City of Industry

City of Industry, California

Independent Auditors' Report and Basic Financial Statements

For the Year Ended June 30, 2018

THE PUN GROUP
ACCOUNTANTS & ADVISORS

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Supplementary Information:

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, 2018, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2018, 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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Emphasis of Matter

Restatement of Beginning Net Position

As discussed in Note 22 to the basic financial statements, the City restated beginning net position to correct investment in fiscal agent and bond payments deposits in the amount totaled to $85,673,936. In addition, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The adoption of the standard required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2017 in the amount totaled to $1,107,538. Our opinion is not modified with respect to this matter.

Advances to San Gabriel Valley Water and Power, LLC

As discussed in Note 4 and 16 to the basic financial statements, the City entered into a lease agreement and advanced $20,000,000 to San Gabriel Valley Water and Power, LLC ("SGVWP") as of June 30, 2018 for development of solar projects. The repayment of the advances is contingent upon the construction of the solar project in partnership with the City. The City has terminated the lease and the effect of the termination has not been determined and are not reflected in the basic financial statements. Our opinion is not modified with respect to this matter.

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 Pension Contributions, the Schedule of the Net Other Postemployment Benefits Liability and Related Ratios, the Schedule of Other Postemployment Benefits Contributions on pages 5 to 15 and 107 to 112 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 February 1, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The Pun Group, LLP

Santa Ana, California
February 1, 2019

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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, 2018. 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, 2018 by $742.5 million (Net Position). Of this amount, $250.9 million is invested in capital assets, $195 million is restricted for capital projects activities and $226.4 million in unrestricted net position. Net Position reflects a decrease of $20.2 million from prior period and is attributable to increases in capital projects and public works, increases in community development, and offset by a reduction in the net transfers out.

- The assets of the City's business-type activities exceeded its liabilities at June 30, 2018 by $37.7 million (Net Position). Of this amount, $30.1 million is invested in capital assets, net of related debt, and $7.6 million in unrestricted net position. Net position decreased by $0.4 million due to a decrease in net transfers in during the year ended June 30, 2018.

- The City's total debt and liabilities decreased by $101.2 million of which is primarily attributable to reductions in accounts payable, interest payable and long-term liabilities due in more than one year, as a result of regular scheduled principal payments on long term debt and the early redemption of $23.1 million of PFA Tax Allocation Revenue Refunding Bonds.

- In the General Fund, the net change in fund balance was a decrease of $42.8 million. The decrease was attributed to transfers out to the Debt Service Fund of $33 million to fund the payment of the City's sales tax bonds and $11 million transferred out to the Capital Projects Fund to fund project expenditures. At June 30, 2018, the General Fund ending fund balance was $707.7 million with an unassigned balance of $622.3 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		
	2018	2017	Change
Current and other assets	$ 1,484,564,081	$ 1,613,519,138	$ (128,955,057)
Capital assets, net	253,501,071	261,840,782	(8,339,711)
Total assets	1,738,065,152	1,875,359,920	(137,294,768)
Deferred outflows of resources			
Deferred loss on refunding, net	1,308,307	1,668,477	(360,170)
Deferred outflows of resources - pension	10,360,519	1,850,952	8,509,567
Total deferred outflows of resources	11,668,826	3,519,429	8,149,397
Long-term liabilities	928,069,353	1,028,275,683	(100,206,330)
Other liabilities	78,514,811	87,006,482	(8,491,671)
Total liabilities	1,006,584,164	1,115,282,165	(108,698,001)
Deferred inflows of resources			
Deferred inflows of resources - pension	613,951	829,627	(215,676)
Net position:			
Net investment in capital assets	250,858,615	258,386,502	(7,527,887)
Restricted for:			
Transportation and road	2,665,390	2,715,269	(49,879)
Capital projects	194,986,947	199,014,172	(4,027,225)
Debt service	67,646,242	59,661,991	7,984,251
Unrestricted	226,378,669	242,989,623	(16,610,954)
Total net position	$ 742,535,863	$ 762,767,557	$ (20,231,694)

As noted above, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities (combined governmental and business activities) by approximately $780.3 million at June 30, 2018.

The largest portion of the Net Position is restricted by external sources on how the funds may be used. Approximately $250.9 million is the City's net investment in its capital assets. In addition, approximately $67.6 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 decreased over the prior year by $20.2 million mainly attributable to increases in capital projects and public works, increases in community development, and offset by a reduction in the net transfers out.

Total liabilities and deferred inflows of resources decreased by approximately $108.9 million primarily attributable to reductions in accounts payable, interest payable and long-term liabilities due in more than one year, as a result of regular scheduled principal payments on long term debt and early redemption of $23.1 million of PFA Tax Allocation Revenue Refunding Bonds.

The decrease in net investment in capital assets of $7.5 million is a result of net additions and dispositions of capital assets, and depreciation expense for the current year.

Governmental Activities – Changes in Net Position

Table 2
Change in Net Position

	Governmental Activities		
	2018	2017	Change
Revenues:			
Taxes	$ 105,774,605	$ 98,776,390	$ 6,998,215
Revenues from use of money and property	26,450,366	27,010,307	(559,941)
Other revenues	653,652	230,150	423,502
Total revenues	132,878,623	126,016,847	6,861,776
Expenses:			
General government	7,397,144	6,170,909	1,226,235
Support services	6,565,366	5,418,637	1,146,729
Community development	48,917,886	46,198,641	2,719,245
Community services	5,174,630	3,825,602	1,349,028
Public safety	10,590,785	10,679,280	(88,495)
Capital projects and public works	31,699,045	10,045,496	21,653,549
Interest expense	42,671,150	50,188,311	(7,517,161)
Total expenses	153,016,006	132,526,876	20,489,130
Increase in net assets before Other Items	(20,137,383)	(6,510,029)	(13,627,354)
Transfers, net	(94,311)	(46,615,943)	46,521,632
Increase (decrease) in net position	(20,231,694)	(53,125,972)	32,894,278
Net position, beginning of year	762,767,557	815,893,529	(53,125,972)
Net position, end of year	$ 742,535,863	$ 762,767,557	$ (20,231,694)

The total revenues, reported as governmental activities, increased by approximately $6.9 million. This was due to an increase in revenue from property and sales taxes of $6.5 million.

The City's total expenses before other items increased by approximately $20.5 million from the prior year. The increase was attributable to expenditures for capital projects, public works, and community development, offset by a decrease in net transfers out.

Business-Type Activities – Net Position

Table 3
Net Position

	Business-Type Activities		
	2018	2017	Change
Current and other assets	$ 23,293,333	$ 15,358,333	$ 7,935,000
Capital assets, net	30,136,340	30,931,672	(795,332)
Total assets	53,429,673	46,290,005	7,139,668
Liabilities	15,705,244	8,174,115	7,531,129
Total liabilities	15,705,244	8,174,115	7,531,129
Net position:			
Net investment in capital assets	30,136,340	30,911,524	(775,184)
Unrestricted	7,588,089	7,204,366	383,723
Total net position	$ 37,724,429	$ 38,115,890	$ (391,461)

Total net position for the City's business type activities decreased by approximately $0.4 million as compared to the prior year. The decrease was primarily attributable to an increase in liabilities pertaining to an $8 million deposit payable for IBC project, offset by increases in investments held in City's Electric Fund.

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		
	2018	2017	Change
Revenues:			
Charges for services	$ 10,806,484	$ 10,427,691	$ 378,793
Revenues from use of money and property	188,032	62,692	125,340
Total revenues	10,994,516	10,490,383	504,133
Expenses:			
Purchased electricity	4,880,044	4,973,802	(93,758)
Water transmission and distribution	2,718,046	3,316,481	(598,435)
Cost of expo operations	3,362,998	2,913,056	449,942
Cost of housing authority operations	519,200	531,725	(12,525)
Total expenses	11,480,288	11,735,064	(254,776)
Income (Loss) from operations before transfers	(485,772)	(1,244,681)	758,909
Transfers	94,311	944,347	(850,036)
Change in net position	(391,461)	(300,334)	(91,127)
Net position, beginning of year	38,115,890	38,416,224	(300,334)
Net position, end of year	$ 37,724,429	$ 38,115,890	$ (391,461)

Revenues increased by almost $0.5 million over the prior year. This is primarily due to an increase in Expo Center operations primarily related to the Grand Arena which increased $0.6 million, and a decrease in electric sales by $0.2 million.

Transfers-in from the general fund decreased by $0.85 million mostly as a result of a decrease in the transfers in to the City's Electric Fund as a results of a decrease in operations in comparison to the prior year.

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

	2018	2017	Change
Revenues:			
Taxes	$ 42,231,312	$ 36,749,539	$ 5,481,773
Intergovernmental	961,673	2,891,853	(1,930,180)
Charges for services	1,000,581	1,623,313	(622,732)
Licenses and permits	2,440,729	1,616,681	824,048
Fines, forfeitures and penalties	442,947	350,559	92,388
Revenues from use of money and property	7,293,171	5,592,034	1,701,137
Other revenue	3,281,409	642,699	2,638,710
Total revenues	57,651,822	49,466,678	8,185,144
Expenditures:			
Legislative	659,613	743,861	(84,248)
General administration	12,320,754	3,404,232	8,916,522
Community development	4,019,364	1,750,775	2,268,589
Community services	4,501,325	3,147,903	1,353,422
Public safety	10,147,605	10,907,556	(759,951)
Public works	15,799,544	11,142,022	4,657,522
Support services	6,072,461	5,856,392	216,069
Capital projects	1,546,604	42,813,923	(41,267,319)
Total expenditures	55,067,270	79,766,664	(24,699,394)
Excess of Revenues over Expenditures	2,584,552	(30,299,986)	32,884,538
Other Financing Sources (Uses):			
Proceeds from sale of assets	772,278	1,166,665	(394,387)
Net Transfers	(46,150,787)	(9,099,528)	(37,051,259)
Total other financing sources (uses)	(45,378,509)	(7,932,863)	(37,445,646)
Change in fund balances	$ (42,793,957)	$ (38,232,849)	$ (4,561,108)

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 $707.7 million, which is a decrease from prior year of $42.8 million. The reduction was primarily due to an $8.9 million increase in general administration expenditures which was a result of $8.8 million in Cal-PERS contributions to fund the unfunded liability portion of retirement, and an increase in public works by $4.7 million, mainly attributable to $2.9 million increase in public right of way maintenance and $2.3 million increase in general engineering. The reduction was offset with increased revenues of $8 million compared to prior year and lower expenditures related to capital projects by $41.3 million, primarily due to a $42.2 million real estate purchase during the prior year.

Other Financing uses increased by $37.4 million over the prior year as there were less transfers in from the Capital Projects Funds in 2018 to reimburse the General Fund for expenditures and purchases of property.

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	$ 944,930	$ 1,023,915	$ 659,613	$ 364,302
General administration	3,048,715	11,630,055	12,320,754	(690,699)
Community development	2,511,560	4,927,161	4,019,364	907,797
Community services	5,136,820	5,576,820	4,501,325	1,075,495
Public safety	10,241,415	10,241,415	10,147,605	93,810
Public works	18,447,300	19,344,316	15,799,544	3,544,772
Support services	8,744,510	9,507,974	6,072,461	3,435,513
Capital outlay	3,400	3,400	1,546,604	(1,543,204)
Total expenditures	$ 49,078,650	$ 62,255,056	$ 55,067,270	$ 7,187,786

The budget overage in the General Administration was mainly due to an increase in salaries, Cal-PERS employer contributions, and legal services. The budget overage in Capital Outlay was a result of additional real estate purchases of $1.4 million that were not budgeted for. The City was under budget for Public Works of $3.5 million, which was attributable to less expenditures incurred related to public right of way maintenance by $0.6 million and general engineering by $2.9 million. Furthermore, the City was under budget for Support Services, which was attributable to excess budget amounts for non-departmental expenditures in the amount of $3.5 million.

Capital Asset and Debt Administration

Capital Assets

Net capital assets for governmental activities as of June 30, 2018 and 2017 are summarized as follows:

Table 7
Net Capital Assets at Year-End

	Governmental Activities		
	2018	2017	Change
Land	$ 100,991,923	$ 100,991,923	$ -
Construction in progress	12,273,179	23,014,165	(10,740,986)
Buildings and improvements	119,662,696	118,398,933	1,263,763
Equipment, furniture and fixtures	6,550,499	6,392,316	158,183
Infrastructure	150,616,227	143,030,585	7,585,642
Capital assets, gross	390,094,524	391,827,922	(1,733,398)
Less accumulated depreciation	(136,593,453)	(129,987,140)	(6,606,313)
Capital assets, net	$ 253,501,071	$ 261,840,782	$ (8,339,711)

As of June 30, 2018, the City's governmental activities had approximately $253.5 million invested in capital assets including buildings, land, roads, and other general infrastructure net of accumulated depreciation. This amount represents a net decrease of $8.3 million from prior year which was due to the City capitalizing new and placing in service completed construction in progress projects, and expensing project costs from construction in progress. Accumulated depreciation increased by $6.6 million.

Net capital assets for business activities as of June 30, 2018 and 2017 are summarized as follows:

Table 8
Net Capital Assets at Year-End

	Business-Type Activities		
	2018	2017	Change
Land	$ 6,764,880	$ 6,764,880	$ -
Water rights	441,200	441,200	-
Buildings and improvements	54,473,201	54,473,201	-
Source of supply	4,495,494	4,495,494	-
Equipment, furniture and fixtures	1,337,536	1,288,657	48,879
Infrastructure	991,255	294,622	696,633
Construction in progress	-	4,549	(4,549)
Capital assets, gross	68,503,566	67,762,603	740,963
Less accumulated depreciation	(38,367,226)	(36,830,931)	(1,536,295)
Capital assets, net	$ 30,136,340	$ 30,931,672	$ (795,332)

Capital assets in the Business-Type Activities belong to IPUC and the Industry Hills Expo Center. The decrease in net capital assets of $0.8 million was primarily a result of a net increase in accumulated depreciation of $1.5 million while activities in infrastructure increased by $0.7 million.

