lease prepayment to be amortized was in the amount of $4,850,869. See Note 11D for more information.

Lease revenue/expenditures paid from PFA to City on site lease prepayment between PFA and City was in the amount of $373,144 for the year ended June 30, 2017. Lease revenue/expenditures paid from City to PFA on lease-back between PFA and City was in the amount of $936,560 for the year ended June 30, 2017.

Note 7 – Interfund Transaction (Continued)

D. Transfers

Transfers in/out for the year ended June 30, 2017 is as following:

	Transfers In					
	Governmental Funds			Proprietary Fund		
Transfers Out	General Fund	Capital Projects Funds	Debt Service Funds	IPUC Enterprise Fund	Expo Center Enterprise Fund	Total
Governmental Funds:						
General Fund	$ -	$ 21,990,674	$ 36,224,482	$ 504,142	$ -	$ 58,719,298
Capital Projects Funds	47,579,019	-	932,237	-	449,906	48,961,162
Nonmajor Governmental Funds	2,040,751	467,146	-	-	-	2,507,897
Proprietary Funds:						
Housing Authority Enterprise Fund	-	9,701	-	-	-	9,701
Total transfers	$ 49,619,770	$ 22,467,521	$ 37,156,719	$ 504,142	$ 449,906	$ 110,198,058

General Fund made the following transfers:

- $36,224,482 transferred to Debt Service Funds to fund sales tax revenue bond payments.
- $546,799 to Capital Projects Funds to fund CRIA capital projects.
- $21,443,875 to Capital Projects Funds to fund project expenditures.
- $504,142 to IPUC Enterprise Fund for alternative energy payments.

Transfers from Capital Projects Fund to General Fund in the amount of $47,579,019 was for property equitation, while the transfer to Debt Service Fund in the amount of $932,237 was for interest income earned on bond proceeds. Capital Projects Funds also transferred $449,906 to Expo Center Enterprise Fund to help the operation of the Expo Center.

Nonmajor Governmental Funds made the following transfers:

- $2,040,751 from Grant Special Revenue Fund to General Fund to help pay for project cost.
- $467,146 from Grant Special Revenue Fund to Capital Projects Fund to help pay for capital project costs.

E. Transfers to Successor Agency to Industry Urban Development Agency

The City Debt Service Fund (Tax Override Fund) transferred $45,671,596 to the SA to IUDA during the year ended June 30, 2017, which relates to the debt service payment of the 2015 Tax Allocation Revenue Refunding Bonds Series 2015 A and B.

Note 8 – Capital Assets

A. Governmental Activities

Summary of changes in capital asset activity for the year ended June 30, 2017 is as follows:

Capital Assets	Balance July 1, 2016	Additions	Deletions	Reclassification	Balance June 30, 2017
Primary Government					
Governmental activities:					
Capital assets, not being depreciated					
Land	$ 60,035,146	$ 42,447,657	$ (1,490,880)	$ -	$ 100,991,923
Construction in progress	7,028,403	17,620,418		(1,634,656)	23,014,165
Total capital assets, not being depreciated	67,063,549	60,068,075	(1,490,880)	(1,634,656)	124,006,088
Capital assets, being depreciated					
Buildings and improvements	118,398,933	-	-	-	118,398,933
Machinery and equipment	1,916,190	10,556	-	-	1,926,746
Furniture and fixture	4,461,943	3,627	-	-	4,465,570
Infrastructure	141,395,929	-	-	1,634,656	143,030,585
Total capital assets, being depreciated	266,172,995	14,183	-	1,634,656	267,821,834
Less accumulated depreciation					
Buildings and improvements	(58,705,327)	(2,560,745)	-	-	(61,266,072)
Machinery and equipment	(1,637,576)	(111,495)	-	-	(1,749,071)
Furniture and fixture	(3,731,975)	(267,234)	-	-	(3,999,209)
Infrastructure	(59,262,840)	(3,709,948)	-	-	(62,972,788)
Total accumulated depreciation	(123,337,718)	(6,649,422)	-	-	(129,987,140)
Total capital assets, being depreciated, net	142,835,277	(6,635,239)	-	1,634,656	137,834,694
Total Governmental activities	$ 209,898,826	$ 53,432,836	$ (1,490,880)	$ -	$ 261,840,782

Depreciation expense was charged to the primary government in the governmental activities in the amount of $6,649,422 to the following function:

General government	$ 560,053
Support services	1,594,533
Community development	110,768
Community services	677,699
Public safety	1,659,040
Public works	2,047,329
Total depreciation expense	$ 6,649,422

Note 8 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital asset activity for the year ended June 30, 2017 is as follows:

Capital Assets	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Business-type activities:				
Capital assets not being depreciated				
Land	$ 6,764,880	$ -	$ -	$ 6,764,880
Water rights	441,200	-	-	441,200
Source of supply-Water	441,687	-	-	441,687
Construction in Progress	4,549	-	-	4,549
Total capital assets, not being depreciated	7,652,316	-	-	7,652,316
Capital assets being depreciated				
Buildings and improvements	54,441,369	31,833	-	54,473,202
Equipment, furniture and fixtures	1,288,657	-	-	1,288,657
Infrastructure	294,622	-	-	294,622
Source of supply-Electric	4,053,806	-	-	4,053,806
Total capital assets, being depreciated	60,078,454	31,833	-	60,110,287
Less: accumulated depreciation				
Buildings and improvements	(17,212,757)	(811,202)	-	(18,023,959)
Equipment,furniture and fixture	(16,851,517)	(677,192)	-	(17,528,709)
Source of supply-Electric	(1,185,510)	(92,753)	-	(1,278,263)
Total accumulated depreciation	(35,249,784)	(1,581,147)	-	(36,830,931)
Total capital assets being depreciated, net	24,828,670	(1,549,314)	-	23,279,356
Total Business-type activities	$ 32,480,986	$ (1,549,314)	$ -	$ 30,931,672

Depreciation expenses for business activities in the amount of $1,581,147 were charged to the activities:

IPUC:	
Water	$ 628,203
Electric	92,753
CRIA Expo Center	747,916
IPHMA	112,275
Total depreciation expense	$ 1,581,147

Note 8 – Capital Assets (Continued)

C. Property Held for Sale or Disposition of the Private-Purpose Trust Fund

Property Held for Sale or Disposition	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	$ 157,083,801	$ -	$ (70,183,929)	$ 86,899,872
Construction in progress	127,641,748	18,062,795	-	145,704,543
Total capital assets not being depreciated	284,725,549	18,062,795	(70,183,929)	232,604,415
Capital assets being depreciated				
Infrastructure	187,616,550	-	-	187,616,550
Buildings and improvements	15,221,946	-	(3,108,059)	12,113,887
Furniture and fixtures	676,222	-	-	676,222
Vehicles	33,312	-	-	33,312
Total capital assets being depreciated	203,548,030	-	(3,108,059)	200,439,971
Less: accumulated depreciation	(25,794,406)	-	468,094	(25,326,312)
Total capital assets being depreciated, net	177,753,624	-	(2,639,965)	175,113,659
Capital assets, net	$ 462,479,173	$ 18,062,795	$ (72,823,894)	$ 407,718,074

The SA to IUDA no longer records depreciation expense on its capital assets as these assets are being held for sale or disposition. During the year ended June 30, 2017, the SA to IUDA sold properties for $119,155,188 and recognized a gain of $46,331,294.

Note 9 – Unearned Revenue from Reclaimed Water Sales

The City purchases 10,000 acre feet of reclaimed water from LA County Sanitation District annually. The City also entered into separate joint use and development agreements with the Rowland Water District ("RWD") and the Upper San Gabriel Valley Water District ("SGVWD"). The purpose of the agreements is to sell 3,400 and 2,500 acre feet of reclaimed water to RWD and SGVWD, respectively. Under the agreements, RWD and SGVWD had the option to pay their allocated shares of cost in advance or over 20 years. On July 15, 2009, RWD paid its allocated share of cost in advance in the amount of $5,958,516. Subsequently, SGVWD also paid its allocable share of cost in advance in the amount of $4,280,345 on November 10, 2012. Both advances are to be amortized and recognized as revenue over 20 years. At June 30, 2017 total unearned revenue from the sale of reclaimed water to RWD and SGVWD was in the amount of $6,785,368.

Note 10 – Long-Term Liabilities

Summary of Changes in the Governmental Activities long-term liabilities for the year ended June 30, 2017 is as following:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within one year	Due in more than one year
Governmental activities:						
Bonds payable:						
City of Industry:						
General obligation bonds	$ 104,940,000	$ -	$ (10,865,000)	$ 94,075,000	$ 11,345,000	$ 82,730,000
Sales tax revenue bonds	422,600,000	34,340,000	(35,170,000)	421,770,000	5,950,000	415,820,000
Public Facilities Authority:						
Tax allocation bonds	574,905,000	-	(69,260,000)	505,645,000	59,995,000	445,650,000
Lease revenue bonds	4,230,000	-	(780,000)	3,450,000	810,000	2,640,000
Subtotal	1,106,675,000	34,340,000	(116,075,000)	1,024,940,000	78,100,000	946,840,000
Deferred amounts:						
Unamortized premium/discounts	(3,821,723)	(152,619)	(659,212)	(4,633,554)	287,678	(4,921,232)
Total bonds payable	1,102,853,277	34,187,381	(116,734,212)	1,020,306,446	78,387,678	941,918,768
Net Pension liability	6,336,456	2,620,832	(1,092,624)	7,864,664	-	7,864,664
Compensated absences	111,140	43,004	(49,571)	104,573	50,000	54,573
Total long-term liabilities	$ 1,109,300,873	$ 36,851,217	$ (117,876,407)	$ 1,028,275,683	$ 78,437,678	$ 949,838,005