Debt

At June 30, 2018, the City had total long term debt and other non-current liabilities of approximately $928 million which is a decrease of $100.2 million from prior year. The reduction is primarily due to principal payments on outstanding debt and early redemption of $23.1 million of PFA Tax Allocation Revenue Refunding Bonds.

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

Table 9
Outstanding Debt, at Year-End

	Governmental Activities		
	2018	2017	Change
General obligation bonds	$ 82,730,000	$ 94,075,000	$ (11,345,000)
Revenue bonds	415,820,000	421,770,000	(5,950,000)
Refunding lease revenue bonds	2,640,000	3,450,000	(810,000)
Tax allocation bonds	422,510,000	505,645,000	(83,135,000)
Original issue premium	(4,688,520)	(4,633,554)	(54,966)
Compensated absences	63,667	104,573	(40,906)
Pension liability	8,994,206	7,864,664	1,129,542
Total outstanding debt	$ 928,069,353	$ 1,028,275,683	$ (100,206,330)

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 $9.293 billion for the 2018-2019 fiscal year as compared to $8.373 billion in the prior fiscal year which represents an increase of approximately 11.0% of assessed value.

The City's General Fund has adopted a balanced operating budget of $62.7 million in revenues and $47.3 million in expenses. Additionally, approximately $59.9 million in capital project expenditures is budgeted for several funds in the 2018-2019 fiscal year. The following is a summary of the major capital improvement projects for citywide.

Table 10
Capital Projects For FY 2018-2019

	Project Description	Budget 2018-19
1	Grade Separation Projects	$ 5,540,000
2	Street Widening, Reconstruction, Resurfacing and Slurry Seal	19,339,000
3	Bridge Widening, Seismic Retrofit And Maintenance Improvements	8,470,000
4	Traffic Signal Improvements	2,950,000
5	Storm Drain Improvements	4,030,000
6	IPUC - Potable Water System	1,801,000
7	IPUC - Electric Utility	4,098,000
8	Expo Center at Industry Hills	9,335,000
9	Industry Housing And Property Management Projects	750,000
10	Open Space Properties	1,365,000
11	Civic Center Facilities Improvements	865,000
12	Facilities Improvements	1,357,000
	Total	$ 59,900,000

The Operating Budget for Fiscal Year 2018-19 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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	$ 5,031,495	$ 1,444,229	$ 6,475,724
Investments	221,837,355	19,803,612	241,640,967
Investment with fiscal agent - unrestricted	402,509,297	-	402,509,297
Accounts receivable, net	15,722,163	1,410,414	17,132,577
Interest receivables	11,473,671	81,330	11,555,001
Internal balances	27,794	(27,794)	-
Inventories	42,139	72,278	114,417
Prepaid items	13,688,777	506,264	14,195,041
Other assets	-	3,000	3,000
Total current assets	670,332,691	23,293,333	693,626,024
Noncurrent assets:			
Investments with fiscal agent - restricted	317,315,870	-	317,315,870
Investments in SA to IUDA and City's bonds	473,203,738	-	473,203,738
Loans receivables	21,562,842	-	21,562,842
Net OPEB asset	2,148,940	-	2,148,940
Capital assets:			
Not being depreciated	113,265,102	7,647,768	120,912,870
Being depreciated, net	140,235,969	22,488,572	162,724,541
Total capital assets, net of accumulated depreciation	253,501,071	30,136,340	283,637,411
Total noncurrent assets	1,067,732,461	30,136,340	1,097,868,801
Total assets	1,738,065,152	53,429,673	1,791,494,825
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding, net	1,308,307	-	1,308,307
Pension related deferred outflows of resources	10,360,519	-	10,360,519
Total deferred outflows of resources	11,668,826	-	11,668,826

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Net Position (Continued)
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	$ 7,162,147	$ 1,024,206	$ 8,186,353
Accrued liabilities	245,338	30,210	275,548
Rental deposits and advances	50,704,392	8,199,105	58,903,497
Interest payable	20,402,934	-	20,402,934
Unearned revenue	-	6,451,723	6,451,723
Long-term liabilities:			
Due within one year	76,620,998	-	76,620,998
Due in more than one year	842,454,149	-	842,454,149
Net pension Liabilities	8,994,206	-	8,994,206
Total liabilities	1,006,584,164	15,705,244	1,022,289,408
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	613,951	-	613,951
Total deferred inflows of resources	613,951	-	613,951
NET POSITION			
Net investment in capital assets	250,858,615	30,136,340	280,994,955
Restricted for:			
Transportation and road	2,665,390	-	2,665,390
Capital projects	194,986,947	-	194,986,947
Debt services	67,646,242	-	67,646,242
Unrestricted	226,378,669	7,588,089	233,966,758
Total net position	$ 742,535,863	$ 37,724,429	$ 780,260,292

(Concluded)

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2018

	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	$ 8,415,814	$ 1,018,670	$ -	$ -	$ 1,018,670
Support services	6,565,366	-	-	-	-
Community development	54,007,882	3,529,121	1,560,875	-	5,089,996
Community services	5,174,630	-	-	-	-
Public safety	11,795,890	432,585	772,520	-	1,205,105
Public works	54,664,338	-	22,235,134	730,159	22,965,293
Interest expenses and fiscal charges	42,671,150	-	-	-	-
Total governmental activities	183,295,070	4,980,376	24,568,529	730,159	30,279,064
Business-type activities:					
Industry Public Utilities Commission:					
Water utility	2,718,046	3,313,348	-	-	3,313,348
Electric utility	4,880,044	5,098,350	-	-	5,098,350
Industry-Hill Expo Center	3,362,998	2,184,336	-	-	2,184,336
Property and Housing Management Authority	519,200	210,450	-	-	210,450
Total business-type activities	11,480,288	10,806,484	-	-	10,806,484
Total primary government	$ 194,775,358	$ 15,786,860	$ 24,568,529	$ 730,159	$ 41,085,548

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2018

	Net (Expenses) Revenues and Changes in Net Position Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental activities:			
General government	$ (7,397,144)	$ -	$ (7,397,144)
Support services	(6,565,366)	-	(6,565,366)
Community development	(48,917,886)	-	(48,917,886)
Community services	(5,174,630)	-	(5,174,630)
Public safety	(10,590,785)	-	(10,590,785)
Public works	(31,699,045)	-	(31,699,045)
Interest expenses and fiscal charges	(42,671,150)	-	(42,671,150)
Total governmental activities	(153,016,006)	-	(153,016,006)
Business-type activities:			
Industry Public Utilities Commission:			
Water utility	-	595,302	595,302
Electric utility	-	218,306	218,306
Industry-Hill Expo Center	-	(1,178,662)	(1,178,662)
Property and Housing Management Authority	-	(308,750)	(308,750)
Total business-type activities	-	(673,804)	(673,804)
Total primary government	(153,016,006)	(673,804)	(153,689,810)
General revenues and transfers:			
General revenues:			
Taxes:			
Property taxes	67,016,939	-	67,016,939
Sales tax	34,933,422	-	34,933,422
Tax increment pass through payments	558,822	-	558,822
Franchise fees	1,704,911	-	1,704,911
Documentary transfer tax	579,220	-	579,220
Transient occupancy tax	981,291	-	981,291
Total taxes	105,774,605	-	105,774,605
Revenues from use of money and property	26,450,366	188,032	26,638,398
Other revenues	653,652	-	653,652
Transfers	(94,311)	94,311	-
Total general revenues and transfers	132,784,312	282,343	133,066,655
Changes in net position	(20,231,694)	(391,461)	(20,623,155)
Net position:			
Beginning of year, as restated (Note 22)	762,767,557	38,115,890	800,883,447
End of year	$ 742,535,863	$ 37,724,429	$ 780,260,292

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, 2018

	General Fund	Capital Projects Funds	Debt Service Funds	Nonmajor Governmental Funds	Total
ASSETS					
Cash	$ 4,199,205	$ 71,544	$ 124,507	$ 636,239	$ 5,031,495
Investments	215,918,875	983,251	2,918,604	2,016,625	221,837,355
Investments with fiscal agent - unrestricted	402,509,297	-	-	-	402,509,297
Accounts receivable, net	8,725,796	3,100,384	3,877,609	18,374	15,722,163
Accrued interest	1,370,519	11,101	10,081,718	10,333	11,473,671
Inventory	42,139	-	-	-	42,139
Prepaid items	547,314	-	13,141,463	-	13,688,777
Site lease prepayment	-	-	4,477,725	-	4,477,725
Due from other funds	29,627	-	-	22,270	51,897
Notes receivable	21,562,842	-	-	-	21,562,842
Investments with fiscal agent - restricted	-	204,915,270	112,400,600	-	317,315,870
Other investments	-	-	473,203,738	-	473,203,738
Advances to other funds	63,190,133	-	-	-	63,190,133
Total assets	$ 718,095,747	$ 209,081,550	$ 620,225,964	$ 2,703,841	$ 1,550,107,102
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 4,866,705	$ 2,271,198	$ 2,000	$ 22,244	$ 7,162,147
Accrued expenses	245,338	-	-	-	245,338
Deposits	833,720	-	49,870,672	-	50,704,392
Due to other funds	7,896	-	-	16,207	24,103
Site lease unearned revenues	4,477,725	-	-	-	4,477,725
Advance from other funds	-	10,680,177	52,509,956	-	63,190,133
Total liabilities	10,431,384	12,951,375	102,382,628	38,451	125,803,838
Deferred Inflows of Resources:					
Unavailable revenue	-	2,955,384	-	-	2,955,384
Total deferred inflows of resources	-	2,955,384	-	-	2,955,384
Fund balances:					
Nonspendable	85,342,428	-	17,619,188	-	102,961,616
Restricted	-	193,011,632	500,224,148	2,665,390	695,901,170
Committed	-	163,159	-	-	163,159
Unassigned	622,321,935	-	-	-	622,321,935
Total fund balances	707,664,363	193,174,791	517,843,336	2,665,390	1,421,347,880
Total liabilities, deferred inflows of resources and fund balances	$ 718,095,747	$ 209,081,550	$ 620,225,964	$ 2,703,841	$ 1,550,107,102

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, 2018

Total fund balance of governmental funds		$ 1,421,347,880
Amounts reported for governmental activities in the statement of net position 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:		
Capital assets	$ 390,094,524	
Accumulated depreciation	(136,593,453)	253,501,071
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	(20,402,934)	
Net OPEB assets	2,148,940	
Unavailable revenues	2,955,384	
Deferred loss on refunding, net	1,308,307	
Deferred outflows of resources related to pension	10,360,519	
Deferred inflows of resources related to pension	(613,951)	(4,243,735)
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	(17,350,000)	
Bonds payable - Long term	(481,200,000)	
Issuance (premium) discount - Current portion	(53,684)	
Issuance (premium) discount - Long term	5,300,711	
Compensated absences	(63,667)	
Net pension liability	(8,994,206)	
Public Facilities Authority:		
Bonds payable - Current portion	(59,010,000)	
Bonds payable - Long term	(366,140,000)	
Issuance (premium) discount - Current portion	(157,314)	
Issuance (premium) discount - Long term	(401,193)	(928,069,353)
Net position of governmental activities		$ 742,535,863

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, 2018

	General Fund	Capital Projects Funds	Debt Service Funds	Nonmajor Governmental Funds	Total
REVENUES:					
Taxes	$ 42,231,312	$ -	$ 64,656,791	$ 624,123	$ 107,512,226
Intergovernmental	961,673	20,481,000	-	410,141	21,852,814
Charges for services	1,000,581	-	-	-	1,000,581
Licenses and permits	2,440,729	-	-	-	2,440,729
Fines, forfeitures and penalties	442,947	-	-	-	442,947
Use of money and property	7,293,171	319,998	24,127,446	29,930	31,770,545
Other revenue	3,281,409	19	-	2,199	3,283,627
Total revenues	57,651,822	20,801,017	88,784,237	1,066,393	168,303,469
EXPENDITURES:					
Current:					
Legislative	659,613	-	-	-	659,613
General administration	12,320,754	588,076	1,226,958	-	14,135,788
Support services	6,072,461	-	-	-	6,072,461
Community development	4,019,364	-	50,169,528	-	54,188,892
Community services	4,501,325	-	-	-	4,501,325
Public safety	10,147,605	-	-	-	10,147,605
Public works	15,799,544	30,483,730	-	406,126	46,689,400
Capital outlay	1,546,604	3,178,716	-	1,149,441	5,874,761
Debt service:					
Principal retirement	-	-	101,240,000	-	101,240,000
Interest and fiscal charges	-	-	48,807,506	-	48,807,506
Total expenditures	55,067,270	34,250,522	201,443,992	1,555,567	292,317,351
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,584,552	(13,449,505)	(112,659,755)	(489,174)	(124,013,882)
OTHER FINANCING SOURCES (USES):					
Transfers in	2,370,488	12,437,961	36,059,510	2,685,025	53,552,984
Transfers out	(48,521,275)	(4,855,605)	-	(270,415)	(53,647,295)
Proceeds from sale of assets	772,278	-	-	-	772,278
Total other financing sources (uses)	(45,378,509)	7,582,356	36,059,510	2,414,610	677,967
NET CHANGE IN FUND BALANCES	(42,793,957)	(5,867,149)	(76,600,245)	1,925,436	(123,335,915)
FUND BALANCES:					
Beginning of year, as restated (Note 22)	750,458,320	199,041,940	594,443,581	739,954	1,544,683,795
End of year	$ 707,664,363	$ 193,174,791	$ 517,843,336	$ 2,665,390	$ 1,421,347,880

See accompanying Notes to the Basic Financial Statements.