A. City of Industry General Obligation Bonds

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
General obligation bonds:					
2009 GO Refunding Bonds, Series A	$ 16,960,000	$ -	$ (3,955,000)	$ 13,005,000	$ 4,130,000
2009 GO Refunding Bonds, Series B	25,945,000	-	(4,755,000)	21,190,000	4,975,000
2010 GO Refunding Bonds	33,050,000	-	(2,155,000)	30,895,000	2,240,000
2014 GO Refunding Bonds	28,985,000	-	-	28,985,000	-
Total general obligation bonds	$ 104,940,000	$ -	$ (10,865,000)	$ 94,075,000	$ 11,345,000

2009 General Obligation Refunding Bonds, Series A

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

Note 10 – Long-Term Liabilities (Continued)

A. City of Industry General Obligation Bonds (Continued)

2009 General Obligation Refunding Bonds, Series A (Continued)

Principal ranges from $3,955,000 to $4,545,000 maturing annually through July 1, 2019. The bonds bear interests at rates range from 2.930% to 3.800%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 4,130,000	$ 544,031	$ 4,674,031
2019	4,330,000	335,500	4,665,500
2020	4,545,000	113,625	4,658,625
	$ 13,005,000	$ 993,156	$ 13,998,156

2009 General Obligation Refunding Bonds, Series B

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

Principal ranges from $4,755,000 to $5,640,000 maturing annually through July 1, 2020. The bonds bear interests at rates range from 4.250% to 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 4,975,000	$ 819,713	$ 5,794,713
2019	5,180,000	610,400	5,790,400
2020	5,395,000	379,250	5,774,250
2021	5,640,000	127,800	5,767,800
	$ 21,190,000	$ 1,937,163	$ 23,127,163

Note 10 – Long-Term Liabilities (Continued)

A. City of Industry General Obligation Bonds (Continued)

2010 General Obligation Refunding Bonds

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

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

Year Ending June 30,	Principal	Interest	Total
2018	$ 2,240,000	$ 1,374,250	$ 3,614,250
2019	2,330,000	1,282,850	3,612,850
2020	2,430,000	1,175,500	3,605,500
2021	2,550,000	1,051,000	3,601,000
2022	2,675,000	924,825	3,599,825
2023-2027	13,625,000	2,527,938	16,152,938
2028-2030	5,045,000	322,190	5,367,190
	$ 30,895,000	$ 8,658,553	$ 39,553,553

2014 General Obligation Refunding Bonds

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

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

Year Ending June 30,	Principal	Interest	Total
2018	$ -	$ 832,964	$ 832,964
2019	-	832,964	832,964
2020	-	832,964	832,964
2021	4,470,000	777,089	5,247,089
2022	5,875,000	640,432	6,515,432
2023-2025	18,640,000	865,811	19,505,811
	$ 28,985,000	$ 4,782,224	$ 33,767,224

Note 10 – Long-Term Liabilities (Continued)

A. City of Industry General Obligation Bonds (Continued)

2014 General Obligation Refunding Bonds (Continued)

All the general obligation bonds are secured by property taxes received by the City. The general obligation bonds will be paid off through the fiscal year ending 2030. Principal and interest payments outstanding at June 30, 2017 on the bonds amounted to $110,446,096. Annual principal and interest payments on the general obligation bonds are expected to require 24% of the property taxes. For the year ended June 30, 2017, total monies received to pay for these bonds amounted to $52,807,059. Principal and interest paid on the bonds during the year ended June 30, 2017 amounted to $14,924,902.

B. City of Industry Sales Tax Revenue Bonds

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Sales tax revenue bonds:					
2010 Sales Tax Revenue Bonds	$ 34,570,000	$ -	$ (34,570,000)	$ -	$ -
2015 Sales Tax Revenue					
Refunding Bonds, Series A	336,570,000	-	(600,000)	335,970,000	1,890,000
2015 Sales Tax Revenue Bonds, Series B	51,460,000	-	-	51,460,000	485,000
2017 Sales Tax Refunding Revenue Bonds	-	34,340,000	-	34,340,000	3,575,000
Total sales tax revenue bonds	$ 422,600,000	$ 34,340,000	$ (35,170,000)	$ 421,770,000	$ 5,950,000

2010 Taxable Sales Tax Revenue Bonds

During April 2010, the City issued $45,380,000 of Taxable Sales Tax Revenue Bonds. Proceeds of approximately $39,725,000 were deposited into the Redevelopment Revolving Fund, which constitutes a loan to IUDA; IUDA or its successor is then obligated to repay these loans through available tax increment revenues. The remaining proceeds of approximately $4,500,000 were deposited into a reserve account. Refer to IUDA's 2010 Subordinate Lien Tax Allocation Refunding Bonds (Taxable) for settlement of the loan.

During the year ended June 30, 2017, the City issued $34,340,000 Senior Sales Tax Revenue Refunding Bonds Series 2017 (Taxable) to advance refund the 2010 Taxable Sales Tax Revenue Bonds. The defeased bonds had outstanding balance in the amount of $32,355,000 at June 30, 2017.

2015 Taxable Sales Tax Revenue Refunding Bonds, Series A

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

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

Note 10 – Long-Term Liabilities (Continued)

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

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

Principal ranges from $600,000 to $21,875,000 maturing annually through January 1, 2051. The bonds bear interests at rates range from 1.460% to 5.125%, due semiannually on January 1 and July 1.

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 1,890,000	$ 16,373,695	$ 18,263,695
2019	1,920,000	16,338,162	18,258,162
2020	1,960,000	16,297,363	18,257,363
2021	2,010,000	16,248,362	18,258,362
2022	2,065,000	16,193,088	18,258,088
2023-2027	11,380,000	79,920,381	91,300,381
2028-2032	39,490,000	75,495,600	114,985,600
2033-2037	49,420,000	65,570,238	114,990,238
2038-2042	63,280,000	51,707,406	114,987,406
2043-2047	81,245,000	33,742,744	114,987,744
2048-2051	81,310,000	10,677,937	91,987,937
	$ 335,970,000	$ 398,564,976	$ 734,534,976

2015 Taxable Sales Tax Revenue Refunding Bonds, Series B

On December 3, 2015, the City issued $51,460,000 Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable) to finance working capital expenditures and/or project costs.

Principal ranges from $485,000 to $3,905,000 maturing annually through February 1, 2051. The bonds bear interests at rates range from 2.750% to 7.750%, due semiannually on January 1 and July 1.

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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	560,000	3,645,498	4,205,498
2023-2027	3,240,000	17,792,624	21,032,624
2028-2032	4,315,000	16,720,006	21,035,006
2033-2037	6,065,000	14,966,328	21,031,328
2038-2042	8,670,000	12,362,188	21,032,188
2043-2047	12,545,000	8,492,450	21,037,450
2048-2051	14,015,000	2,816,738	16,831,738
Total	$ 51,460,000	$ 91,574,286	$ 143,034,286

Note 10 – Long-Term Liabilities (Continued)

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

2017 Senior Taxable Sales Tax Revenue Refunding Bonds

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

The refunding resulted in savings in debt service payments in the amount of $7,396,509. It also resulted in economic gain in the amount of $1,784,623.

Principal ranges from $3,085,000 to $3,873,000 maturing annually through January 1, 2027. The bonds bear interests at rates range from 1.500% to 3.500%, due semiannually on January 1 and July 1.

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 3,575,000	$ 642,635	$ 4,217,635
2019	3,085,000	890,656	3,975,656
2020	3,145,000	828,956	3,973,956
2021	3,215,000	758,194	3,973,194
2022	3,295,000	677,819	3,972,819
2023-2027	18,025,000	1,842,988	19,867,988
	$ 34,340,000	$ 5,641,248	$ 39,981,248

The sales tax revenue bonds are secured by sales tax revenues received by the City until the bonds are paid off in fiscal year 2051. Principal and interest payments outstanding at June 30, 2017 on the bonds amounted to $917,550,510. Annual principal and interest payments on the sales tax revenue bonds are expected to require 25% of the sales tax revenues. For the year ended June 30, 2017, total sales tax revenues received to pay for these bonds amounted to $31,224,043. Principal and interest paid on the bonds during the year ended June 30, 2017 amounted to $27,312,325.

Note 10 – Long-Term Liabilities (Continued)

C. Public Facilities Authority Tax Allocation Revenue Bonds

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Tax allocation revenue bonds:					
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)	$ 239,525,000	$ -	$ (32,000,000)	$ 207,525,000	$ 36,180,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 2)	7,140,000	-	(495,000)	6,645,000	700,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 2)	249,770,000	-	(10,245,000)	239,525,000	16,040,000
2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A (Project No. 2)	33,815,000	-	(23,420,000)	10,395,000	3,255,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 3)	7,230,000	-	(505,000)	6,725,000	710,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 3)	37,425,000	-	(2,595,000)	34,830,000	3,110,000
Total tax allocation revenue bonds	$ 574,905,000	$ -	$ (69,260,000)	$ 505,645,000	$ 59,995,000

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
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	30,740,000	2,292,814	33,032,814
2023-2025	26,645,000	1,992,464	28,637,464
	$ 207,525,000	$ 25,313,025	$ 232,838,025

Note 10 – Long-Term Liabilities (Continued)

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

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

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
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	845,000	181,750	1,026,750
2022-2025	2,790,000	283,500	3,073,500
	$ 6,645,000	$ 1,577,250	$ 8,222,250

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
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	22,550,000	8,149,926	30,699,926
2023-2027	150,120,000	16,239,817	166,359,817
	$ 239,525,000	$ 62,982,698	$ 302,507,698

Note 10 – Long-Term Liabilities (Continued)

C. 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.

During the year ended June 30, 2016, the PFA early redeemed $21,445,000 of the bonds. Remaining principal ranges from $200,000 to $3,590,000 maturing annually through January 1, 2021. The bonds bear interests at rate of 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
2018	$ 3,255,000	$ 597,712	$ 3,852,712
2019	3,350,000	410,550	3,760,550
2020	3,590,000	217,926	3,807,926
2021	200,000	11,500	211,500
	$ 10,395,000	$ 1,237,688	$ 11,632,688

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. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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	855,000	184,000	1,039,000
2023-2025	2,825,000	286,750	3,111,750
	$ 6,725,000	$ 1,596,250	$ 8,321,250

Note 10 – Long-Term Liabilities (Continued)

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

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

For Series B, principal ranges from $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
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	3,435,000	1,081,434	4,516,434
202-2027	18,005,000	2,671,050	20,676,050
	$ 34,830,000	$ 9,360,382	$ 44,190,382

Revenue pledged

All of the 2015 Tax Allocation Refunding Bonds described in Note 10C are secured and payable in the following order of priority: 1) pledged tax revenue through ownership to local obligation bonds, 2) investment income with respect to the funds and accounts established under the indenture, and 3) certain override revenues until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2017 amounted to $607,712,293.

D. Public Facilities Authority Lease Revenue Refunding Bonds

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Lease revenue refunding bonds					
2010 Lease Revenue Refunding Bonds	$ 4,230,000	$ -	$ (780,000)	$ 3,450,000	$ 810,000
Total general obligation bonds	$ 4,230,000	$ -	$ (780,000)	$ 3,450,000	$ 810,000

2010 Lease Revenue Refunding Bonds and City Certificates of Participation

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

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

Note 10 – Long – Term Liabilities (Continued)

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

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

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 $8,500,000 to the City for the lease of certain properties. The funds were then used by the City to prepay the 2000 Certificates. These funds were placed in an irrevocable trust to provide for all future debt service payments on the 2000 Certificates. Accordingly, the trust account and the defeased Certificates are not included in the City's financial statements.

In order to prepay the Site Lease, 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
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
	$ 3,450,000	$ 293,758	$ 3,743,758

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.

Note 10 – Long-Term Liabilities (Continued)

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

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

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

Year Ending June 30,	Lease Expense
2018	$ 373,144
2019	373,144
2020	373,144
2021	373,144
2022	373,144
Thereafter	2,985,148

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

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
2018	$ 937,658
2019	937,658
2020	937,658
2021	937,658

E. Non-City Obligation Bonds

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

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

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

F. Compensated Absences

At June 30, 2017, compensated absences totaled to $104,573, which will be liquidated by the General Fund.

Note 11 – Successor Agency Bonds Payable

Summary of changes in the Successor Agency to IUDA's bonds payables for the year ended June 30, 2017 is as following:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year	Due in more than one year
Project Area 1:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	$ 239,525,000	$ -	$ (32,000,000)	$ 207,525,000	$ 36,180,000	$ 171,345,000
Total Project Area 1	239,525,000	-	(32,000,000)	207,525,000	36,180,000	171,345,000
Project Area 2:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	7,140,000	-	(495,000)	6,645,000	700,000	5,945,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	249,770,000	-	(10,245,000)	239,525,000	16,040,000	223,485,000
2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A	33,815,000	-	(23,420,000)	10,395,000	3,255,000	7,140,000
Total Project Area 2	290,725,000	-	(34,160,000)	256,565,000	19,995,000	236,570,000
Project Area 3:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	7,230,000	-	(505,000)	6,725,000	710,000	6,015,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	37,425,000	-	(2,595,000)	34,830,000	3,110,000	31,720,000
Total Project Area 3	44,655,000	-	(3,100,000)	41,555,000	3,820,000	37,735,000
Total tax allocation bonds	574,905,000	-	(69,260,000)	505,645,000	59,995,000	445,650,000
Deferred amounts:						
Unamortized premium/discounts	533,641	-	(111,571)	422,070	111,571	310,499
Total bonds payable	$ 575,438,641	$ -	$ (69,371,571)	$ 506,067,070	$ 60,106,571	$ 445,960,499

Note 11 – Successor Agency Bonds Payable (Continued)

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

On July 1, 2015, the SA to IUDA issued the $239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) for the purpose to defease all IUDA Project No. 1 outstanding 2002 Tax Allocation Refunding Bonds Series B, 2003 Tax Allocation Bonds, Series A, 2003 Tax Allocation Bonds, Series B, 2003 Subordinate Lien Tax Allocation Refunding Bonds, 2005 Subordinate Lien Tax Allocation Refunding Bonds, 2007 Subordinate Lien Tax Allocation Refunding Bonds, and 2008 Subordinate Lien Tax Allocation Refunding Bonds.

Principal ranges from $6,835,000 to $39,090,000, maturing annually through January 1, 2025. The bonds bear interests at rates range from 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
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	30,740,000	2,292,814	33,032,814
2023-2025	26,645,000	1,992,464	28,637,464
	$ 207,525,000	$ 25,313,025	$ 232,838,025

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

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

For Series A, principal ranges from $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
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	845,000	181,750	1,026,750
2022-2025	2,790,000	283,500	3,073,500
	$ 6,645,000	$ 1,577,250	$ 8,222,250

Note 11 – Successor Agency Bonds Payables (Continued)

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

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
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	22,550,000	8,149,926	30,699,926
2023-2027	150,120,000	16,239,817	166,359,817
	$ 239,525,000	$ 62,982,698	$ 302,507,698

2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A

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

During the year ended June 30, 2016, the SA to IUDA early redeemed $21,445,000 of the bonds. Remaining principal ranges from $200,000 to $3,590,000 maturing annually through January 1, 2021. The bonds bear interests at rate of 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
2018	$ 3,255,000	$ 597,712	$ 3,852,712
2019	3,350,000	410,550	3,760,550
2020	3,590,000	217,926	3,807,926
2021	200,000	11,500	211,500
	$ 10,395,000	$ 1,237,688	$ 11,632,688

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

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

Note 11 – Successor Agency Bonds Payable (Continued)

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

For Series A, principal ranges from $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. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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	855,000	184,000	1,039,000
2023-2025	2,825,000	286,750	3,111,750
	$ 6,725,000	$ 1,596,250	$ 8,321,250

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
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	3,435,000	1,081,434	4,516,434
202-2027	18,005,000	2,671,050	20,676,050
	$ 34,830,000	$ 9,360,382	$ 44,190,382

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

Revenue Pledged

All of the bonds described in this note are secured by a pledge of all future payments from the Redevelopment Property Tax Trust Fund ("RPTTF") funds until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2017 amounted to $611,411,555. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2017, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to $63,685,996, which the SA received $55,722,458 after deductions.

Note 11 – Successor Agency Bonds Payable (Continued)

Revenue Pledged (Continued)

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

Since the Property Tax Override was authorized in 1978, the tax increment revenues allocated and paid to the IUDA before its dissolution in 2012 included a portion of the Property Tax Override. Pursuant to the IUDA bond indentures, the tax increment revenues pledged to the IUDA bonds included the Property Tax Override. Pursuant to the mandate set forth in HSC Section 34175, the pledge of property tax revenues for the IUDA bonds must not be affected and pledged revenues must continue to include the Agency Override Portion. However the Los Angeles Auditor-Controller in administering the allocation of property taxes pursuant to AB X1 26, is disbursing the Agency Override Portion to the City of Industry, instead of depositing the Agency Override Portion into the Successor Agency's RPTTF fund.

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

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

The SA to IUDA received RPTTF Funds for the year ending June 30, as follows:

RPTTF Funds	$	63,685,996
Less:		
Administrative expenses		(1,048,881)
Pass through payments		(6,914,657)
Net RPTTF Funds	$	55,722,458

At June 30, 2017 the PFA owns 100 percent of the outstanding bonds of the SA to the IUDA.

Note 12 – Defined Benefit Pension Plan

The following is the summary of net pension liabilities and related deferred outflows and inflows of resources as of June 30, 2017:

Deferred outflows of resources:		
Pension contribution after measurement date	$	567,355
Differences between expected and actual experience		14,735
Adjustment due to differences in proportions		327,601
Difference in projected and actual earnings on pension investments		941,261
Total deferred outflows of resources	$	1,850,952
Net pension liabilities:		
Net pension liabilities	$	7,864,664
Total net pension liabilities	$	7,864,664
Deferred inflows of resources:		
Changes of assumptions	$	180,850
Employer contributions under proportionate share of contributions		648,777
Total deferred inflows of resources	$	829,627

A. General Information about the Pension Plan

Plan Description

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

Employees Covered by Benefit Terms

At June 30, 2015 (valuation date), the following employees were covered by the benefit terms:

	Plans		
	Classic	**Second Tier**	**PEPRA**
Active employees	14	1	6
Transferred and terminated employees	9	0	0
Retired employees and beneficiaries	28	0	0
Total	51	1	6

Note 12 – Defined Benefit Pension Plan (Continued)

A. *General Information about the Pension Plan (Continued)*

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A first tier classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least five years of credited service. A second tier classic CalPERS member becomes eligible for service retirement upon attainment of age 60 with at least five years of credited service. A PEPRA miscellaneous member becomes eligible for service retirement upon attainment of age 62 with at least five years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member’s highest 12 - 36 months of full-time equivalent monthly pay.

The following are the benefit provisions for each plan:

- Classic Tier 1: 2.7% (at age 55) of the highest average 12-months compensation.
- Classic Tier 2: 2.0% (at age 60) of the highest average 36-months compensation.
- PEPRA: 2.0% (at age 62) of the average 36-months compensation.

Participants are eligible for non-industrial disability retirement if they become disabled and have at least five years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree’s designated survivor(s) or to the retiree’s estate.

Benefit terms provide for annual cost-of-living adjustments to each employee’s retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2.0 percent.

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following the notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Note 12 – Defined Benefit Pension Plans (Continued)

A. *General Information about the Pension Plan (Continued)*

Contributions (Continued)

For the measurement period ended June 30, 2016, the contribution rates were as follows:

Plans	Active Employee Contribution Rate	Employer Contribution Rate
Classic	8.000%	13.243%
Second Tier	7.000%	8.785%
PEPRA	7.000%	6.250%

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

Actuarial Methods and Assumption Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Long-Term Investment Return	7.65% net of investment expenses, adjust for inflation.
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1]The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumption

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

Note 12 – Defined Benefit Pension Plans (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund ("PERF"). The cash flow used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF's asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C fund), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
	100.00%		

[1] An expected inflation of 2.5% used
[2] An expected inflation of 3.0% used

Note 12 – Defined Benefit Pension Plans (Continued)

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

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

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.65%) or one percentage-point higher (8.65%) than the current rate:

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
$ 12,252,940	$ 7,864,664	$ 4,237,972

Pension Plan Fiduciary Net Position

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

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2015 (Valuation Date)	$ 27,808,601	$ 21,472,145	$ 6,336,456
Balance at June 30, 2016 (Measurement Date)	26,799,090	18,934,426	7,864,664
Net changes from July 1, 2015 to June 30, 2016	$ (1,009,511)	$ (2,537,719)	$ 1,528,208

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool:

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2015). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2016). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2016 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2015-16).