City of Industry
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances of total governmental funds	$ (123,335,915)
Amounts reported for governmental activities in the statement of activities are different 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	5,874,761
Depreciation expense	(6,606,313)
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.	
Net effect on disposal of capital assets	(7,608,159)
Revenue reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities.	(127,319)
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:	
Repayment on long-term debt	101,240,000
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	2,729,390
Amortization of bond premium/discount and deferred amounts on refunding	(305,204)
Change in compensated absences	40,906
Other postemployment benefits income	270,458
Pension expense, net of $8,793,371 pension contribution made after measurement date	7,595,701
Total changes in net position of governmental activities	$ (20,231,694)

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, 2018

	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	$ 1,146,028	$ 255,918	$ 42,283	$ 1,444,229
Investments	19,794,558	-	9,054	19,803,612
Accounts receivable, net	1,303,037	106,252	1,125	1,410,414
Accrued interest	81,287	-	43	81,330
Inventories	10,000	62,278	-	72,278
Prepaid items	496,542	9,722	-	506,264
Deposits	-	3,000	-	3,000
Total current assets	22,831,452	437,170	52,505	23,321,127
Noncurrent assets:				
Capital assets:				
Capital assets, not being depreciated	918,388	-	6,729,380	7,647,768
Capital assets, being depreciated, net	12,369,449	6,577,310	3,541,813	22,488,572
Total capital assets, net	13,287,837	6,577,310	10,271,193	30,136,340
Total noncurrent assets	13,287,837	6,577,310	10,271,193	30,136,340
Total assets	36,119,289	7,014,480	10,323,698	53,457,467
LIABILITIES				
Accounts payable	855,573	139,060	29,573	1,024,206
Accrued liabilities	-	30,210	-	30,210
Deposits	8,123,087	74,718	1,300	8,199,105
Due to other funds	27,700	-	94	27,794
Unearned revenue	6,273,425	178,298	-	6,451,723
Total liabilities	15,279,785	422,286	30,967	15,733,038
NET POSITION				
Investment in capital assets	13,287,837	6,577,310	10,271,193	30,136,340
Unrestricted	7,551,667	14,884	21,538	7,588,089
Total net position	$ 20,839,504	$ 6,592,194	$ 10,292,731	$ 37,724,429

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, 2018

	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	$ 3,270,180	$ -	$ -	$ 3,270,180
Electric and solar energy sales	5,098,350	-	-	5,098,350
Event and rental revenues	-	2,173,034	210,450	2,383,484
Other revenues	43,168	11,302	-	54,470
Total operating revenues	8,411,698	2,184,336	210,450	10,806,484
OPERATING EXPENSES:				
Purchased water	98,204	-	-	98,204
Purchased electricity	2,288,687	-	-	2,288,687
General administration	4,526,837	1,242,050	24,477	5,793,364
Expo Center operations	-	1,378,863	-	1,378,863
Housing Authority operations	-	-	380,326	380,326
Depreciation	679,813	742,085	114,397	1,536,295
Total operating expenses	7,593,541	3,362,998	519,200	11,475,739
OPERATING INCOME (LOSS)	818,157	(1,178,662)	(308,750)	(669,255)
NONOPERATING REVENUES:				
Investment income	187,583	-	449	188,032
Loss on disposal of assets	(4,549)	-	-	(4,549)
Total nonoperating revenues	183,034	-	449	183,483
Changes in net position before transfers	1,001,191	(1,178,662)	(308,301)	(485,772)
TRANSFERS :				
Transfers in	27,786	363,513	142,000	533,299
Transfers out	(438,988)	-	-	(438,988)
Total transfers	(411,202)	363,513	142,000	94,311
CHANGES IN NET POSITION	589,989	(815,149)	(166,301)	(391,461)
NET POSITION:				
Beginning of the year	20,249,515	7,407,343	10,459,032	38,115,890
End of the year	$ 20,839,504	$ 6,592,194	$ 10,292,731	$ 37,724,429

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	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	$ 15,848,949	$ 2,340,172	$ 202,475	$ 18,391,596
Payments to vendors for supplies and services	(7,277,070)	(2,523,578)	(436,811)	(10,237,459)
Net cash provided by (used in) operating activities	8,571,879	(183,406)	(234,336)	8,154,137
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	750,892	363,513	142,000	1,256,405
Cash paid to other funds	(473,295)	-	(14,758)	(488,053)
Net cash provided by noncapital financing activities	277,597	363,513	127,242	768,352
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(696,633)	(48,879)	(20,148)	(765,660)
Net cash used in capital and related financing activities	(696,633)	(48,879)	(20,148)	(765,660)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(14,581,241)	-	-	(14,581,241)
Proceeds from sales of investments	5,465,957	-	109,669	5,575,626
Interest income received	118,302	-	331	118,633
Net cash provided by (used in) investing activities	(8,996,982)	-	110,000	(8,886,982)
Net increase (decrease) in cash and cash equivalent	(844,139)	131,228	(17,242)	(730,153)
CASH AND CASH EQUIVALENT:				
Beginning of year	1,990,167	124,690	59,525	2,174,382
End of year	$ 1,146,028	$ 255,918	$ 42,283	$ 1,444,229

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

	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)	$ 818,157	$ (1,178,662)	$ (308,750)	$ (669,255)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	679,813	742,085	114,397	1,536,295
(Increase) decrease in accounts receivables	(134,721)	95,558	(475)	(39,638)
(Increase) decrease in inventories	-	(14,373)	-	(14,373)
(Increase) decrease in prepaid items	(247,887)	37,718	-	(210,169)
Increase (decrease) in accounts payable	(115,455)	43,780	(32,008)	(103,683)
Increase (decrease) in accrued liabilities	-	30,210	-	30,210
Increase (decrease) in customer deposits	8,083,915	24,646	(2,700)	8,105,861
Increase (decrease) in unearned revenues	(511,943)	35,632	(4,800)	(481,111)
Net cash provided by (used in) operating activities	$ 8,571,879	$ (183,406)	$ (234,336)	$ 8,154,137

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, 2018

	Private-Purpose Trust Fund	Agency Fund
ASSETS		
Cash	$ 3,452,911	$ 595,234
Investments	10,354,512	1,660,298
Accounts eceivables	2,387,230	2,753
Prepaid items	-	-
Notes receivable	11,393,979	-
Property held for sale or disposition	404,101,066	-
Restricted assets:		
Cash	94,782	-
Investments	81,839,333	-
Investments with fiscal agent	59,240,341	522,686
Total assets	572,864,154	$ 2,780,971
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding, net	24,194,343	
Total deferred outflows of resources	24,194,343	
LIABILITIES		
Current liabilities:		
Accounts payable	7,609,473	$ -
Interest payable	8,532,949	-
Due to bond holders	-	2,780,971
Bonds payable, due within one year	58,320,972	-
Total current liabilities	74,463,394	2,780,971
Noncurrent liabilities:		
Bonds payable, due in more than one year	364,745,078	-
Total noncurrent liabilities	364,745,078	-
Total liabilities	439,208,472	$ 2,780,971
NET POSITION		
Fiduciary net position held in trust for Successor Agency	$ 157,850,025	

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, 2018

	Private-Purpose Trust Fund
ADDITIONS:	
Taxes, net	$ 58,997,392
Revenues from use of money and property	
Interest income	1,753,417
Rental and other income	8,776,364
Contribution from City of Industry	47,515,162
Gain on disposal of assets	122,411
Other revenue	1,805,877
Total additions	118,970,623
DEDUCTIONS:	
General administration	1,978,682
Project expenses	68,189,051
Bond interest expenses	28,734,681
Other expenses	6,000
Total deductions	98,908,414
CHANGES IN NET POSITION	20,062,209
NET POSITION:	
Beginning of the year	137,787,816
End of the year	$ 157,850,025

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, 2018

City of Industry
Index to the Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies

A. *Description of the Reporting Agency*

The City of Industry (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 debt service 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. 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, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

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. Other Postemployment Benefits ("OPEB") Plan

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

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Other Postemployment Benefits ("OPEB") Plan (Continued)

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB 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.

Q. 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.

R. 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.

S. 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Fund Balance (Continued)

Committed – committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the City imposes upon itself at its highest level of decision making authority (the City Council) through resolutions and that remain binding unless removed in the same manner. The City has $163,159 of committed fund balances at June 30, 2018.

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.

T. 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.

U. New Accounting Standard

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. See Note 22 for restatement of beginning net position.

GASB has issued Statement No. 85, *Omnibus 2017* (GASB 85). This Statement establishes accounting and financing reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

Note 2 – Cash and Investments

At June 30, 2018, 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	$ 6,475,724	$ 4,048,145	$ 10,523,869
Investments	241,640,967	12,014,810	253,655,777
Investments with fiscal agent	402,509,297	-	402,509,297
Restricted cash and investments:			
Cash	-	94,782	94,782
Investment	-	81,839,333	81,839,333
Investments with fiscal agent	317,315,870	59,763,027	377,078,897
Investments in IUDA bonds	422,510,000	-	422,510,000
Investments in City bonds	50,693,738	-	50,693,738
Total cash and investments	$ 1,441,145,596	$ 157,760,097	$ 1,598,905,693

At June 30, 2018, cash and investments consisted of the following:

Cash on hand	$ 34,581
Deposits with financial institution	10,584,070
Investments	808,698,848
Investments with fiscal agent	779,588,194
Total cash and investments	$ 1,598,905,693

A. *Demand Deposits*

The carrying amount of the City's cash deposits were $10,584,070 at June 30, 2018. Bank balances before reconciling items were $17,598,978 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, 2018, the City and SA to IUDA's deposits exceeded federally insured limits by $12,085,314 and $3,285,751, respectively; however, such amounts are secured by the financial institutions that hold such deposits for the City and SA to IUDA.

Note 2 – Cash and Investments (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
U.S. government sponsored enterprise securities	5 years	None	None
Money market funds	N/A	20%	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	40%	None
Local Agency Investment Fund ("LAIF")	N/A	None	None
Repurchase agreements	1 year	None	None
Los Angeles County Investment Pool			
U.S. corporate bonds/notes	5 years	30%	None
Municipal bonds	5 years	None	None

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.

C. Investments Authorized by Debt Agreements

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

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

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2018, 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, 2018:

	Measurement Input			
Investment Type	Observable Input (Level 1)	Significant Other Observable Input (Level 2)	Uncategorized	Total
Investments - unrestricted:				
Money market funds	$ -	$ -	$ 2,343,334	$ 2,343,334
U.S. government sponsored mortgage-backed securities	-	194,674,993	-	194,674,993
Treasury notes	308,529,922	-	-	308,529,922
Commercial paper	-	1,505,640	-	1,505,640
Corporate Bonds	-	78,457,859	-	78,457,859
LAIF	-	-	20,629,431	20,629,431
Investment - restricted:				
Money market funds	-	-	73,905,644	73,905,644
Treasury notes	213,910,791	-	-	213,910,791
LAIF	-	-	42,439,488	42,439,488
Commercial paper	-	6,522,577	-	6,522,577
Investment held by fiscal agent:				
Money market funds	-	-	19,581,244	19,581,244
Treasury notes	152,582,381	-	-	152,582,381
Investment in SA to IUDA bonds	-	-	422,510,000	422,510,000
Investment in City bonds	-	50,693,738	-	50,693,738
Total	$ 675,023,094	$ 331,854,807	$ 581,409,141	$ 1,588,287,042

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, 2018, 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	$ 2,343,334	N/A
U.S. government sponsored		
mortgage-backed securities	194,674,993	84.6
Treasury notes	308,529,922	7.8
Commercial paper	1,505,640	1.2
Corporate Bonds	78,457,859	30.2
LAIF	20,629,431	N/A
Investment - restricted:		
Money market funds	73,905,644	N/A
Treasury notes	213,910,791	6.6
LAIF	42,439,488	N/A
Commercial paper	6,522,577	1.9
Investment held by fiscal agent:		
Money market funds	19,581,244	N/A
Treasury notes	152,582,381	N/A
Investment in SA to IUDA bonds	422,510,000	46.5
Investment in City bonds	50,693,738	29.0
	$ 1,588,287,042	

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, 2018	Minimum Legal Rating	Aaa/P-1	AA/Aa - A/A	A1	Not Rated
Investments - unrestricted:						
Money market funds	$ 2,343,334	Aaa/P-1	$ 2,343,334	$ -	$ -	$ -
U.S. government sponsored						
mortgage-backed securities	194,674,993	None	194,674,993	-	-	-
Treasury notes	308,529,922	None	303,247,336	-	-	5,282,586
Commercial paper	1,505,640	A	1,505,640	-	-	-
Corporate Bonds	78,457,859	A	-	78,457,859	-	-
LAIF	20,629,431	None	-	-	-	20,629,431
Investment - restricted:						
Money market funds	73,905,644	Aaa/P-1	73,905,644	-	-	-
Treasury notes	213,910,791	None	202,438,356			11,472,435
LAIF	42,439,488	None	-	-	-	42,439,488
Commercial paper	6,522,577	None	6,522,577	-	-	-
Investment held by fiscal agent:						
Money market funds	19,581,244	None	19,581,244	-	-	-
Treasury notes	152,582,381	None	4,231,300	-	-	148,351,081
Investment in SA to IUDA bonds	422,510,000	None	-	-	-	422,510,000
Investment in City bonds	50,693,738	None	-	-	50,693,738	-
Total	$ 1,588,287,042		$ 808,450,424	$ 78,457,859	$ 50,693,738	$ 650,685,021

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, 2018 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, 2018, the City had $63,068,919 invested in LAIF, which had invested 2.67% 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.