Note 12 – Defined Benefit Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the City's share of contribution.

The City's proportionate share of the net pension liability was as follows:

June 30, 2015	0.09232%
June 30, 2016	9.00888%
Change - Increase (Decrease)	8.91656%

For the year ended June 30, 2017, the City recognized pension expense in the amount of $650,779.

The Expected Average Remaining Service Lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the June 30, 2016 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired).

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	$ 567,355	$ -
Difference between expected and actual experience	14,735	-
Adjustment due to differences in proportions	327,601	-
Changes of assumptions	-	(180,850)
Net difference between projected and actual earnings on pension plan investments	941,261	-
Employer contributions under proportionated contributions	-	(648,777)
Total	$ 1,850,952	$ (829,627)

Note 12 – Defined Benefit Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

Deferred outflows of resources related to pensions resulting from the City's contributions made subsequent to the measurement date in the amount of $567,355 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2018	$ (122,260)
2019	(52,270)
2020	384,702
2021	243,798
2022	-
Thereafter	-
	$ 453,970

C. CalPERS Discount Rate

On December 16, 2016, the CalPERS Board of Administration (the "Board") approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent over the next three years. This will increase the City's employer contribution costs beginning in fiscal year 2018-19. The phase in of the discount rate change approved by the Board for the next three fiscal years is as follow:

Valuation Date	Required Contribution Rate	Discount Rate
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.250%
June 30, 2018	2020-21	7.000%

Lowering the discount rate means plans will see increases in both normal costs, the cost of pension benefits accruing in one year for active members and the accrued liabilities. These increase will result in higher required employer contribution

Note 13 - Deferred Compensation Plan

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

Note 13 – Deferred Compensation Plan (Continued)

Investments are managed by the plan's trustee under one of several investment options, or a combination thereof. The choice of the investment option(s) is made by the participants. Plan assets are held in trust for the exclusive benefit of participant and their beneficiaries; and therefore, are not included in the accompanying financial statements. As of June 30, 2017, the plan had investments in the amount of $1,403,797.

Note 14 – Other Postemployment Benefits (OPEB)

The City provides post-retirement health and dental care benefits for retirees and their spouses under a single-employer OPEB plan. The City is self-insured and pays 100% of all health and dental care benefits. Employees who were hired after April 26, 1990 are provided with a different level of coverage per resolution 1478, which provides 100% coverage after twenty-five years of service. Employees hired prior to April 26, 1990 receive 100% coverage after ten years of service. The Plan does not issue a separate stand alone financial report.

The City accounts for other post-employment benefits, primarily healthcare, on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the government-wide statement of activities when a future retiree earns their post-employment benefit rather than when they use their postemployment benefit.

Depending on the funding status of an entity on their actuarially required contribution, a post-employment benefit liability or asset is recognized on the government-wide statement of net assets over time.

A. Funding Policy

As of June 30, 2017, there were 34 individuals receiving post-retirement benefits from the City. The City prefunded all its OPEB contribution based on its actuarial accrued liability as of July 1, 2015 through the California Public Employees' Retirement System California Employer's Retiree Benefit Trust Fund (the CalPERS CERBT fund). For the year ended June 30, 2017, the City and its component units paid $683,322 for the retirees on a pay-as-you-go basis and received reimbursement in the amount of $653,626.

B. Annual OPEB Cost and Net OPEB Obligation/(Asset)

The City and component units' annual OPEB expense is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period of thirty years.

The annual required contribution is calculated as following:

Normal cost	$	457,334
Increase in normal cost due to increase in payroll		16,035
Residual UAAL amortization		(235)
Total ARC	$	473,134

Note 14 – Other Postemployment Benefits (OPEB) (Continued)

B. Annual OPEB Cost and Net OPEB Obligation/(Asset) (Continued)

The City's OPEB cost and the related information for the year ended June 30, 2017 is as following:

ARC	$ 473,134
Interest on net position obligation	(87,234)
Amortization adjustment	84,440
Annual OPEB Cost	470,340
Contribution made	(683,322)
Contribution reimbursement	653,626
Changes in Net OPEB (Asset)	440,644
Net OPEB (Asset):	
Beginning of year	(1,211,588)
End of year	$ (770,944)

The City's annual OPEB costs, the percentage of annual OPEB cost contributed, and the net OPEB obligation/(asset) for the three years ended June 30, 2017 are as following:

Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2015	$ 1,189,017	$ 11,039,940	928.49%	$ 1,665,081
June 30, 2016	453,493	-	0.00%	(1,211,588)
June 30, 2017	470,340	29,696	6.31%	(770,944)

C. Funded Status and Funding Progress

As of July 1, 2015, the latest actuarial valuation date, the plan was 100% funded. The actuarial accrued liability for benefits was $11,039,940 and the actuarial value of assets was $11,039,940 resulting in no unfunded actuarial accrued liability. The covered payroll (annual payroll of active employees covered by the plan) was $1,732,278 and the ratio of the surplus to the covered payroll was 0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

D. Actuarial Methods and Assumptions

The entry age normal actuarial cost method was used to estimate the actuarial accrued liability and normal cost. The level percentage of payroll method was used to allocate amortization cost by year over a 30-year amortization period. The actuarial assumptions included a 2.75% annual inflation rate, a 7.2% investment rate of return, projected salary increases of 2.75% and annual health care cost inflation of 4.0%.

Note 15 – Self-Insurance Plan

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

As of June 30, 2017, there are $258,877 in pending liability claims and litigation outstanding against the City and its component units. Based on information presently available, the City believes that there are substantial defenses to such litigation and disputes and that, in any event, the ultimate liability, if any, resulting there from will not have a material effect on the financial position of the City and its component units.

Note 16 – Commitments and Contingencies

Los Angeles Regional Water Quality Control Board

On October 27, 2015, the Los Angels Regional Water Quality Control Board (the "Regional Board") issued Administrative Civil Liability Complaint R4-2015-0207 ("Complaint") to the City proposing $5,758,792 in administrative civil liabilities alleging that unpermitted grading activities resulted in unauthorized discharge of dredged and/or fill material in the Eastern Fork of the San Gabriel River in May 2012. The Regional Board and the City entered into settlement agreement in October 2016 to the imposition of administrative civil liability in the amount of $5 million. Of that amount, the City agreed and paid $2.5 million in December 2016. The remaining $2.5 million is suspended pending completion of an Enhanced Compliance Action ("ECA"). The City will develop a stormwater quality improvement project as an ECA. The proposed timeline for the design and construction of the ECA is approximately three years from inception to completion by October 27, 2020. At June 30, 2017, the City is still in the process of developing the ECA.

Note 17 – Transactions with Related Parties

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

Service Provided by Vendor	Related Parties	Expenditures for the Year Ended June 30, 2017	Accounts Payable at June 30, 2017
Engineering services for the City and management services for the Expo Center	Member of City Council	$ 11,019,586	$ 583,361
Auto body and towing services	Former board member of CRIA and member of City Council	64,965	8,195
Management services for Homestead Museum	Former Mayor Pro Tem	837,606	67,043
Trash collection and recyclable collection services	Former member of Planning Commission	14,821,722	3,080
Landscaping services	Council member and former member of the Planning Commission	2,242,308	170,603
City attorney service	Member of the Oversight Board	1,426,773	529,309

Note 17 – Transactions with Related Parties (Continued)

Other Related Party Transactions	Related Parties	Amount for the Year Ended June 30, 2017
Tenant of the City's (Housing Authority) Properties	Current and former City Council members, current Commissioners, and current Boards members	$ 87,400

Note 18 – Industry Hills Regional Public Park and Recreation Area

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

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

Note 19 – Rental Properties

The City and its component units rent land, buildings and housing to others through non-cancelable rental agreements. Rental income for the year ended June 30, 2017 amounted to $10,333,256. Rental income of $1,988,549 is reported in the Governmental Fund financial statements, $191,300 in the IPHMA Enterprise Fund financial statements, and $8,153,407 in the Fiduciary Fund financial statements.

Future minimum rental income payments based on terms in effect at June 30, 2017 are as follows:

Year Ending June 30,	Amount
2017	$ 7,853,227
2018	7,879,306
2019	7,876,975
2020	7,883,079
2021	11,086,367
2022-2026	38,142,578
2027-2031	38,257,046
2032-2036	38,373,819
Thereafter	207,545,000

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

Note 19 – Rental Properties (Continued)

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

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

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

Note 20 – Lease Commitments

The City leases office space and other equipment and storage under operating lease agreements from third parties. Minimum lease commitments on all non-cancelable operating leases are as follows:

Year Ending June 30,	Leased from Third Parties
2018	$ 42,631
2019	20,468
2020	2,187

Note 21 – Excess of Expenditures Over Appropriations

During the year ended June 30, 2017, excess of expenditures over appropriations is as follows:

	Appropriation	Expenditures	Variance
General Fund:			
Public safety	$ 9,974,815	$ 10,907,556	$ (932,741)
Capital outlay	-	42,813,923	(42,813,923)
Civic Recreational Industrial Authority			-
Capital Projects Fund:			
Capital outlay	-	78,593	(78,593)
Debt Service Fund:			
General administration	15,612	26,460	(10,848)
Principal retirement	13,680,000	46,035,000	(32,355,000)
Interest	28,557,227	29,681,529	(1,124,302)
Industry Public Facilities Authority			
Debt Service Fund:			
General administration	396,651	1,201,755	(805,104)
Principal retirement	48,595,000	70,040,000	(21,445,000)
Gas Tax Special Revenue Fund:			
Public works	10,000	11,695	(1,695)
Proposition C Sales Tax			
Special Revenue Fund:			
Public works	-	7,040	(7,040)

General Fund public safety expenditures exceed appropriation due to the exchange of Proposition A funds in the amount of $1,065,600 not being appropriated. In addition, the purchase of land in the amount of $42,447,657 reported in the General Fund's capital outlay was not being appropriated.

Debt Service Fund refunded the 2010 Sales Tax Revenue Bonds in the amount of $32,355,000. There were no additional appropriations for the refunding.

Industry Public Facilities Authority Debt Service Fund partial redeemed the 2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A. There were no additional appropriations for the redemption.

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REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

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City of Industry
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2017

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 37,005,235	$ 36,920,235	$ 36,749,539	$ (170,696)
Intergovernmental	161,000	161,000	2,891,853	2,730,853
Charges for services	1,594,285	1,594,285	1,623,313	29,028
Licenses and permits	1,179,000	1,179,000	1,616,681	437,681
Fines, forfeitures and penalties	501,000	501,000	350,559	(150,441)
Use of money and property	10,063,395	12,574,395	5,592,034	(6,982,361)
Other revenue	495,000	495,000	642,699	147,699
Total revenues	50,998,915	53,424,915	49,466,678	(3,958,237)
EXPENDITURES:				
Current:				
Legislative	1,005,615	963,565	743,861	219,704
General administration	4,248,520	3,725,825	3,404,232	321,593
Support services	5,528,185	5,941,475	5,856,392	85,083
Community development	1,835,650	1,936,062	1,750,775	185,287
Community services	3,693,786	3,759,786	3,147,903	611,883
Public safety	9,997,195	9,974,815	10,907,556	(932,741)
Public works	14,039,800	16,485,303	11,142,022	5,343,281
Capital outlay	-	-	42,813,923	(42,813,923)
Total expenditures	40,348,751	42,786,831	79,766,664	(36,979,833)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,650,164	10,638,084	(30,299,986)	(40,938,070)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	43,743,000	49,619,770	5,876,770
Transfers out	(34,465,274)	(34,465,274)	(58,719,298)	(24,254,024)
Proceeds from sale of assets	-	-	1,166,665	1,166,665
Total other financing sources (uses)	(34,465,274)	9,277,726	(7,932,863)	(17,210,589)
NET CHANGE IN FUND BALANCES	$ (23,815,110)	$ 19,915,810	(38,232,849)	$ (58,148,659)
FUND BALANCES:				
Beginning of year			788,691,169	
End of year			$ 750,458,320	

Budgetary information

The City Council adopts an annual budget, submitted by the City Manager prior to June 30th. The appropriated budget is prepared by fund, function and department. All annual appropriations lapse at the end of the fiscal year. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to make adjustments to the operating budget within a fund. Transfers of operating budgets between funds or from appropriated reserve accounts, use of unappropriated fund balances, cancellation of appropriation and all changes in capital improvement project budgets require the approval of the City Council.

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

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

City of Industry
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2017

Last Ten Fiscal Years

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

Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014[1]
City's Proportion of the Net Pension Liability/(Asset)	0.09088%	0.09232%	0.07687%
City's Proportionate Share of the net Pension Liability/(Asset)	$ 7,864,664	$ 6,336,456	$ 4,782,916
City's Covered-Employee Payroll	$ 1,936,492	$ 1,988,262	$ 1,779,595
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	406.13%	318.69%	268.76%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	70.71%	77.21%	83.03%

[1] Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as become available.

City of Industry
Required Supplementary Information (Unaudited)
Schedule of City's Contributions
For the Year Ended June 30, 2017

Last Ten Fiscal Years

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

	2016-17	2015-16	2014-15	2013-14[1]
Actuarially Determined Contribution	$ 215,312	$ 227,017	$ 255,850	$ 303,098
Contribution in Relation to the Actuarially Determined Contribution	(567,355)	(534,918)	(255,850)	(303,098)
Contribution Deficiency (Excess)	$ (352,043)	$ (307,901)	$ -	$ -
Covered Payroll[2]	$ 1,994,587	$ 1,936,492	$ 1,988,262	$ 1,779,595
Contributions as a Percentage of Covered Payroll	10.79%	11.72%	12.87%	17.21%

[1] Historical information is presented only for measurement periods for which GASB 68 information is available. Additional years of information will be presented as becomes available.

[2] Payroll from prior year $1,936,492 was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

City of Industry
Required Supplementary Information (Unaudited)
Schedule of Funding Progress
For the Year Ended June 30, 2017

Other Postemployment Benefit Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a-b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/c
9/1/2011	$ 14,417,646	$ -	$ 14,417,646	0.0%	$ 1,670,642	863%
9/1/2014	14,741,274	-	14,741,274	0.0%	1,661,041	887%
7/1/2015	11,039,940	11,039,940	-	100.0%	1,732,278	0%

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SUPPLEMENTARY INFORMATION

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CAPITAL PROJECTS FUNDS

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City of Industry
Combining Balance Sheet
Capital Projects Funds
June 30, 2017

	Capital Projects Fund	Civic-Recreational-Industrial Authority Capital Projects Fund	Total
ASSETS			
Cash	$ 5,843	$ 57,386	$ 63,229
Investments	834,522	147,162	981,684
Accrued interest	182,642	596	183,238
Investments with fiscal agent	206,793,383	-	206,793,383
Total assets	$ 207,816,390	$ 205,144	$ 208,021,534
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ 8,802,218	$ 177,376	$ 8,979,594
Total Liabilities	8,802,218	177,376	8,979,594
Fund Balances:			
Restricted	199,014,172	-	199,014,172
Committed	-	27,768	27,768
Total fund balances	199,014,172	27,768	199,041,940
Total liabilities and fund balances	$ 207,816,390	$ 205,144	$ 208,021,534

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Projects Funds
For the Year Ended June 30, 2017

	Capital Projects Fund	Civic-Recreational-Industrial Authority Capital Projects Fund	Total
REVENUES:			
Use of money and property	$ 1,011,695	$ 1,095	$ 1,012,790
Total revenues	1,011,695	1,095	1,012,790
EXPENDITURES:			
Current:			
General administration	-	118,701	118,701
Public works	1,647,177	-	1,647,177
Capital outlay	16,987,148	78,593	17,065,741
Total expenditures	18,634,325	197,294	18,831,619
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,622,630)	(196,199)	(17,818,829)
OTHER FINANCING SOURCES (USES):			
Transfers in	21,920,722	546,799	22,467,521
Transfers out	(48,511,256)	(449,906)	(48,961,162)
Total other financing sources (uses)	(26,590,534)	96,893	(26,493,641)
NET CHANGE IN FUND BALANCES	(44,213,164)	(99,306)	(44,312,470)
FUND BALANCES:			
Beginning of year	243,227,336	127,074	243,354,410
End of year	$ 199,014,172	$ 27,768	$ 199,041,940

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2017

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Use of money and property	$ 2,500	$ 2,500	$ 1,011,695	$ 1,009,195
Total revenues	2,500	2,500	1,011,695	1,009,195
EXPENDITURES:				
Current:				
Public works	14,762,173	15,406,373	1,647,177	13,759,196
Capital outlay	18,853,956	21,494,468	16,987,148	4,507,320
Total expenditures	33,616,129	36,900,841	18,634,325	18,266,516
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(33,613,629)	(36,898,341)	(17,622,630)	19,275,711
OTHER FINANCING SOURCES (USES):				
Transfer in	33,387,229	33,387,229	21,920,722	(11,466,507)
Transfers out	-	(43,743,000)	(48,511,256)	(4,768,256)
Total other financing sources (uses)	33,387,229	(10,355,771)	(26,590,534)	(16,234,763)
NET CHANGES IN FUND BALANCES	$ (226,400)	$ (47,254,112)	(44,213,164)	$ 3,040,948
FUND BALANCE:				
Beginning of year			243,227,336	
End of year			$ 199,014,172	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Civic-Recreational-Industrial Authority Capital Projects Fund
For the Year Ended June 30, 2017

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Use of money and property	$ 510	$ 510	$ 1,095	$ 585
Total revenues	510	510	1,095	585
EXPENDITURES:				
Current:				
General administration	572,385	342,585	118,701	223,884
Capital outlay	-	-	78,593	(78,593)
Total expenditures	572,385	342,585	197,294	145,291
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(571,875)	(342,075)	(196,199)	145,876
OTHER FINANCING SOURCES (USES):				
Transfers in	1,078,045	1,078,045	546,799	(531,246)
Transfers out	(505,660)	(505,660)	(449,906)	55,754
Total other financing sources (uses)	572,385	572,385	96,893	(475,492)
NET CHANGES IN FUND BALANCES	$ 510	$ 230,310	(99,306)	$ (329,616)
FUND BALANCE:				
Beginning of year			127,074	
End of year			$ 27,768	

DEBT SERVICE FUNDS

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City of Industry
Combining Balance Sheet
Debt Service Funds
June 30, 2017

	Debt Service Fund	Tax Override Fund	Industry Public Facilities Authority Debt Service Fund	Total
ASSETS				
Cash	$ 100,045	$ 854	$ -	$ 100,899
Investments	2,883,321	1,218	-	2,884,539
Investments with fiscal agent - restricted	93,286,934	-	51,907,828	145,194,762
Investments in City and SA to IUDA bonds	-	-	556,992,474	556,992,474
Accrued interest	6,638	3	11,437,482	11,444,123
Other receivables	469,632	1,373,937	-	1,843,569
Prepaid items	7,983,117	-	6,518,131	14,501,248
Site lease prepayment	-	-	4,850,869	4,850,869
Total assets	$ 104,729,687	$ 1,376,012	$ 631,706,784	$ 737,812,483
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 4,673	$ -	$ -	$ 4,673
Due to other funds	4,689,810	-	-	4,689,810
Advance from other funds	-	-	53,000,483	53,000,483
Total liabilities	4,694,483	-	53,000,483	57,694,966
Fund Balances:				
Nonspendable	7,983,117	-	6,518,131	14,501,248
Restricted	92,052,087	1,376,012	51,907,828	145,335,927
Committed	-	-	520,280,342	520,280,342
Total fund balances	100,035,204	1,376,012	578,706,301	680,117,517
Total liabilities and fund balances:	$ 104,729,687	$ 1,376,012	$ 631,706,784	$ 737,812,483