G. Investment in IUDA Bonds

As of June 30, 2018, the City has investments in IUDA bonds in the amounts totaled to $422,510,000 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, 2018, accounts receivable consisted of the following:

	General Fund	Capital Projects Funds	Debt Service Funds	Nonmajor Governmental Funds	Total
Sales tax receivable	$ 5,141,080	$ -	$ -	$ -	$ 5,141,080
Property tax receivable	61,345	-	3,877,609	-	3,938,954
Receivable from Successor Agency	1,018,670	2,955,384	-	-	3,974,054
Refuse receivable	1,216,732	-	-	-	1,216,732
Other	1,287,969	145,000	-	18,374	1,451,343
	$ 8,725,796	$ 3,100,384	$ 3,877,609	$ 18,374	$ 15,722,163

Note 4 – Notes Receivable

As of June 30, 2018, notes receivable consisted of the following:

	Governmental Activities		Fiduciary Fund	
Notes receivable:				
City of La Puente	$	1,562,842	$	-
San Gabriel Valley Water and Power LLC		20,000,000		-
Developer notes receivable - construction loans		-		7,408,212
Developer notes receivable - Nissan		-		3,985,767
Total notes receivable	$	21,562,842	$	11,393,979

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, 2018, outstanding balance of the loan was in the amount of $1,562,842.

B. *San Gabriel Valley Water and Power, LLC*

The City entered into master lease agreement (the “Lease”) with San Gabriel Valley Water and Power, LLC (“SGVWP”) and leased properties to SGVWP for a period of twenty-five years for the development of solar projects. As part of the Lease, as further amended, the City agreed to advance $20,000,000 for funding of the project development costs. At June 30, 2018, the outstanding balance of the advance was in the amount of $20,000,000. Also refer to Note 16 for more contingency disclosures.

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

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

Note 4 – Notes Receivable (Continued)

C. Developer Notes Receivable - Construction Loan (Continued)

	Outstanding Balance at June 30, 2018	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	$ 3,462,124	$ 814,396	$ 2,647,728
Due June 2022, payable in monthly payments of $68,658 inlcuding interest at 4.00% per annum beginning July 2002	2,952,196	694,446	2,257,750
Due June 2022, payable in monthly payments of $22,441 including interest at 4.00% per annum beginning July 2002	993,892	233,794	760,098
Totals	$ 7,408,212	$ 1,742,636	$ 5,665,576

Total interest received on these loans during the year ended June 30, 2018, amounted to $332,829.

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, 2018.

	Outstanding Balance at June 30, 2018	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	$ 3,985,767	$ 138,321	$ 3,847,446

Total interest received on this loan during the year ended June 30, 2018, amounted to $162,510.

Note 5 – Industry Convalescent Hospital

During 1992, the City Council passed a resolution stating that periodic advances made to Industry Convalescent Hospital dba El Encanto Healthcare and Habilitation Center in the past, as well as currently, are treated as loans. The note is payable on demand with simple interest at 6% per annum on the unpaid balance. As of June 30, 2018 the unpaid note balance amounted to $20,237,902 and accrued interest amounted to $25,771,538. As the collectability of this note and accrued interest is uncertain, the loan amounts are offset with allowance for doubtful account in the financial statements; and the City will recognize the collections on the note receivable as revenue as the amounts are collected.

The Hospital 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, 2018, the City incurred expenses on behalf of the Hospital totaling $437,057 relating to contract labor, security and repairs and maintenance.

Note 6 – Prepaid Items

At June 30, 2018, Government-Wide Financial Statements report the following prepaid items:

	Governmental Activities	Business-type Activities	Total
Prepaid bond insurance	$ 13,141,463	$ -	$ 13,141,463
Other prepaid items	547,314	506,264	1,053,578
	$ 13,688,777	$ 506,264	$ 14,195,041

At June 30, 2018, 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	$ -	$ 13,141,463	$ 13,141,463	$ -	$ -	$ -
Other prepaid items	547,314	-	547,314	496,542	9,722	506,264
	$ 547,314	$ 13,141,463	$ 13,688,777	$ 496,542	$ 9,722	$ 506,264

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, 2018:

	Due from Other Funds		
	Governmental Fund		
Due to Other Funds	General Fund	Nonmajor Governmental Fund	Total
Governmental Funds:			
General Fund	$ -	$ 7,896	$ 7,896
Nonmajor Governmental Funds	16,207	-	16,207
Proprietary Funds:			
IPUC Enterprise Fund	13,326	14,374	27,700
Housing Authority	94	-	94
Total	$ 29,627	$ 22,270	$ 51,897

The majority of the interfund balances were a result of routine interfund transactions due for reimbursement of expenditures.

B. Advances to/from Other Funds

Advances to/from other funds consisted of the following at June 30, 2018:

	Advance to Other Funds
	Governmental Fund
Advance from Other Funds	General Fund
Governmental Fund:	
Debt Service Fund	$ 52,509,956
Capital Projects Fund	10,680,177
Total	$ 63,190,133

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 $505,000 to $3,905,000.

As of June 30, 2018, total outstanding balance, including accrued interest was in the amount of $52,509,956. Interest revenue for the City and interest expense for the PFA in the amount of $3,712,170 is eliminated in the Statement of Activities.

Note 7 – Interfund Transactions (Continued)

B. Advances to/from Other Funds (Continued)

The repayment schedule for the advances is as following:

Year Ending June 30,	Principal	Interest	Total
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	585,000	3,620,298	4,205,298
2024-2028	3,410,000	17,620,656	21,030,656
2029-2033	4,610,000	16,428,502	21,038,502
2034-2038	6,505,000	14,523,140	21,028,140
2039-2043	9,330,000	11,706,950	21,036,950
2044-2048	13,515,000	7,942,393	21,457,393
2049-2051	10,895,000	1,308,395	12,203,395
Total	$ 50,975,000	$ 87,856,588	$ 138,831,588

As of June 30, 2018, the General Fund has advanced $10,680,177 to the Capital Projects Fund for the Lemon Avenue and Grand Avenue On and Off Ramp projects.

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, 2018, the remaining site lease prepayment to be amortized was in the amount of $4,477,725. 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, 2018. Lease revenue/expenditures paid from City to PFA on lease-back between PFA and City was in the amount of $933,149 for the year ended June 30, 2018.

Note 7 – Interfund Transaction (Continued)

D. Transfers

Transfers in/out for the year ended June 30, 2018 is as following:

	Transfers out				
	Governmental Funds			Proprietary Fund	
Transfers In	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	IPUC Enterprise Funds	Total
Governmental Funds:					
General Fund	$ -	$ 2,100,073	$ 270,415	$ -	$ 2,370,488
Capital Projects Funds	12,437,961	-	-	-	12,437,961
Debt Service Funds	33,937,906	2,121,604	-	-	36,059,510
Nonmajor Governmental Funds	1,975,622	270,415	-	438,988	2,685,025
Proprietary Funds:					
IPUC Enterprise Fund	27,786	-	-	-	27,786
Expo Center Enterprise Fund	-	363,513	-	-	363,513
PHMA Enterprise Fund	142,000	-	-	-	142,000
Total	$ 48,521,275	$ 4,855,605	$ 270,415	$ 438,988	$ 54,086,283

General Fund made the following transfers:

- $11,319,971 to Capital Projects Funds to fund project expenditures and $1,117,990 to Capital Projects Funds to fund CRIA project and program costs.
- $33,937,906 transferred to Debt Service Funds to fund sales tax revenue bond payments.
- $1,975,315 to nonmajor governmental funds to close out Grants Special Revenue Fund.
- $142,000 to PHMA Enterprise Fund for cover housing project costs.

Capital Projects Funds made the following transfers:

- $2,100,073 to General to reimburse General Funds for project cost incurred.
- $2,121,604 to Debt Service Funds was to transfer interest income earned on bond proceeds for the project funds.
- $270,415 to nonmajor governmental funds to transfer funds for the Azusa Bridge project.
- $363,513 to Expo Center Enterprise Fund to provide funding for the operation of the Expo Center.

Nonmajor Governmental Funds made the following transfers:

- $270,415 from Grant Special Revenue Fund to General Fund to reimburse General Fund for project costs.

IPUC Enterprise Fund transferred $438,988 to nonmajor governmental funds to fund CARB Special Revenue Funds.

Note 8 – Capital Assets

A. *Governmental Activities*

Summary of changes in capital asset activity for the year ended June 30, 2018 is as follows:

Capital Assets	Balance July 1, 2017	Additions	Deletions	Reclassification	Balance June 30, 2018
Primary Government					
Governmental activities:					
Capital assets, not being depreciated					
Land	$ 100,991,923	$ -	$ -	$ -	$ 100,991,923
Construction in progress	23,014,165	4,328,157	(6,810,659)	(8,258,484)	12,273,179
Total capital assets, not being depreciated	124,006,088	4,328,157	(6,810,659)	(8,258,484)	113,265,102
Capital assets, being depreciated					
Buildings and improvements	118,398,933	1,388,421	(797,500)	672,842	119,662,696
Machinery and equipment	1,926,746	-	-	-	1,926,746
Furniture and fixture	4,465,570	158,183	-	-	4,623,753
Infrastructure	143,030,585	-	-	7,585,642	150,616,227
Total capital assets, being depreciated	267,821,834	1,546,604	(797,500)	8,258,484	276,829,422
Less accumulated depreciation					
Buildings and improvements	(61,266,072)	(2,558,603)	-	-	(63,824,675)
Machinery and equipment	(1,749,071)	(65,097)	-	-	(1,814,168)
Furniture and fixture	(3,999,209)	(256,003)	-	-	(4,255,212)
Infrastructure	(62,972,788)	(3,726,610)	-	-	(66,699,398)
Total accumulated depreciation	(129,987,140)	(6,606,313)	-	-	(136,593,453)
Total capital assets, being depreciated, net	137,834,694	(5,059,709)	(797,500)	8,258,484	140,235,969
Total Governmental activities	$ 261,840,782	$ (731,552)	$ (7,608,159)	$ -	$ 253,501,071

Depreciation expense was charged to the primary government in the governmental activities in the amount of $6,606,313 to the following function:

General government	$ 556,422
Support services	1,584,195
Community development	110,050
Community services	673,305
Public safety	1,648,285
Public works	2,034,056
Total depreciation expense	$ 6,606,313

Note 8 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital asset activity for the year ended June 30, 2018 is as follows:

Capital Assets	Balance July 1, 2017	Additions	Deletions	Reclassification	Balance June 30, 2018
Business-type activities:					
Capital assets not being depreciated					
Land	$ 6,764,880	$ -	$ -	$ -	$ 6,764,880
Water rights	441,200	-	-	-	441,200
Source of supply-Water	441,688	-	-	-	441,688
Construction in Progress	4,549	696,633	(4,549)	(696,633)	-
Total capital assets, not being depreciated	7,652,317	696,633	(4,549)	(696,633)	7,647,768
Capital assets being depreciated					
Buildings and improvements	54,473,201	-	-	-	54,473,201
Equipment, furniture and fixtures	1,288,657	48,879	-	-	1,337,536
Infrastructure	294,622	-	-	696,633	991,255
Source of supply-Electric	4,053,806	-	-	-	4,053,806
Total capital assets, being depreciated	60,110,286	48,879	-	696,633	60,855,798
Less: accumulated depreciation					
Buildings and improvements	(18,023,959)	(1,385,762)	-	-	(19,409,721)
Equipment,furniture and fixture	(17,528,709)	(57,780)	-	-	(17,586,489)
Source of supply-Electric	(1,278,263)	(92,753)	-	-	(1,371,016)
Total accumulated depreciation	(36,830,931)	(1,536,295)	-	-	(38,367,226)
Total capital assets being depreciated, net	23,279,355	(1,487,416)	-	696,633	22,488,572
Total Business-type activities	$ 30,931,672	$ (790,783)	$ (4,549)	$ -	$ 30,136,340

Depreciation expenses for business activities in the amount of $1,536,295 were charged to the activities:

IPUC:	
Water	$ 587,060
Electric	92,753
CRIA Expo Center	742,085
IPHMA	114,397
Total depreciation expense	$ 1,536,295

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, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 86,899,872	$ -	$ -	$ 86,899,872
Construction in progress	145,704,543	56,727,078	(77,021,932)	125,409,689
Total capital assets not being depreciated	232,604,415	56,727,078	(77,021,932)	212,309,561
Capital assets being depreciated				
Infrastructure	187,616,550	-	16,677,846	204,294,396
Buildings and improvements	12,113,887	-	-	12,113,887
Furniture and fixtures	676,222	-	-	676,222
Vehicles	33,312	-	-	33,312
Total capital assets being depreciated	200,439,971	-	16,677,846	217,117,817
Less: accumulated depreciation	(25,326,312)	-	-	(25,326,312)
Total capital assets being depreciated, net	175,113,659	-	16,677,846	191,791,505
Capital assets, net	$ 407,718,074	$ 56,727,078	$ (60,344,086)	$ 404,101,066

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

In June 2018, the Oversight Board to the SA to IUDA approved the sale of 11 properties to the City of Industry in the amount of $17,791,001. The City and the SA to IUDA are still in the process of closing the escrow on these properties.

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, 2018 total unearned revenue from the sale of reclaimed water to RWD and SGVWD was in the amount of $6,273,425.