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds
For the Year Ended June 30, 2017

	Debt Service Fund	Tax Override Fund	Industry Public Facilities Authority Debt Service Fund	Total
REVENUES:				
Property taxes	$ 50,437,454	$ 48,524,351	$ -	$ 98,961,805
Use of money and property	84,882	9	24,909,317	24,994,208
Total revenues	50,522,336	48,524,360	24,909,317	123,956,013
EXPENDITURES:				
Current:				
General administration	26,460	-	1,201,755	1,228,215
Debt service:				
Principal retirement	46,035,000	-	70,040,000	116,075,000
Interest	29,681,529	-	36,929,236	66,610,765
Total expenditures	75,742,989	-	108,170,991	183,913,980
REVENUES OVER (UNDER) EXPENDITURES	(25,220,653)	48,524,360	(83,261,674)	(59,957,967)
OTHER FINANCING SOURCES (USES):				
Transfers in	37,136,729	-	47,659,554	84,796,283
Transfers out	-	(47,639,564)	-	(47,639,564)
Transfers out to Successor Agency	-	(45,671,596)	-	(45,671,596)
Issuance of sales tax revenue bonds	34,340,000	-	-	34,340,000
Issuance discount	(152,619)	-	-	(152,619)
Bond issuance costs	(1,385,434)	-	-	(1,385,434)
Total other financing sources (uses)	69,938,676	(93,311,160)	47,659,554	24,287,070
Change in fund balances	44,718,023	(44,786,800)	(35,602,120)	(35,670,897)
FUND BALANCES:				
Beginning of year	55,317,181	46,162,812	614,308,421	715,788,414
End of year	$ 100,035,204	$ 1,376,012	$ 578,706,301	$ 680,117,517

City of Industry
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2017

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Property taxes	$ 11,211,000	$ 11,211,000	$ 50,437,454	$ 39,226,454
Use of money and property	103,099	103,099	84,882	(18,217)
Total revenues	11,314,099	11,314,099	50,522,336	39,208,237
EXPENDITURES:				
Current:				
General administration	15,612	15,612	26,460	(10,848)
Debt service:				
Principal retirement	13,680,000	13,680,000	46,035,000	(32,355,000)
Interest	28,557,227	28,557,227	29,681,529	(1,124,302)
Total expenditures	42,252,839	42,252,839	75,742,989	(33,490,150)
REVENUES OVER (UNDER) EXPENDITURES	(30,938,740)	(30,938,740)	(25,220,653)	5,718,087
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	37,136,729	37,136,729
Issuance of sales tax revenue bonds	-	-	34,340,000	34,340,000
Issuance discount	-	-	(152,619)	(152,619)
Bond issuance costs	-	-	(1,385,434)	(1,385,434)
Total other financing sources (uses)	-	-	69,938,676	69,938,676
Changes in fund balance	$ (30,938,740)	$ (30,938,740)	44,718,023	$ 75,656,763
FUND BALANCES:				
Beginning of year			55,317,181	
End of year			$ 100,035,204	

City of Industry
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Tax Override Debt Service Funds
For the Year Ended June 30, 2017

	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES:				
Property taxes	$ 45,880,052	$ 45,880,052	$ 48,524,351	$ 2,644,299
Use of money and property	85,000	85,000	9	(84,991)
Total revenues	45,965,052	45,965,052	48,524,360	2,559,308
REVENUES OVER EXPENDITURES	45,965,052	45,965,052	48,524,360	2,559,308
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(47,639,564)	(47,639,564)
Transfers out to Successor Agency	(45,880,052)	(45,880,052)	(45,671,596)	208,456
Total other financing sources (uses)	(45,880,052)	(45,880,052)	(93,311,160)	(47,431,108)
Changes in fund balance	$ 85,000	$ 85,000	(44,786,800)	$ (44,871,800)
FUND BALANCES:				
Beginning of year			46,162,812	
End of year			$ 1,376,012	

City of Industry
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Industry Public Facilities Authority Debt Service Funds
For the Year Ended June 30, 2017

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Property taxes	$ -	$ -	$ -	$ -
Use of money and property	61,697,179	61,697,179	24,909,317	(36,787,862)
Total revenues	61,697,179	61,697,179	24,909,317	(36,787,862)
EXPENDITURES:				
Current:				
General administration	396,651	396,651	1,201,755	(805,104)
Debt service:				
Principal retirement	48,595,000	48,595,000	70,040,000	(21,445,000)
Interest	37,426,228	37,426,228	36,929,236	496,992
Total expenditures	86,417,879	86,417,879	108,170,991	(21,753,112)
REVENUES OVER (UNDER) EXPENDITURES	(24,720,700)	(24,720,700)	(83,261,674)	(58,540,974)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	47,659,554	47,659,554
Total other financing sources (uses)	-	-	47,659,554	47,659,554
Changes in fund balance	$ (24,720,700)	$ (24,720,700)	(35,602,120)	$ (10,881,420)
FUND BALANCES:				
Beginning of year			614,308,421	
End of year			$ 578,706,301	

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NONMAJOR GOVERNMENTAL FUNDS

City of Industry
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds			
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax
ASSETS				
Cash	$ -	$ -	$ 2,691,961	$ 11,118
Investments	-	-	-	-
Accounts receivable	17,903	-	-	-
Accrued interest	-	-	-	-
Due from other funds	-	-	11	-
Total assets	$ 17,903	$ -	$ 2,691,972	$ 11,118
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 3,986	$ -
Due to other funds	-	-	-	2,209
Total liabilities	-	-	3,986	2,209
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted for public transportation and roads	17,903	-	2,687,986	8,909
Unassigned	-	-	-	-
Total fund balances	17,903	-	2,687,986	8,909
Total liabilities and fund balances	$ 17,903	$ -	$ 2,691,972	$ 11,118

City of Industry
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds		
	Grants	AQMD Grant	Total
ASSETS			
Cash	$ -	$ -	$ 2,703,079
Investments	-	-	-
Accounts receivable	1,975,315	471	1,993,689
Accrued interest	-	-	-
Due from other funds	-	-	11
Total assets	$ 1,975,315	$ 471	$ 4,696,779
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ 3,986
Due to other funds	1,975,315	-	1,977,524
Total liabilities	1,975,315	-	1,981,510
Deferred inflows of resources:			
Unavailable revenues	1,975,315	-	1,975,315
Total deferred inflows of resources	1,975,315	-	1,975,315
Fund Balances:			
Restricted for public transportation and roads	-	471	2,715,269
Unassigned	(1,975,315)		(1,975,315)
Total fund balances	(1,975,315)	471	739,954
Total liabilities and fund balances	$ 1,975,315	$ 471	$ 4,696,779

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax
REVENUES:				
Taxes	$ 11,695	$ 4,996	$ 1,488,029	$ 7,039
Intergovernmental	-	-	16,020	-
Use of money and property	-	-	8,089	12
Total revenues	11,695	4,996	1,512,138	7,051
EXPENDITURES:				
Current:				
Public safety	-	-	100,625	-
Public works	11,695	4,996	-	7,040
Capital outlay	-	-	202,594	-
Total expenditures	11,695	4,996	303,219	7,040
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,208,919	11
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Changes in fund balances	-	-	1,208,919	11
FUND BALANCES:				
Beginning of year	17,903	-	1,479,067	8,898
End of year	$ 17,903	$ -	$ 2,687,986	$ 8,909

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds		
	Grants	AQMD Grant	Total
REVENUES:			
Taxes	$ -	$ -	$ 1,511,759
Intergovernmental	532,582	471	549,073
Use of money and property	-	-	8,101
Total revenues	532,582	471	2,068,933
EXPENDITURES:			
Current:			
Public safety	-	-	100,625
Public works	-	-	23,731
Capital outlay	-	-	202,594
Total expenditures	-	-	326,950
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	532,582	471	1,741,983
OTHER FINANCING SOURCES (USES):			
Transfers out	(2,507,897)	-	(2,507,897)
Total other financing sources (uses)	(2,507,897)	-	(2,507,897)
Changes in fund balances	(1,975,315)	471	(765,914)
FUND BALANCES:			
Beginning of year	-	-	1,505,868
End of year	$ (1,975,315)	$ 471	$ 739,954

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2017

	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES:				
Taxes	$ 14,750	$ 14,750	$ 11,695	$ (3,055)
Use of money and property	100	100	-	(100)
Total revenues	14,850	14,850	11,695	(3,155)
EXPENDITURES:				
Current:				
Public works	10,000	10,000	11,695	(1,695)
Total expenditures	10,000	10,000	11,695	(1,695)
NET CHANGES IN FUND BALANCES	$ 4,850	$ 4,850	-	$ (4,850)
FUND BALANCE:				
Beginning of year			17,903	
End of year			$ 17,903	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Measure R Local Return Special Revenue Fund
For the Year Ended June 30, 2017

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ -	$ -	$ 4,996	$ 4,996
Total revenues	-	-	4,996	4,996
EXPENDITURES:				
Current:				
Public works	5,000	5,000	4,996	4
Total expenditures	5,000	5,000	4,996	4
NET CHANGES IN FUND BALANCES	$ (5,000)	$ (5,000)	-	$ 5,000
FUND BALANCE:				
Beginning of year			-	
End of year			$ -	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Proposition A Sales Tax Special Revenue Fund
For the Year Ended June 30, 2017

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Taxes	$ 8,000	$ 8,000	$ 1,488,029	$ 1,480,029
Intergovernmental	-	-	16,020	16,020
Revenues from use of money and property	5,500	5,500	8,089	2,589
Total revenues	13,500	13,500	1,512,138	1,498,638
EXPENDITURES:				
Current:				
Public safety	4,185,000	4,185,000	100,625	4,084,375
Capital outlay	450,000	450,000	202,594	247,406
Total expenditures	4,635,000	4,635,000	303,219	4,331,781
NET CHANGES IN FUND BALANCES	$ (4,621,500)	$ (4,621,500)	1,208,919	$ 5,830,419
FUND BALANCE:				
Beginning of year			1,479,067	
End of year			$ 2,687,986	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Proposition C Sales Tax Special Revenue Fund
For the Year Ended June 30, 2017

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 7,000	$ 7,000	$ 7,039	$ 39
Use of money and property	10	10	12	2
Total revenues	7,010	7,010	7,051	41
EXPENDITURES:				
Current:				
Public works	-	-	7,040	(7,040)
Total expenditures	-	-	7,040	(7,040)
NET CHANGES IN FUND BALANCES	$ 7,010	$ 7,010	11	$ (6,999)
FUND BALANCE:				
Beginning of year			8,898	
End of year			$ 8,909	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Grant Special Revenue Fund
For the Year Ended June 30, 2017

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	$ -	$ -	$ 532,582	$ 532,582
Total revenues	-	-	532,582	532,582
OTHER FINANCING SOURCES (USES):				
Transfer out	-	-	(2,507,897)	(2,507,897)
Total other financing sources (uses)	-	-	(2,507,897)	(2,507,897)
NET CHANGES IN FUND BALANCES	$ -	$ -	(1,975,315)	$ (1,975,315)
FUND BALANCE:				
Beginning of year			-	
End of year			$ (1,975,315)	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
AQMD Grant Special Revenue Fund
For the Year Ended June 30, 2017

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	$ -	$ -	$ 471	$ 471
Total revenues	-	-	471	471
NET CHANGES IN FUND BALANCES	$ -	$ -	471	$ 471
FUND BALANCE:				
Beginning of year			-	
End of year			$ 471	

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INDUSTRY PUBLIC UTILITIES COMMISSION ENTERPRISE FUNDS

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City of Industry
Combining Statement of Net Position
Industry Public Utilities Commission Enterprise Funds
June 30, 2017

	Industry Public Utilities Commission		
	Water	Electric	Total
ASSETS			
Current assets:			
Cash	$ 1,403,724	$ 586,443	$ 1,990,167
Investments	5,213,317	5,465,957	10,679,274
Accounts receivable, net	507,655	641,664	1,149,319
Inventory of materials and supplies	10,000	-	10,000
Prepaid items	248,655	-	248,655
Due from other funds	-	707,290	707,290
Total current assets	7,383,351	7,401,354	14,784,705
Noncurrent assets:			
Capital assets:			
Capital assets not being depreciated	922,936	-	922,936
Capital assets being depreciated, net	9,386,965	2,965,665	12,352,630
Capital assets, net	10,309,901	2,965,665	13,275,566
Total noncurrent assets	10,309,901	2,965,665	13,275,566
Total assets	17,693,252	10,367,019	28,060,271
LIABILITIES			
Current liabilities:			
Accounts payable	292,094	678,934	971,028
Accrued liabilities	-	6,336	6,336
Deposits	32,836	-	32,836
Due to other funds	3,304	11,884	15,188
Unearned revenue from reclaimed water sales	6,785,368	-	6,785,368
Total current liabilities	7,113,602	697,154	7,810,756
Total liabilities	7,113,602	697,154	7,810,756
NET POSITION			
Investment in capital assets	10,309,901	2,965,665	13,275,566
Unrestricted	269,749	6,704,200	6,973,949
Total net position	$ 10,579,650	$ 9,669,865	$ 20,249,515

City of Industry
Combining Statement of Revenues, Expenses, and Changes in Fund Position
Industry Public Utilities Commission Enterprise Funds
For the Year Ended June 30, 2017

	Industry Public Utilities Commission		
	Water	Electric	Total
OPERATING REVENUES:			
Water sales and service	$ 3,236,624	$ -	$ 3,236,624
Electric and solar energy sales	-	5,257,895	5,257,895
Total operating revenues	3,236,624	5,257,895	8,494,519
OPERATING EXPENSES:			
Purchased water	515,619	-	515,619
Purchased electricity	-	2,533,273	2,533,273
Personnel services	624,021	79,154	703,175
General administration	1,548,638	2,268,622	3,817,260
Depreciation	628,203	92,753	720,956
Total operating expenses	3,316,481	4,973,802	8,290,283
OPERATING INCOME (LOSS)	(79,857)	284,093	204,236
NONOPERATING REVENUES:			
Investment income	38,689	22,260	60,949
Other revenues	59,901	121,154	181,055
Total nonoperating revenue	98,590	143,414	242,004
Changes in net position before transfers	18,733	427,507	446,240
TRANSFERS:			
Transfers in	-	504,142	504,142
Total transfers	-	504,142	504,142
Changes in net position	18,733	931,649	950,382
NET POSITION:			
Beginning of year	10,560,917	8,738,216	19,299,133
End of year	$ 10,579,650	$ 9,669,865	$ 20,249,515

City of Industry
Combining Statement of Cash Flows
Industry Public Utilities Commission Enterprise Funds
For the Year Ended June 30, 2017

	Industry Public Utilities Commission		
	Water	Electric	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 2,559,463	$ 5,288,356	$ 7,847,819
Receipts from other funds	3,304	-	3,304
Payments to vendors for supplies and services	(1,763,041)	(4,192,680)	(5,955,721)
Payments to employees	(624,021)	(79,154)	(703,175)
Payments to other funds for supplies and services	-	(1,080,110)	(1,080,110)
Other revenues	59,901	121,154	181,055
Net cash provided by (used in) operating activities	235,606	57,566	293,172
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	504,142	504,142
Net cash provided by noncapital and related financing activities	-	504,142	504,142
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	-	(5,465,957)	(5,465,957)
Proceeds from sale of investments	-	3,741,893	3,741,893
Interest received	4,959	22,260	27,219
Net cash provided by (used in) investing activities	4,959	(1,701,804)	(1,696,845)
Net decrease in cash and cash equivalents	240,565	(1,140,096)	(899,531)
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,163,159	1,726,539	2,889,698
End of year	$ 1,403,724	$ 586,443	$ 1,990,167
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income	$ (79,857)	$ 284,093	$ 204,236
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	628,203	92,753	720,956
Other revenues	59,901	121,154	181,055
(Increase) decrease in accounts receivables	(52,549)	30,461	(22,088)
(Increase) decrease in prepaid items	257,108	500,000	757,108
(Increase) decrease in due from other funds	-	(591,994)	(591,994)
Increase (decrease) in accounts payable	44,108	102,879	146,987
Increase (decrease) in accrued expenses	-	6,336	6,336
Increase (decrease) in customer deposits	(112,669)	-	(112,669)
Increase (decrease) in due to other funds	3,304	(488,116)	(484,812)
Increase (decrease) in unearned revenues	(511,943)	-	(511,943)
Net cash provided by (used in) operating activities	$ 235,606	$ 57,566	$ 293,172

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AGENCY FUND

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City of Industry
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Assessment Districts				
ASSETS				
Cash	$ 316,230	$ 127,766	$ (129,701)	$ 314,295
Investments	1,634,140	140,201	-	1,774,341
Cash with fiscal agent	-	519,099	-	519,099
Other receivables	10,262	1,251	-	11,513
Total assets	$ 1,960,632	$ 788,317	$ (129,701)	$ 2,619,248
LIABILITIES				
Due to bond holders	$ 2,479,353	$ 648,116	$ (508,221)	$ 2,619,248
Total liabilities	$ 2,479,353	$ 648,116	$ (508,221)	$ 2,619,248

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SCHEDULES OF LONG-TERM DEBT

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City of Industry
Schedule of Long-Term Debt
$37,860,000 General Obligation Refunding Bonds, Issue of 2009 - Maturity Schedule
For the Year Ended June 30, 2017

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2017	$ 4,130,000	3.375%	$ 322,156	$ 4,452,156	
1/1/2018	-	3.600%	221,875	221,875	4,674,031
7/1/2018	4,330,000	3.600%	221,875	4,551,875	
1/1/2019	-	3.800%	113,625	113,625	4,665,500
7/1/2019	4,545,000	3.800%	113,625	4,658,625	4,658,625
	$ 13,005,000		$ 993,156	$ 13,998,156	$ 13,998,156

City of Industry
Schedule of Long-Term Debt (Continued)
$50,975,000 General Obligation Refunding Bonds, Series B, Issue of 2009 - Maturity Schedule
For the Year Ended June 30, 2017

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2017	$ 4,975,000	4.250%	$ 460,763	$ 5,435,763	
1/1/2018	-	4.375%	358,950	358,950	5,794,713
7/1/2018	5,180,000	4.375%	358,950	5,538,950	
1/1/2019	-	4.500%	251,450	251,450	5,790,400
7/1/2019	5,395,000	4.500%	251,450	5,646,450	
1/1/2020	-	4.500%	127,800	127,800	5,774,250
7/1/2020	5,640,000	4.500%	127,800	5,767,800	5,767,800
	$ 21,190,000		$ 1,937,163	$ 23,127,163	$ 23,127,163

City of Industry
Schedule of Long-Term Debt (Continued)
$43,340,000 General Obligation Refunding Bonds, Issue of 2010 - Maturity Schedule
For the Year Ended June 30, 2017