Note 10 – Long-Term Liabilities

Summary of Changes in the Governmental Activities long-term liabilities for the year ended June 30, 2018 is as following:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within one year	Due in more than one year
Governmental activities:						
Bonds payable:						
City of Industry:						
General obligation bonds	$ 94,075,000	$ -	$ (11,345,000)	$ 82,730,000	$ 11,840,000	$ 70,890,000
Sales tax revenue bonds	421,770,000	-	(5,950,000)	415,820,000	5,510,000	410,310,000
Public Facilities Authority:						
Tax allocation bonds	505,645,000	-	(83,135,000)	422,510,000	58,165,000	364,345,000
Lease revenue bonds	3,450,000	-	(810,000)	2,640,000	845,000	1,795,000
Subtotal	1,024,940,000	-	(101,240,000)	923,700,000	76,360,000	847,340,000
Deferred amounts:						
Unamortized premium/discounts	(4,633,554)	-	(54,966)	(4,688,520)	210,998	(4,899,518)
Total bonds payable	1,020,306,446	-	(101,294,966)	919,011,480	76,570,998	842,440,482
Net Pension liability	7,864,664	4,852,131	(3,722,589)	8,994,206	-	8,994,206
Compensated absences	104,573	43,004	(83,910)	63,667	50,000	13,667
Total long-term liabilities	$1,028,275,683	$ 4,895,135	$ (105,101,465)	$ 928,069,353	$ 76,620,998	$ 851,448,355

A. *City of Industry General Obligation Bonds*

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
General obligation bonds:					
2009 GO Refunding Bonds, Series A	$ 13,005,000	$ -	$ (4,130,000)	$ 8,875,000	$ 4,330,000
2009 GO Refunding Bonds, Series B	21,190,000	-	(4,975,000)	16,215,000	5,180,000
2010 GO Refunding Bonds	30,895,000	-	(2,240,000)	28,655,000	2,330,000
2014 GO Refunding Bonds	28,985,000	-	-	28,985,000	-
Total general obligation bonds	$ 94,075,000	$ -	$ (11,345,000)	$ 82,730,000	$ 11,840,000

<u>2009 General Obligation Refunding Bonds, Series A</u>

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 $4,330,000 to $4,545,000 maturing annually through July 1, 2019. The bonds bear interests at rates range from 3.600% 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
2019	$ 4,330,000	$ 335,500	$ 4,665,500
2020	4,545,000	113,625	4,658,625
	$ 8,875,000	$ 449,125	$ 9,324,125

2009 General Obligation Refunding Bonds, Series B

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

Principal ranges from $5,180,000 to $5,640,000 maturing annually through July 1, 2020. The bonds bear interests at rates range from 3.475% to 4.500%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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
	$ 16,215,000	$ 1,117,450	$ 17,332,450

2010 General Obligation Refunding Bonds

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

Note 10 – Long-Term Liabilities (Continued)

A. City of Industry General Obligation Bonds (Continued)

2010 General Obligation Refunding Bonds (Continued)

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
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	2,800,000	792,400	3,592,400
2024-2028	12,440,000	1,911,514	14,351,514
2029-2030	3,430,000	146,214	3,576,214
	$ 28,655,000	$ 7,284,303	$ 35,939,303

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
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	6,035,000	472,897	6,507,897
2024-2025	12,605,000	392,914	12,997,914
	$ 28,985,000	$ 3,949,260	$ 32,934,260

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, 2018 on the bonds amounted to $95,530,138. 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, 2018, total monies received to pay for these bonds amounted to $16,210,404. Principal and interest paid on the bonds during the year ended June 30, 2018 amounted to $14,915,958.

B. City of Industry Sales Tax Revenue Bonds

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Sales tax revenue bonds:					
2015 Sales Tax Revenue Refunding Bonds, Series A	$ 335,970,000	$ -	$ (1,890,000)	$ 334,080,000	$ 1,920,000
2015 Sales Tax Revenue Bonds, Series B	51,460,000	-	(485,000)	50,975,000	505,000
2017 Sales Tax Refunding Revenue Bonds	34,340,000	-	(3,575,000)	30,765,000	3,085,000
Total sales tax revenue bonds	$ 421,770,000	$ -	$ (5,950,000)	$ 415,820,000	$ 5,510,000

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.

Principal ranges from $1,920,000 to $21,875,000 maturing annually through January 1, 2051. The bonds bear interests at rates range from 2.125% to 5.125%, due semiannually on January 1 and July 1.

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)

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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	2,130,000	16,131,138	18,261,138
2024-2028	16,520,000	79,517,800	96,037,800
2029-2033	41,205,000	73,781,938	114,986,938
2034-2038	51,860,000	63,129,387	114,989,387
2039-2043	66,520,000	48,464,306	114,984,306
2044-2048	85,410,000	29,578,937	114,988,937
2049-2051	62,480,000	6,510,800	68,990,800
	$ 334,080,000	$ 382,191,281	$ 716,271,281

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 $505,000 to $3,905,000 maturing annually through February 1, 2051. The bonds bear interests at rates range from 3.250% to 7.750%, due semiannually on January 1 and July 1.

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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	585,000	3,620,298	4,205,298
2024-2028	3,410,000	17,620,656	21,030,656
2029-2033	4,610,000	16,428,502	21,038,502
2034-2038	6,505,000	14,523,140	21,028,140
2039-2043	9,330,000	11,706,950	21,036,950
2044-2048	13,515,000	7,942,393	21,457,393
2049-2051	10,895,000	1,308,395	12,203,395
Total	$ 50,975,000	$ 87,856,588	$ 138,831,588

Note 10 – Long-Term Liabilities (Continued)

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

2017 Senior Taxable Sales Tax Revenue Refunding Bonds

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

The refunding resulted in savings in debt service payments in the amount of $7,396,509. It also resulted in economic gain in the amount of $1,784,623. Outstanding balance for the defeased 2010 Sales Tax Revenue Bonds at June 30, 2018 was in the amount of $30,010,000.

Principal ranges from $3,085,000 to $3,835,000 maturing annually through January 1, 2027. The bonds bear interests at rates range from 2.000% 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
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	3,390,000	587,206	3,977,206
2024-2027	14,635,000	1,255,781	15,890,781
	$ 30,765,000	$ 4,998,612	$ 35,763,612

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, 2018 on the bonds amounted to $890,866,481. 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, 2018, total sales tax revenues received to pay for these bonds amounted to $36,040,810. Principal and interest paid on the bonds during the year ended June 30, 2018 amounted to $26,684,028.

Note 10 – Long-Term Liabilities (Continued)

C. Public Facilities Authority Tax Allocation Revenue Bonds

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Tax allocation revenue bonds:					
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)	$ 207,525,000	$ -	$ (36,180,000)	$ 171,345,000	$ 36,945,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 2)	6,645,000	-	(700,000)	5,945,000	735,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 2)	239,525,000	-	(32,040,000)	207,485,000	16,420,000
2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A (Project No. 2)	10,395,000	-	(10,395,000)	-	-
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 3)	6,725,000	-	(710,000)	6,015,000	740,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 3)	34,830,000	-	(3,110,000)	31,720,000	3,325,000
Total tax allocation revenue bonds	$ 505,645,000	$ -	$ (83,135,000)	$ 422,510,000	$ 58,165,000

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 2.789% 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
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	9,705,000	1,118,239	10,823,239
2024-2025	16,940,000	874,225	17,814,225
	$ 171,345,000	$ 18,645,490	$ 189,990,490

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 $735,000 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
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
2023	885,000	139,500	1,024,500
2024-2025	1,905,000	144,000	2,049,000
	$ 5,945,000	$ 1,245,000	$ 7,190,000

For Series B, the PFA early redeemed $16,000,000 of the bonds during the year ended June 30, 2018. The remaining principal ranges from $16,420,000 to $48,825,000 maturing annually through January 1, 2025. The bonds bear interests at rates ranges from 3.039% 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
2019	$ 16,420,000	$ 9,135,424	$ 25,555,424
2020	16,905,000	8,636,560	25,541,560
2021	17,490,000	8,063,048	25,553,048
2022	22,550,000	7,342,886	29,892,886
2023	46,855,000	6,413,600	53,268,600
2024-2025	87,265,000	6,340,560	93,605,560
	$ 207,485,000	$ 45,932,078	$ 253,417,078

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, 2018, the PFA early redeemed and paid off the bonds.

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 $740,000 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
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	900,000	141,250	1,041,250
2024-2025	1,925,000	145,500	2,070,500
	$ 6,015,000	$ 1,260,000	$ 7,275,000

Note 10 – Long-Term Liabilities (Continued)

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

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

For Series B, principal ranges from $3,285,000 to $3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 3.000% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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
2023	3,605,000	908,172	4,513,172
2024-2027	14,400,000	1,762,878	16,162,878
	$ 31,720,000	$ 7,836,195	$ 39,556,195

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, 2018 amounted to $497,428,763.

At July 1, 2017 and June 30, 2018, PFA and the Successor Agency had funds held by the bond trustee that was and will be used to fund the bond payments on the 2015 A & B Public Facilities Authority Tax Allocation Revenue Refunding Bonds as follows:

PFA Tax Override Funds:	
Tax Override Funds transferred during the year ended June 30, 2017 (Note 22)	$ 47,639,564
Carryover from prior year and interest income	87,758
Total Tax Override Funds Held by PFA Bond Trustee at July 1, 2017	47,727,322
Successor Agency RPTTF Funds:	55,733,837
Total Tax Override and SA RPTTF Funds Held by PFA Bond Trustee at July 1, 2017	$ 103,461,159

2015A & B PFA Tax Allocation Revenue Refunding Bond Payments during the year ended June 30, 2018:

Payment Date	Principal	Interest	Total
July 1, 2017	$ -	$ 9,897,000	$ 9,897,000
January 1, 2018	59,995,000	9,897,000	69,892,000
January 1, 2018 Early Redemption	23,140,000	-	23,140,000
	$ 83,135,000	$ 19,794,000	$ 102,929,000

Note 10 – Long-Term Liabilities (Continued)

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

Revenue Pledged

PFA Tax Override Funds:	
Tax Override Funds transferred during the year ended June 30, 2018	$ 49,870,672
Carryover from prior year and interest income	515,464
Transferred from reserve funds	3,348,595
Total Tax Override Funds Held by PFA Bond Trustee at June 30, 2018	53,734,731
Successor Agency RPTTF Funds:	59,240,343
Total Tax Override and SA RPTTF Funds Held by PFA Bond Trustee at June 30, 2018	$ 112,975,074

2015A & B PFA Tax Allocation Revenue Refunding Bond Payments during the Year Ending June 30, 2019:

Payment Date	Principal	Interest	Total
July 1, 2018	$ -	$ 8,532,950	$ 8,532,950
January 1, 2019	58,165,000	8,532,950	66,697,950
	$ 58,165,000	$ 17,065,900	$ 75,230,900

PFA will have approximately $37,600,000 funds available to fund an early redemption of the 2015 A & B Public Facilities Authority Tax Allocation Revenue Refunding Bonds.

The $49,870,672 of current tax override funds transferred during the year ended June 30, 2018 is shown as a deposit for bond payments on the accompanying balance sheet.

Prior Years Defeased Obligations

In prior years, the PFA defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2018, the PFA had redeemed all prior year bonds that are considered defeased.

D. Public Facilities Authority Lease Revenue Refunding Bonds

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Lease revenue refunding bonds					
2010 Lease Revenue Refunding Bonds	$ 3,450,000	$ -	$ (810,000)	$ 2,640,000	$ 845,000
Total general obligation bonds	$ 3,450,000	$ -	$ (810,000)	$ 2,640,000	$ 845,000

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.

Note 10 – Long–Term Liabilities (Continued)

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

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

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

In March 2010, the City terminated its lease agreement with IUDA and leased the properties to PFA under a Site Lease Agreement between the City and PFA. As consideration, PFA paid an upfront rental payment of approximately $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 $845,000 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
2019	$ 845,000	$ 92,088	$ 937,088
2020	880,000	57,038	937,038
2021	915,000	19,444	934,444
	$ 2,640,000	$ 168,570	$ 2,808,570

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.

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

Year Ending June 30,	Lease Expense
2019	$ 373,144
2020	373,144
2021	373,144
2022	373,144
2023	373,144
Thereafter	2,612,004

Note 10 – Long-Term Liabilities (Continued)

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

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

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

Year Ending June 30,	Amount
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, 2018, compensated absences totaled to $63,667, 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, 2018 is as following:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in more than one year
Project Area 1:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	$ 207,525,000	$ -	$ (36,180,000)	$ 171,345,000	$ 36,945,000	$ 134,400,000
Total Project Area 1	207,525,000	-	(36,180,000)	171,345,000	36,945,000	134,400,000
Project Area 2:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	6,645,000	-	(700,000)	5,945,000	735,000	5,210,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	239,525,000	-	(32,040,000)	207,485,000	16,420,000	191,065,000
2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A	10,395,000	-	(10,395,000)	-	-	-
Total Project Area 2	256,565,000	-	(43,135,000)	213,430,000	17,155,000	196,275,000
Project Area 3:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	6,725,000	-	(710,000)	6,015,000	740,000	5,275,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	34,830,000	-	(3,110,000)	31,720,000	3,325,000	28,395,000
Total Project Area 3	41,555,000	-	(3,820,000)	37,735,000	4,065,000	33,670,000
Total tax allocation bonds	505,645,000	-	(83,135,000)	422,510,000	58,165,000	364,345,000
Deferred amounts:						
Unamortized premium/discounts	422,070	-	133,980	556,050	155,972	400,078
Total bonds payable	$ 506,067,070	$ -	$ (83,001,020)	$ 423,066,050	$ 58,320,972	$ 364,745,078

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 2.789% 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
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	9,705,000	1,118,239	10,823,239
2024-2025	16,940,000	874,225	17,814,225
	$ 171,345,000	$ 18,645,490	$ 189,990,490

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 $735,000 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
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
2023	885,000	139,500	1,024,500
2024-2025	1,905,000	144,000	2,049,000
	$ 5,945,000	$ 1,245,000	$ 7,190,000

Note 11 – Successor Agency Bonds Payables (Continued)

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

For Series B, the SA to IUDA early redeemed $16,000,000 of the bonds during the year ended June 30, 2018. The remaining principal ranges from $16,420,000 to $48,825,000 maturing annually through January 1, 2025. The bonds bear interests at rates ranges from 3.039% 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
2019	$ 16,420,000	$ 9,135,424	$ 25,555,424
2020	16,905,000	8,636,560	25,541,560
2021	17,490,000	8,063,048	25,553,048
2022	22,550,000	7,342,886	29,892,886
2023	46,855,000	6,413,600	53,268,600
2024-2025	87,265,000	6,340,560	93,605,560
	$ 207,485,000	$ 45,932,078	$ 253,417,078

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, 2018, the SA to IUDA early redeemed and paid off the bonds.

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.

For Series A, principal ranges from $740,000 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
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	900,000	141,250	1,041,250
2024-2025	1,925,000	145,500	2,070,500
	$ 6,015,000	$ 1,260,000	$ 7,275,000

Note 11 – Successor Agency Bonds Payable (Continued)

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

For Series B, principal ranges from $3,285,000 to $3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 3.000% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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
2023	3,605,000	908,172	4,513,172
2024-2027	14,400,000	1,762,878	16,162,878
	$ 31,720,000	$ 7,836,195	$ 39,556,195

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, 2018 amounted to $497,428,763. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2018, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to $68,116,078, which the SA received $58,997,392 after deductions.

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.

Note 11 – Successor Agency Bonds Payable (Continued)

Revenue Pledged (Continued)

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 ended June 30, 2018 was as follows:

RPTTF Funds	$	68,116,078
Less:		
Administrative expenses		(1,198,929)
Pass through payments		(7,919,757)
Net RPTTF Funds	$	58,997,392

At June 30, 2018 the PFA owns 100 percent of the outstanding bonds of the SA to the IUDA.

Note 12 – Defined Benefit Pension Plan

A. *General Information about the Pension Plan*

Plan Description

The City contributes to CalPERS, a cost-sharing multiple-employer defined pension plan, for its miscellaneous employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' 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, 2016 (valuation date), the following employees were covered by the benefit terms:

	Plans		
	Classic	Second Tier	PEPRA
Active employees	10	4	8
Transferred and terminated employees	9	0	1
Retired employees and beneficiaries	32	0	0
Total	51	4	9

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, 2017, the contribution rates were as follows:

Plans	Active Employee Contribution Rate	Employer Contribution Rate
Classic	8.000%	13.673%
Second Tier	7.000%	9.111%
PEPRA	7.000%	7.191%

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, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 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	7.15%
Inflation	2.75%
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, 2016 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 at www.calpers.ca.gov under Forms and Publications.

Change of Assumption

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

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 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.15 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 7.15 percent is applied to all plans in the Public Employees Retirement Fund ("PERF"). The cash flows 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 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 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, staff 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 Public Employees Retirement F asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
	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 7.15%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.15%) or one percentage-point higher (8.15%) than the current rate:

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
$ 14,020,648	$ 8,994,206	$ 4,831,216

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, 2016 (Valuation Date)	$ 26,799,090	$ 18,934,426	$ 7,864,664
Balance at June 30, 2017 (Measurement Date)	29,685,069	20,690,863	8,994,206
Net changes from July 1, 2016 to June 30, 2017	$ 2,885,979	$ 1,756,437	$ 1,129,542

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, 2016). 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, 2017). 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, 2017 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, 2016	0.09089%
June 30, 2017	0.09069%
Change - Increase (Decrease)	-0.00020%

For the year ended June 30, 2018, the City recognized pension expense in the amount of $1,197,670.

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, 2017 measurement period is 3.8 years, which was obtained by dividing the total service years of 490,088 (the sum of remaining service lifetimes of the active employees) by 130,595 (the total number of participants: active, inactive, and retired).

At June 30, 2018, 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	$ 8,793,371	$ -
Changes of assumptions	1,144,240	-
Difference between expected and actual experience	-	(133,046)
Net difference between projected and actual earnings on pension plan investments	280,139	-
Adjustment due to differences in proportions	142,769	-
Employer contributions under proportionated contributions	-	(480,905)
Total	$ 10,360,519	$ (613,951)

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 $8,793,371 will be recognized as a reduction of the collective net pension liability in the year ended June 30, 2019. 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
2019	$ 119,065
2020	619,026
2021	381,432
2022	(166,326)
2023	-
Thereafter	-
	$ 953,197

Note 13 - Deferred Compensation Plan

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

Investments are managed by the plan's trustee under one of several investment options, or a combination thereof. The choice of the investment options is made by the participants. Plan assets are held in trust for the exclusive benefit of participant and their beneficiaries; and therefore, are not included in the accompanying financial statements. As of June 30, 2018, the plan had investments in the amount of $1,663,913.

Note 14 – Other Post-Employment Benefits ("OPEB")

A. *General Information about the OPEB Plan*

Plan Description

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

Benefits provided by the plan is as follow:

	General Employees	Management
Benefit Types Provided	Medical, dental and vision	Medical, dental and vision
Duration of Benefits	Lifetime	Lifetime
Required Services	25 years	15 years*
Minimum Age	50 years old	50 years old
Dependent Coverage	Yes	Yes
City Contribution %	100.00%	100.00%
City Cap	None	None

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

Employees Covered by Benefit Term

At June 30, 2017 valuation date, the following employees were covered by the benefit term:

Active employees	31
Inactive employees receiving benefits	34
Inactive employees entitled to but not receiving benefits	-
Total	65

Contribution

The obligation of the City to contribute to the plan is established and may be amended by the City Council. For the year ended June 30, 2018, the average contribution rate was not applicable. Employees are not required to contribute to the plan.

B. *Net OPEB Liability*

The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

Total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified

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

B. Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Actuarial Cost Method:	Entry age actuarial cost method
Actuarial Assumptions:	
Inflation	2.75%
Investment Rate of Return/Discount Rate	7.00%
Healthcare Cost Trend	4.00%
Payroll Increase	2.75%
Mortality Rate Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rate	Hired < 1/1/2013: 2009 CalPERS 2.7%@ 55 Rates for Misc. Employees Hired > 12/31/2012: 2009 CalPERS 2.0%@ 60 Rates for Misc. Employees adjusted to reflect minimum retirement age of 52
Service Requirement	General Employee - Hired before 4/26/90: 100% at 10 years of service General Employee - Hired on or ager 4/26/90: 100% at 25 years of service Elected and Appointed Officials - 100% at 8 years of service Management - 100% at 15 years of service
Medical Costs	General Employees - Future Retirees Pre-65 $27,121 General Employees - Future Retirees Post-65 $14,249 Management - Future Retirees Pre-65 $27,121 Management - Future Retirees Pre-65 $14,249
Participation Rate	< 65 Non-Medicare Participation % at 100% > 65 Medicare Participation % at 100%
Turnover	2009 CalPERS Turnover for Miscellaneous Employees

Discount Rate

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

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	43.00%	7.795%
US Small Cap	23.00%	7.795%
Long-Term Corporate Bonds	12.00%	5.295%
Long-Term Government Bonds	6.00%	4.500%
Treasury Inflation Protected Securities (TIPS)	5.00%	7.795%
US Real Estate	8.00%	7.795%
All Commodities	3.00%	7.795%
	100.00%	

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

Note 14 - Other Postemployment Benefits ("OPEB") (Continued)

C. *Change in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Rolled back balance at June 30, 2016	$ 8,809,559	$ 10,688,041	$ (1,878,482)
Changes recognized for the measurement period:			
Service Cost	254,199	-	254,199
Interest on total OPEB liability	602,445	-	602,445
Employer contributions	-	-	-
Employee contributions	-	-	-
Actual investment income	-	1,136,614	(1,136,614)
Administrative expenses	-	(9,512)	9,512
Benefit payments	(653,626)	(653,626)	-
Other	-	-	-
Net change during measurement period 2016-2017	203,018	473,476	(270,458)
Balance at June 30, 2017 (Measurement Date)	$ 9,012,577	$ 11,161,517	$ (2,148,940)

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage- point higher (8.0 percent) than the current discount rate:

	Net OPEB Liability (Asset)		
Measurement Date	Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
June 30, 2017	$ (1,191,463)	$ (2,148,940)	$ (2,951,606)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.0 percent decreasing to 3.0 percent) or 1-percentage-point higher (4.0 percent increasing to 5.0 percent) than the current healthcare cost trend rates:

	Net OPEB Liability (Asset)		
Measurement Date	Healthcare Cost Trend Rate - 1% (3.00%)	Current Healthcare Cost Trend Rate Rate (4.00%)	Healthcare Cost Trend Rate + 1% (5.00%)
June 30, 2017	$ (2,978,787)	$ (2,148,940)	$ (1,172,259)

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

For the year ended June 30, 2018, the City recognized OPEB income in the amount of $270,458. At June 30, 2018, the City did not have deferred outflows of resources and deferred inflows of resources related to OPEB.

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, 2018, there are $218,300 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 Angeles Regional Water Quality Control Board (the "Regional Board") issued Administrative Civil Liability Complaint R4-2015-0207 ("Complaint") to the City proposing $5,758,792 in administrative civil liabilities alleging that unpermitted grading activities resulted in unauthorized discharge of dredged and/or fill material in the Eastern Fork of the San Gabriel River in May 2012. The Regional Board and the City entered into settlement agreement in October 2016 to the imposition of administrative civil liability in the amount of $5 million. Of that amount, the City agreed and paid $2.5 million in December 2016. The remaining $2.5 million is suspended pending completion of an Enhanced Compliance Action ("ECA"). The City will develop a stormwater quality improvement project as an ECA. The proposed timeline for the design and construction of the ECA is approximately three years from inception to completion by October 27, 2020. At June 30, 2018, the City is still in the process of developing the ECA.

San Gabriel Valley Water and Power, LLC

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

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

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, 2018
Engineering services for the City and management services for the Expo Center	City Council member	$ 4,727,766
Auto body and towing services	City Council member	47,577
Landscaping services	Mayor and City Council member	2,399,401
City attorney service	Oversight Board member	973,478

Other Related Party Transactions	Related Parties	Amount for the Year Ended June 30, 2018
Tenant of the City's (Housing Authority) Properties	City Council members, Commissioners, and Board members	$ 81,600

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, 2018 amounted to $11,356,283. Rental income of $2,369,469 is reported in the Governmental Fund financial statements, $210,450 in the IPHMA Enterprise Fund financial statements, and $8,776,364 in the Fiduciary Fund financial statements.

Note 19 – Rental Properties (Continued)

Future minimum rental income payments based on terms in effect at June 30, 2018 are as follows:

Year Ending June 30,	Amount
2019	$ 9,103,204
2020	7,986,285
2021	8,011,488
2022	11,412,333
2023	7,894,665
2024-2028	36,743,318
2029-2033	35,798,317
2034-2038	35,798,317
Thereafter	206,093,358

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

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

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

In the event that rental income on the buildings is insufficient to repay any loans outstanding related to any financing of such building projects, and operation and maintenance of the various buildings, the SA to IUDA is required to contribute 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
2019	$ 20,468
2020	2,187

Note 21 – Excess of Expenditures Over Appropriations

During the year ended June 30, 2018, expenditures in excess of appropriations are as follows:

	Appropriation	Expenditures	Variance
General Fund:			
General administration	$ 11,630,055	$ 12,320,754	$ (690,699)
Capital outlay	3,400	1,546,604	(1,543,204)
CRIA Capital Projects Fund:			-
General administration	410,675	588,076	(177,401)
Public works	-	32,806	(32,806)
Debt Service Fund:			
General administration	16,000	25,400	(9,400)
Interest	24,304,990	24,856,149	(551,159)
Tax Override Debt Service Fund:			
Community development	47,072,300	49,870,672	(2,798,372)
Industry Public Facilities Authority Debt Service Fund:			
General administration	396,650	1,201,558	(804,908)
Community development	-	298,856	(298,856)
Principal retirement	61,290,000	83,945,000	(22,655,000)
Interest	23,636,890	23,951,357	(314,467)
Gas Tax Special Revenue Fund:			
Public works	-	14,410	(14,410)
Measure R Local Return Special Revenue Fund:			
Public works	5,000	5,111	(111)
Propposition A Sales Tax Special Revenue Fund:			
Capital outlay	-	1,149,441	(1,149,441)
Grant Special Revenue Fund:			
Public works	-	270,415	(270,415)
Measure M Special Revenue Fund:			
Public works	-	2,654	(2,654)

Note 22 – Restatement of Beginning Net Position/Fund Balance

The beginning net position for governmental activities and the beginning fund balance for governmental fund at July 1, 2017 were restated as follows:

	Governmental Activities	Governmental Fund Debt Service Fund
Net position/fund balances, as previously reported	$ 847,333,955	$ 680,117,517
(1) Investment with fiscal agent	(38,034,372)	(38,034,372)
(2) Bond payment deposits	(47,639,564)	(47,639,564)
(3) Other postemployment assets per GASB 45	(770,944)	-
(3) Net other postemployment assets per GASB 75	1,878,482	-
Net position/fund balances, as restated	$ 762,767,557	$ 594,443,581

(1) The restatement is to correct the investment with fiscal agent balances for the defeased bonds.

(2) The restatement is to reclassify funds received from Tax Override Fund to bond payment deposits.

(3) The restatement is to implementation of Governmental Accounting Standards Board Statement No. 75 for OPEB.