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2017	$ 2,240,000	4.000%	$ 709,525	$ 2,949,525	
1/1/2018	-	4.000%	664,725	664,725	3,614,250
7/1/2018	2,330,000	4.000%	664,725	2,994,725	
1/1/2019	-	4.000%	618,125	618,125	3,612,850
7/1/2019	2,430,000	5.000%	618,125	3,048,125	
1/1/2020	-	5.000%	557,375	557,375	3,605,500
7/1/2020	2,550,000	5.000%	557,375	3,107,375	
1/1/2021	-	5.000%	493,625	493,625	3,601,000
7/1/2021	2,675,000	4.500%	493,625	3,168,625	
1/1/2022	-	4.500%	431,200	431,200	3,599,825
7/1/2022	2,800,000	5.000%	431,200	3,231,200	
1/1/2023	-	5.000%	361,200	361,200	3,592,400
7/1/2023	2,940,000	5.000%	361,200	3,301,200	
1/1/2024	-	5.000%	287,700	287,700	3,588,900
7/1/2024	3,095,000	5.000%	287,700	3,382,700	
1/1/2025	-	5.000%	210,325	210,325	3,593,025
7/1/2025	3,240,000	4.500%	210,325	3,450,325	
1/1/2026	-	4.500%	137,075	137,075	3,587,400
7/1/2026	1,550,000	4.250%	137,075	1,687,075	
1/1/2027	-	4.250%	104,138	104,138	1,791,213
7/1/2027	1,615,000	4.000%	104,138	1,719,138	
1/1/2028	-	4.000%	71,838	71,838	1,790,976
7/1/2028	1,680,000	4.125%	71,838	1,751,838	
1/1/2029	-	4.125%	37,188	37,188	1,789,026
7/1/2029	1,750,000	4.250%	37,188	1,787,188	1,787,188
	$ 30,895,000		$ 8,658,553	$ 39,553,553	$ 39,553,553

City of Industry
Schedule of Long-Term Debt (Continued)
$28,985,000 General Obligation Refunding Bonds Taxable, Issue of 2014 - Maturity Schedule
For the Year Ended June 30, 2017

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2017	$ -	2.500%	$ 416,482	$ 416,482	
1/1/2018	-	2.500%	416,482	416,482	832,964
7/1/2018	-	2.500%	416,482	416,482	
1/1/2019	-	2.500%	416,482	416,482	832,964
7/1/2019	-	2.500%	416,482	416,482	
1/1/2020	-	2.500%	416,482	416,482	832,964
7/1/2020	4,470,000	2.500%	416,482	4,886,482	
1/1/2021	-	2.750%	360,607	360,607	5,247,089
7/1/2021	5,875,000	2.750%	360,607	6,235,607	
1/1/2022	-	2.875%	279,825	279,825	6,515,432
7/1/2022	6,035,000	2.875%	279,825	6,314,825	
1/1/2023	-	3.000%	193,072	193,072	6,507,897
7/1/2023	6,210,000	3.000%	193,072	6,403,072	
1/1/2024	-	3.125%	99,921	99,921	6,502,993
7/1/2024	6,395,000	3.125%	99,921	6,494,921	6,494,921
	$ 28,985,000		$ 4,782,224	$ 33,767,224	$ 33,767,224

City of Industry
Schedule of Long-Term Debt (Continued)
$336,570,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015A - Maturity Schedule
For the Year Ended June 30, 2017

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2017	$ -	1.880%	$ 8,186,847	$ 8,186,847	
1/1/2018	1,890,000	1.880%	8,186,847	10,076,847	18,263,695
7/1/2018	-	2.125%	8,169,081	8,169,081	
1/1/2019	1,920,000	2.125%	8,169,081	10,089,081	18,258,163
7/1/2019	-	2.500%	8,148,681	8,148,681	
1/1/2020	1,960,000	2.500%	8,148,681	10,108,681	18,257,363
7/1/2020	-	2.750%	8,124,181	8,124,181	
1/1/2021	2,010,000	2.750%	8,124,181	10,134,181	18,258,363
7/1/2021	-	3.000%	8,096,544	8,096,544	
1/1/2022	2,065,000	3.000%	8,096,544	10,161,544	18,258,088
7/1/2022	-	3.250%	8,065,569	8,065,569	
1/1/2023	2,130,000	3.250%	8,065,569	10,195,569	18,261,138
7/1/2023	-	3.250%	8,030,956	8,030,956	
1/1/2024	2,200,000	3.250%	8,030,956	10,230,956	18,261,913
7/1/2024	-	3.500%	7,995,206	7,995,206	
1/1/2025	2,270,000	3.500%	7,995,206	10,265,206	18,260,413
7/1/2025	-	3.625%	7,955,481	7,955,481	
1/1/2026	2,345,000	3.625%	7,955,481	10,300,481	18,255,963
7/1/2026	-	4.000%	7,912,978	7,912,978	
1/1/2027	2,435,000	4.000%	7,912,978	10,347,978	18,260,956
7/1/2027	-	4.000%	7,864,278	7,864,278	
1/1/2028	7,270,000	4.000%	7,864,278	15,134,278	22,998,556
7/1/2028	-	4.125%	7,718,878	7,718,878	
1/1/2029	7,560,000	4.125%	7,718,878	15,278,878	22,997,756
7/1/2029	-	4.250%	7,562,953	7,562,953	
1/1/2030	7,870,000	4.250%	7,562,953	15,432,953	22,995,906
7/1/2030	-	4.625%	7,395,716	7,395,716	
1/1/2031	8,205,000	4.625%	7,395,716	15,600,716	22,996,431
7/1/2031	-	4.625%	7,205,975	7,205,975	
1/1/2032	8,585,000	4.625%	7,205,975	15,790,975	22,996,950
7/1/2032	-	4.625%	7,007,447	7,007,447	
1/1/2033	8,985,000	4.625%	7,007,447	15,992,447	22,999,894
7/1/2033	-	4.625%	6,799,669	6,799,669	
1/1/2034	9,400,000	4.625%	6,799,669	16,199,669	22,999,338
7/1/2034	-	5.125%	6,582,294	6,582,294	
1/1/2035	9,835,000	5.125%	6,582,294	16,417,294	22,999,588
7/1/2035	-	5.125%	6,330,272	6,330,272	
1/1/2036	10,335,000	5.125%	6,330,272	16,665,272	22,995,544
7/1/2036	-	5.125%	6,065,438	6,065,438	
1/1/2037	10,865,000	5.125%	6,065,438	16,930,438	22,995,875
7/1/2037	-	5.125%	5,787,022	5,787,022	
1/1/2038	11,425,000	5.125%	5,787,022	17,212,022	22,999,044
7/1/2038	-	5.125%	5,494,256	5,494,256	
1/1/2039	12,010,000	5.125%	5,494,256	17,504,256	22,998,513
7/1/2039	-	5.125%	5,186,500	5,186,500	
1/1/2040	12,625,000	5.125%	5,186,500	17,811,500	22,998,000
7/1/2040	-	5.125%	4,862,984	4,862,984	
1/1/2041	13,270,000	5.125%	4,862,984	18,132,984	22,995,969
7/1/2041	-	5.125%	4,522,941	4,522,941	
1/1/2042	13,950,000	5.125%	4,522,941	18,472,941	22,995,881
7/1/2042	-	5.125%	4,165,472	4,165,472	
1/1/2043	14,665,000	5.125%	4,165,472	18,830,472	22,995,944
7/1/2043	-	5.125%	3,789,681	3,789,681	
1/1/2044	15,420,000	5.125%	3,789,681	19,209,681	22,999,363

City of Industry
Schedule of Long-Term Debt (Continued)
$336,570,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015A - Maturity Schedule
For the Year Ended June 30, 2017

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2044	-	5.125%	3,394,544	3,394,544	
1/1/2045	16,210,000	5.125%	3,394,544	19,604,544	22,999,088
7/1/2045	-	5.125%	2,979,163	2,979,163	
1/1/2046	17,040,000	5.125%	2,979,163	20,019,163	22,998,325
7/1/2046	-	5.125%	2,542,513	2,542,513	
1/1/2047	17,910,000	5.125%	2,542,513	20,452,513	22,995,025
7/1/2047	-	5.125%	2,083,569	2,083,569	
1/1/2048	18,830,000	5.125%	2,083,569	20,913,569	22,997,138
7/1/2048	-	5.125%	1,601,050	1,601,050	
1/1/2049	19,795,000	5.125%	1,601,050	21,396,050	22,997,100
7/1/2049	-	5.125%	1,093,803	1,093,803	
1/1/2050	20,810,000	5.125%	1,093,803	21,903,803	22,997,606
7/1/2050	-	5.125%	560,547	560,547	
1/1/2051	21,875,000	5.125%	560,547	22,435,547	22,996,094
	$ 335,970,000		$ 398,564,976	$ 734,534,976	$ 734,534,976

City of Industry
Schedule of Long-Term Debt (Continued)
$51,456,000 Taxable Sale Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule
For the Year Ended June 30, 2017

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
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	
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

City of Industry
Schedule of Long-Term Debt (Continued)
$51,456,000 Taxable Sale Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule
For the Year Ended June 30, 2017

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
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
	$ 51,460,000		$ 91,574,286	$ 143,034,286	$ 143,034,286

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

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2017	$ -	1.500%	$ 170,495	$ 170,495	
1/1/2018	3,575,000	1.500%	472,141	4,047,141	4,217,636
7/1/2018	-	2.000%	445,328	445,328	
1/1/2019	3,085,000	2.000%	445,328	3,530,328	3,975,656
7/1/2019	-	2.250%	414,478	414,478	
1/1/2020	3,145,000	2.250%	414,478	3,559,478	3,973,956
7/1/2020	-	2.500%	379,097	379,097	
1/1/2021	3,215,000	2.500%	379,097	3,594,097	3,973,194
7/1/2021	-	2.750%	338,909	338,909	
1/1/2022	3,295,000	2.750%	338,909	3,633,909	3,972,818
7/1/2022	-	3.000%	293,603	293,603	
1/1/2023	3,390,000	3.000%	293,603	3,683,603	3,977,206
7/1/2023	-	3.125%	242,753	242,753	
1/1/2024	3,490,000	3.125%	242,753	3,732,753	3,975,506
7/1/2024	-	3.250%	188,222	188,222	
1/1/2025	3,595,000	3.250%	188,222	3,783,222	3,971,444
7/1/2025	-	3.375%	129,803	129,803	
1/1/2026	3,715,000	3.375%	129,803	3,844,803	3,974,606
7/1/2026	-	3.500%	67,113	67,113	
1/1/2027	3,835,000	3.500%	67,113	3,902,113	3,969,226
	$ 34,340,000		$ 5,641,248	$ 39,981,248	$ 39,981,248