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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Taxes	$ 38,285,380	$ 38,285,380	$ 42,231,312	$ 3,945,932
Intergovernmental	190,300	190,300	961,673	771,373
Charges for services	1,658,060	1,658,060	1,000,581	(657,479)
Licenses and permits	1,530,000	1,530,000	2,440,729	910,729
Fines, forfeitures and penalties	412,500	412,500	442,947	30,447
Use of money and property	13,682,150	13,682,150	7,293,171	(6,388,979)
Other revenue	260,000	260,000	3,281,409	3,021,409
Total revenues	56,018,390	56,018,390	57,651,822	1,633,432
EXPENDITURES:				
Current:				
Legislative	944,930	1,023,915	659,613	364,302
General administration	3,048,715	11,630,055	12,320,754	(690,699)
Support services	8,744,510	9,507,974	6,072,461	3,435,513
Community development	2,511,560	4,927,161	4,019,364	907,797
Community services	5,136,820	5,576,820	4,501,325	1,075,495
Public safety	10,241,415	10,241,415	10,147,605	93,810
Public works	18,447,300	19,344,316	15,799,544	3,544,772
Capital outlay	3,400	3,400	1,546,604	(1,543,204)
Total expenditures	49,078,650	62,255,056	55,067,270	7,187,786
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,939,740	(6,236,666)	2,584,552	8,821,218
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,370,488	2,370,488
Transfers out	(29,361,623)	(29,361,623)	(48,521,275)	(19,159,652)
Proceeds from sale of assets	-	-	772,278	772,278
Total other financing sources (uses)	(29,361,623)	(29,361,623)	(45,378,509)	(16,016,886)
NET CHANGE IN FUND BALANCES	$ (22,421,883)	$ (35,598,289)	(42,793,957)	$ (7,195,668)
FUND BALANCES:				
Beginning of year			750,458,320	
End of year			$ 707,664,363	

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, 2018

Last Ten Fiscal Years

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

Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014[1]
City's proportion of the net pension liability/(asset)	0.09069%	0.09088%	0.09232%	0.07687%
City's proportionate share of the net pension liability/(asset)	$ 8,994,206	$ 7,864,664	$ 6,336,456	$ 4,782,916
City's covered payroll	$ 2,072,156	$ 1,936,492	$ 1,988,262	$ 1,779,595
City's proportionate share of the net pension liability as a percentage of covered payroll	434.05%	406.13%	318.69%	268.76%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	69.70%	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 Contributions - Pension
For the Year Ended June 30, 2018

Last Ten Fiscal Years

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

Fiscal year end	2017-18	2016-17	2015-16	2014-15	2013-14[1]
Actuarially determined contribution	$ 227,031	$ 215,312	$ 227,017	$ 255,850	$ 303,098
Contribution in relation to the actuarially determined contribution	(640,586)	(567,355)	(534,918)	(255,850)	(303,098)
Contribution deficiency (excess)	$ (413,555)	$ (352,043)	$ (307,901)	$ -	$ -
Covered payroll[2]	$ 2,134,321	$ 2,072,156	$ 1,936,492	$ 1,988,262	$ 1,779,595
Contributions as a percentage of covered payroll	10.64%	10.39%	11.72%	12.87%	17.21%

[1] Historical information is presented only for measurement periods for which GASB 68 information is applicable.

[2] Payroll from prior year $2,072,156 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, 2016 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: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Industry
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2018

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	June 30, 2017[1]
Total OPEB liability	
Service cost	$ 254,199
Interest	602,445
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumption	-
Benefit payments	(653,626)
Net change in total OPEB liability	203,018
Total OPEB liability, beginning	8,809,559
Total OPEB liability, ending (a)	9,012,577
OPEB fiduciary net position	
Contributions - employer	-
Net investment income	1,136,614
Benefit payments	(653,626)
Administrative expense	(9,512)
Net change in plan fiduciary net position	473,476
Plan fiduciary net position, beginning	10,688,041
Plan fiduciary net position, ending (b)	11,161,517
Plan net OPEB liability - ending (a) - (b)	$ (2,148,940)
Plan's fiduciary net position as a percentage of the total OPEB liability	123.84%
Covered payroll	$ 2,072,156
Plan net OPEB liability as a percentage of covered payroll	-103.71%

[1] Historical information is presented only for measurement periods for which GASB 75 is applicable.

City of Industry
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Years Ended June 30, 2018

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year end	2017-18	2016-17[1]
Actuarially determined contribution[2]	$ -	$ -
Contribution in relation to the actuarially determined contribution[2]	-	-
Contribution deficiency/(excess)	$ -	$ -
Covered payroll	$ 2,134,321	$ 2,072,156
Contributions as a percentage of covered payroll	0.00%	0.00%

[1] Historical information is presented only for measurement periods for which GASB 75 is applicable.

[2] The July 1, 2015 actuarial valuation provided the actuarially determined contributions for fiscal year ended June 30, 2017. There is no actuarially determined contribution for the year ended June 30, 2018.

Notes to Schedule:

Valuation date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method:	Entry age actuarial cost method.
Inflation:	2.75% per year
Investment return/discount rate:	7.20% per year based on assumed long-term return on plan assets assuming 100% funding through CERBT. "Building Block Method" is used.
Healthcare cost trend:	4.00% per year
Payroll increase:	2.75% per year
Mortality:	2014 CalPERS active mortality for miscellaneous employees
Retirement rates:	2009 CalPERS 2.75%@55 rates for miscellaneous employee

SUPPLEMENTARY INFORMATION

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CAPITAL PROJECTS FUNDS

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City of Industry
Combining Balance Sheet
Capital Projects Funds
June 30, 2018

	Capital Projects Fund	Civic-Recreational-Industrial Authority Capital Projects Fund	Total
ASSETS			
Cash	$ 5,843	$ 65,701	$ 71,544
Investments	844,378	138,873	983,251
Accounts receivables	2,955,384	145,000	3,100,384
Accrued interest	10,442	659	11,101
Investments with fiscal agent	204,915,270	-	204,915,270
Total assets	$ 208,731,317	$ 350,233	$ 209,081,550
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ 2,084,124	$ 187,074	$ 2,271,198
Avances from other funds	10,680,177	-	10,680,177
Total liabilities	12,764,301	187,074	12,951,375
Deferred Inflows of Resources			
Unavailable revenue	2,955,384	-	2,955,384
Total deferred inflows of resources	2,955,384	-	2,955,384
Fund Balances:			
Restricted	193,011,632	-	193,011,632
Committed	-	163,159	163,159
Total fund balances	193,011,632	163,159	193,174,791
Total liabilities, deferred inflows of resources and fund balances	$ 208,731,317	$ 350,233	$ 209,081,550

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Projects Funds
For the Year Ended June 30, 2018

	Capital Projects Fund	Civic-Recreational-Industrial Authority Capital Projects Fund	Total
REVENUES:			
Intergovernmental revenue	$ 20,481,000	$ -	$ 20,481,000
Use of money and property	318,221	1,777	319,998
Other revenue	-	19	19
Total revenues	20,799,221	1,796	20,801,017
EXPENDITURES:			
Current:			
General administration	-	588,076	588,076
Public works	30,450,924	32,806	30,483,730
Capital outlay	3,178,716	-	3,178,716
Total expenditures	33,629,640	620,882	34,250,522
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,830,419)	(619,086)	(13,449,505)
OTHER FINANCING SOURCES (USES):			
Transfers in	11,319,971	1,117,990	12,437,961
Transfers out	(4,492,092)	(363,513)	(4,855,605)
Total other financing sources (uses)	6,827,879	754,477	7,582,356
NET CHANGE IN FUND BALANCES	(6,002,540)	135,391	(5,867,149)
FUND BALANCES:			
Beginning of year	199,014,172	27,768	199,041,940
End of year	$ 193,011,632	$ 163,159	$ 193,174,791

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental revenue	$ 1,185,075	$ 1,185,075	$ 20,481,000	$ 19,295,925
Use of money and property	304,500	304,500	318,221	13,721
Total revenues	1,489,575	1,489,575	20,799,221	19,309,646
EXPENDITURES:				
Current:				
Public works	36,571,725	38,254,030	30,450,924	7,803,106
Capital outlay	-	-	3,178,716	(3,178,716)
Total expenditures	36,571,725	38,254,030	33,629,640	4,624,390
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35,082,150)	(36,764,455)	(12,830,419)	23,934,036
OTHER FINANCING SOURCES (USES):				
Transfer in	13,456,580	13,456,580	11,319,971	(2,136,609)
Transfers out	-	-	(4,492,092)	(4,492,092)
Total other financing sources (uses)	13,456,580	13,456,580	6,827,879	(6,628,701)
NET CHANGES IN FUND BALANCES	$ (21,625,570)	$ (23,307,875)	(6,002,540)	$ 17,305,335
FUND BALANCE:				
Beginning of year			199,014,172	
End of year			$ 193,011,632	

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, 2018

	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES:				
Use of money and property	$ 610	$ 610	$ 1,777	$ 1,167
	-	-	19	19
Total revenues	610	610	1,796	1,186
EXPENDITURES:				
Current:				
General administration	330,675	410,675	588,076	(177,401)
Public works	-	-	32,806	(32,806)
Total expenditures	330,675	410,675	620,882	(210,207)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(330,065)	(410,065)	(619,086)	(209,021)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,018,820	1,018,820	1,117,990	99,170
Transfers out	(688,145)	(688,145)	(363,513)	324,632
Total other financing sources (uses)	330,675	330,675	754,477	423,802
NET CHANGES IN FUND BALANCES	$ 610	$ (79,390)	135,391	$ 214,781
FUND BALANCE:				
Beginning of year			27,768	
End of year			$ 163,159	

DEBT SERVICE FUNDS

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City of Industry
Combining Balance Sheet
Debt Service Funds
June 30, 2018

	Debt Service Fund	Tax Override Fund	Industry Public Facilities Authority Debt Service Fund	Total
ASSETS				
Cash	$ 123,653	$ 854	$ -	$ 124,507
Investments	2,917,370	1,234	-	2,918,604
Investments with fiscal agent - restricted	57,815,779	-	54,584,821	112,400,600
Investments in City and SA to IUDA bonds	-	-	473,203,738	473,203,738
Accounts receivable	1,008,988	2,868,621	-	3,877,609
Accrued interest	13,806	6	10,067,906	10,081,718
Prepaid items	7,431,951	-	5,709,512	13,141,463
Site lease prepayment	-	-	4,477,725	4,477,725
Total assets	$ 69,311,547	$ 2,870,715	$ 548,043,702	$ 620,225,964
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 2,000	$ 2,000
Bond payment deposits	-	-	49,870,672	49,870,672
Advance from other funds	-	-	52,509,956	52,509,956
Total liabilities	-	-	102,382,628	102,382,628
Fund Balances:				
Nonspendable	7,431,951	-	10,187,237	17,619,188
Restricted	61,879,596	2,870,715	435,473,837	500,224,148
Total fund balances	69,311,547	2,870,715	445,661,074	517,843,336
Total liabilities and fund balances	$ 69,311,547	$ 2,870,715	$ 548,043,702	$ 620,225,964

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds
For the Year Ended June 30, 2018

	Debt Service Fund	Tax Override Fund	Industry Public Facilities Authority Debt Service Fund	Total
REVENUES:				
Property taxes	$ 13,291,434	$ 51,365,357	$ -	$ 64,656,791
Use of money and property	154,115	18	23,973,313	24,127,446
Total revenues	13,445,549	51,365,375	23,973,313	88,784,237
EXPENDITURES:				
Current:				
General administration	25,400	-	1,201,558	1,226,958
Community development	-	49,870,672	298,856	50,169,528
Debt service:				
Principal retirement	17,295,000	-	83,945,000	101,240,000
Interest and fiscal charges	24,856,149	-	23,951,357	48,807,506
Total expenditures	42,176,549	49,870,672	109,396,771	201,443,992
REVENUES OVER (UNDER) EXPENDITURES	(28,731,000)	1,494,703	(85,423,458)	(112,659,755)
OTHER FINANCING SOURCES (USES):				
Transfers in	36,041,715	-	17,795	36,059,510
Total other financing sources (uses)	36,041,715	-	17,795	36,059,510
Change in fund balances	7,310,715	1,494,703	(85,405,663)	(76,600,245)
FUND BALANCES:				
Beginning of year, as restated (Note 22)	62,000,832	1,376,012	531,066,737	594,443,581
End of year	$ 69,311,547	$ 2,870,715	$ 445,661,074	$ 517,843,336

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2018

	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES:				
Property taxes	$ 13,154,900	$ 13,154,900	$ 13,291,434	$ 136,534
Use of money and property	110,100	110,100	154,115	44,015
Total revenues	13,265,000	13,265,000	13,445,549	180,549
EXPENDITURES:				
Current:				
General administration	16,000	16,000	25,400	(9,400)
Debt service:				
Principal retirement	17,295,000	17,295,000	17,295,000	-
Interest	24,304,990	24,304,990	24,856,149	(551,159)
Total expenditures	41,615,990	41,615,990	42,176,549	(560,559)
REVENUES OVER (UNDER) EXPENDITURES	(28,350,990)	(28,350,990)	(28,731,000)	(380,010)
OTHER FINANCING SOURCES:				
Transfers in	26,684,028	26,684,028	36,041,715	9,357,687
Total other financing sources	26,684,028	26,684,028	36,041,715	9,357,687
Changes in fund balance	$ (1,666,962)	$ (1,666,962)	7,310,715	$ 8,977,677
FUND BALANCE:				
Beginning of year, as restated (Note 22)			62,000,832	
End of year			$ 69,311,547	

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, 2018

	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES:				
Property taxes	$ 47,072,300	$ 47,072,300	$ 51,365,357	$ 4,293,057
Use of money and property	2,000	2,000	18	(1,982)
Total revenues	47,074,300	47,074,300	51,365,375	4,291,075
EXPENDITURES:				
Current:				
Community development	47,072,300	47,072,300	49,870,672	(2,798,372)
Total expenditures	47,072,300	47,072,300	49,870,672	(2,798,372)
REVENUES OVER EXPENDITURES	2,000	2,000	1,494,703	1,492,703
Changes in fund balance	$ 2,000	$ 2,000	1,494,703	$ 1,492,703
FUND BALANCE:				
Beginning of year			1,376,012	
End of year			$ 2,870,715	

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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Use of money and property	$ 29,449,400	$ 29,449,400	$ 23,973,313	$ (5,476,087)
Total revenues	29,449,400	29,449,400	23,973,313	(5,476,087)
EXPENDITURES:				
Current:				
General administration	396,650	396,650	1,201,558	(804,908)
Community development	-	-	298,856	(298,856)
Debt service:				
Principal retirement	61,290,000	61,290,000	83,945,000	(22,655,000)
Interest	23,636,890	23,636,890	23,951,357	(314,467)
Total expenditures	85,323,540	85,323,540	109,396,771	(24,073,231)
REVENUES OVER (UNDER) EXPENDITURES	(55,874,140)	(55,874,140)	(85,423,458)	(29,549,318)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	17,795	17,795
Total other financing sources (uses)	-	-	17,795	17,795
Changes in fund balance	$ (55,874,140)	$ (55,874,140)	(85,405,663)	$ (29,531,523)
FUND BALANCE:				
Beginning of year			531,066,737	
End of year			$ 445,661,074	

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NONMAJOR GOVERNMENTAL FUNDS

City of Industry
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds				
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax	Grants
ASSETS					
Cash	$ -	$ -	$ 62,459	$ 9,440	$ -
Investments	-	-	2,016,625	-	-
Accounts receivable	17,903	-	-	-	-
Accrued interest	-	-	10,333	-	-
Due from other funds	-	-	-	5,919	-
Total assets	$ 17,903	$ -	$ 2,089,417	$ 15,359	$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ -	$ -	$ 22,244	$ -	$ -
Due to other funds	-	-	16,207	-	-
Total liabilities	-	-	38,451	-	-
Fund Balances:					
Restricted	17,903	-	2,050,966	15,359	-
Total fund balances	17,903	-	2,050,966	15,359	-
Total liabilities and fund balances	$ 17,903	$ -	$ 2,089,417	$ 15,359	$ -

City of Industry
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds			
	AQMD Grant	Measure M	CARB Grant	Total
ASSETS				
Cash	$ -	$ -	$ 564,340	$ 636,239
Investments	-	-	-	2,016,625
Accounts receivable	471	-	-	18,374
Accrued interest	-	-	-	10,333
Due from other funds	-	1,977	14,374	22,270
Total assets	$ 471	$ 1,977	$ 578,714	$ 2,703,841
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 22,244
Due to other funds	-	-	-	16,207
Total liabilities	-	-	-	38,451
Fund Balances:				
Restricted	471	1,977	578,714	2,665,390
Total fund balances	471	1,977	578,714	2,665,390
Total liabilities and fund balances	$ 471	$ 1,977	$ 578,714	$ 2,703,841

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds				
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax	Grants
REVENUES:					
Taxes	$ 12,211	$ 5,111	$ 595,726	$ 6,444	$ -
Intergovernmental	-	-	-	-	270,415
Use of money and property	-	-	29,924	6	-
Other revenues	2,199	-	-	-	-
Total revenues	14,410	5,111	625,650	6,450	270,415
EXPENDITURES:					
Current:					
Public works	14,410	5,111	113,536	-	270,415
Capital outlay	-	-	1,149,441	-	-
Total expenditures	14,410	5,111	1,262,977	-	270,415
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(637,327)	6,450	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	307	-	2,245,730
Transfers out	-	-	-	-	(270,415)
Total other financing sources (uses)	-	-	307	-	1,975,315
Changes in fund balances	-	-	(637,020)	6,450	1,975,315
FUND BALANCES:					
Beginning of year	17,903	-	2,687,986	8,909	(1,975,315)
End of year	$ 17,903	$ -	$ 2,050,966	$ 15,359	$ -

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	AQMD Grant	Measure M	CARB Grant	Total
REVENUES:				
Taxes	$ -	$ 4,631	$ -	$ 624,123
Intergovernmental	-	-	139,726	410,141
Use of money and property	-	-	-	29,930
Other revenues	-	-	-	2,199
Total revenues	-	4,631	139,726	1,066,393
EXPENDITURES:				
Current:				
Public works	-	2,654	-	406,126
Capital outlay	-	-	-	1,149,441
Total expenditures	-	2,654	-	1,555,567
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,977	139,726	(489,174)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	438,988	2,685,025
Transfers out	-	-	-	(270,415)
Total other financing sources (uses)	-	-	438,988	2,414,610
Changes in fund balances	-	1,977	578,714	1,925,436
FUND BALANCES:				
Beginning of year	471	-	-	739,954
End of year	$ 471	$ 1,977	$ 578,714	$ 2,665,390

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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Taxes	$ 23,640	$ 23,640	$ 12,211	$ (11,429)
Use of money and property	100	100	-	(100)
Other revenues	-	-	2,199	2,199
Total revenues	23,740	23,740	14,410	(9,330)
EXPENDITURES:				
Current:				
Public works	-	-	14,410	(14,410)
Total expenditures	-	-	14,410	(14,410)
NET CHANGES IN FUND BALANCES	$ 23,740	$ 23,740	-	$ (23,740)
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, 2018

	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES:				
Taxes	$ 5,000	$ 5,000	$ 5,111	$ 111
Total revenues	5,000	5,000	5,111	111
EXPENDITURES:				
Current:				
Public works	5,000	5,000	5,111	(111)
Total expenditures	5,000	5,000	5,111	(111)
NET CHANGES IN FUND BALANCES	$ -	$ -	-	$ -
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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Taxes	$ 258,000	$ 533,000	$ 595,726	$ 62,726
Intergovernmental	-	-	-	-
Revenues from use of money and property	5,500	5,500	29,924	24,424
Total revenues	263,500	538,500	625,650	87,150
EXPENDITURES:				
Current:				
Public works	2,900,000	2,900,000	113,536	2,786,464
Capital outlay	-	-	1,149,441	(1,149,441)
Total expenditures	2,900,000	2,900,000	1,262,977	1,637,023
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,636,500)	(2,361,500)	(637,327)	1,724,173
OTHER FINANCING SOURCES:				
Transfers in	-	-	307	307
Total other financing sources	-	-	307	307
NET CHANGES IN FUND BALANCES	$ (2,636,500)	$ (2,361,500)	(637,020)	$ 1,724,480
FUND BALANCE:				
Beginning of year			2,687,986	
End of year			$ 2,050,966	

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, 2018

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 7,000	$ 7,000	$ 6,444	$ (556)
Use of money and property	10	10	6	(4)
Total revenues	7,010	7,010	6,450	(560)
NET CHANGES IN FUND BALANCES	$ 7,010	$ 7,010	6,450	$ (560)
FUND BALANCE:				
Beginning of year			8,909	
End of year			$ 15,359	

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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	$ 12,431,580	$ 12,431,580	$ 270,415	$ (12,161,165)
Total revenues	12,431,580	12,431,580	270,415	(12,161,165)
EXPENDITURES:				
Current:				
Public works	-	-	270,415	(270,415)
Total expenditures	-	-	270,415	(270,415)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,431,580	12,431,580	-	(12,431,580)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	2,245,730	2,245,730
Transfer out	(12,431,580)	(12,431,580)	(270,415)	12,161,165
Total other financing sources (uses)	(12,431,580)	(12,431,580)	1,975,315	14,406,895
NET CHANGES IN FUND BALANCES	$ -	$ -	1,975,315	$ 1,975,315
FUND BALANCE:				
Beginning of year			(1,975,315)	
End of year			$ -	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Measure M Special Revenue Fund
For the Year Ended June 30, 2018

	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES:				
Taxes	$ 5,000	$ 5,000	$ 4,631	$ (369)
Total revenues	5,000	5,000	4,631	(369)
EXPENDITURES:				
Current:				
Public works	-	-	2,654	(2,654)
Total expenditures	-	-	2,654	(2,654)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,000	5,000	1,977	(3,023)
NET CHANGES IN FUND BALANCES	$ 5,000	$ 5,000	1,977	$ (3,023)
FUND BALANCE:				
Beginning of year			-	
End of year			$ 1,977	

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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, 2018

	Industry Public Utilities Commission		
	Water	Electric	Total
ASSETS			
Current assets:			
Cash	$ 1,146,028	$ -	$ 1,146,028
Investments	5,974,926	13,819,632	19,794,558
Accounts receivable, net	520,129	782,908	1,303,037
Accrued interest	26,199	55,088	81,287
Inventory of materials and supplies	10,000	-	10,000
Prepaid items	496,542	-	496,542
Total current assets	8,173,824	14,657,628	22,831,452
Noncurrent assets:			
Capital assets:			
Capital assets not being depreciated	918,388	-	918,388
Capital assets being depreciated, net	8,799,904	3,569,545	12,369,449
Capital assets, net	9,718,292	3,569,545	13,287,837
Total noncurrent assets	9,718,292	3,569,545	13,287,837
Total assets	17,892,116	18,227,173	36,119,289
LIABILITIES			
Current liabilities:			
Accounts payable	334,221	521,352	855,573
Deposits	33,717	8,089,370	8,123,087
Due to other funds	-	27,700	27,700
Unearned revenue from reclaimed water sales	6,273,425	-	6,273,425
Total current liabilities	6,641,363	8,638,422	15,279,785
Total liabilities	6,641,363	8,638,422	15,279,785
NET POSITION			
Investment in capital assets	9,718,292	3,569,545	13,287,837
Unrestricted	1,532,461	6,019,206	7,551,667
Total net position	$ 11,250,753	$ 9,588,751	$ 20,839,504

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, 2018

	Industry Public Utilities Commission		
	Water	Electric	Total
OPERATING REVENUES:			
Water sales and service	$ 3,270,180	$ -	$ 3,270,180
Electric and solar energy sales	-	5,098,350	5,098,350
Other revenue	43,168	-	43,168
Total operating revenues	3,313,348	5,098,350	8,411,698
OPERATING EXPENSES:			
Purchased water	98,204	-	98,204
Purchased electricity	-	2,288,687	2,288,687
General administration	2,028,233	2,498,604	4,526,837
Depreciation	587,060	92,753	679,813
Total operating expenses	2,713,497	4,880,044	7,593,541
OPERATING INCOME (LOSS)	599,851	218,306	818,157
NONOPERATING REVENUES:			
Investment income	75,801	111,782	187,583
Loss on disposal of assets	(4,549)	-	(4,549)
Total nonoperating revenue	71,252	111,782	183,034
Changes in net position before transfers	671,103	330,088	1,001,191
TRANSFERS:			
Transfers in	-	27,786	27,786
Transfers out	-	(438,988)	(438,988)
Total transfers	-	(411,202)	(411,202)
Changes in net position	671,103	(81,114)	589,989
NET POSITION:			
Beginning of year	10,579,650	9,669,865	20,249,515
End of year	$ 11,250,753	$ 9,588,751	$ 20,839,504

City of Industry
Combining Statement of Cash Flows
Industry Public Utilities Commission Enterprise Funds
For the Year Ended June 30, 2018

	Industry Public Utilities Commission		
	Water	Electric	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	$ 2,808,809	$ 13,040,140	$ 15,848,949
Payments to vendors for supplies and services	(2,332,197)	(4,944,873)	(7,277,070)
Net cash provided by operating activities	476,612	8,095,267	8,571,879
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	-	750,892	750,892
Cash paid to other funds	(34,307)	(438,988)	(473,295)
Net cash provided by (used in) noncapital financing activities	(34,307)	311,904	277,597
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	(696,633)	(696,633)
Net cash used in capital and related financing activities	-	(696,633)	(696,633)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of investments	(761,609)	(13,819,632)	(14,581,241)
Proceeds from sale of investments	-	5,465,957	5,465,957
Interest received	61,608	56,694	118,302
Net cash used in investing activities	(700,001)	(8,296,981)	(8,996,982)
Net decrease in cash and cash equivalents	(257,696)	(586,443)	(844,139)
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,403,724	586,443	1,990,167
End of year	$ 1,146,028	$ -	$ 1,146,028
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income	$ 599,851	$ 218,306	$ 818,157
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	587,060	92,753	679,813
(Increase) decrease in accounts receivables	6,523	(141,244)	(134,721)
(Increase) decrease in prepaid items	(247,887)	-	(247,887)
Increase (decrease) in accounts payable	42,127	(157,582)	(115,455)
Increase (decrease) in customer deposits	881	8,083,034	8,083,915
Increase (decrease) in unearned revenues	(511,943)	-	(511,943)
Net cash provided by (used in) operating activities	$ 476,612	$ 8,095,267	$ 8,571,879

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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, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Assessment Districts				
ASSETS				
Cash	$ 314,295	$ 1,253,576	$ (972,637)	$ 595,234
Investments	1,774,341	4,958,054	(5,072,097)	1,660,298
Cash with fiscal agent	519,099	508,133	(504,546)	522,686
Other receivables	11,513	2,753	(11,513)	2,753
Total assets	$ 2,619,248	$ 6,722,516	$ (6,560,793)	$ 2,780,971
LIABILITIES				
Due to bond holders	$ 2,619,248	$ 668,596	$ (506,873)	$ 2,780,971
Total liabilities	$ 2,619,248	$ 668,596	$ (506,873)	$ 2,780,971

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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, 2018

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
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
	$ 8,875,000		$ 449,125	$ 9,324,125	$ 9,324,125

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, 2018

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
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
	$ 16,215,000		$ 1,117,450	$ 17,332,450	$ 17,332,450

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, 2018

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
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
	$ 28,655,000		$ 7,284,303	$ 35,939,303	$ 35,939,303

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, 2018

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
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		$ 3,949,260	$ 32,934,260	$ 32,934,260

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, 2018

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
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
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

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, 2018

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
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
	$ 334,080,000		$ 382,191,281	$ 716,271,281	$ 716,271,281

City of Industry
Schedule of Long-Term Debt (Continued)
$51,460,000 Taxable Sale Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule
For the Year Ended June 30, 2018

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
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
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

City of Industry
Schedule of Long-Term Debt (Continued)
$51,460,000 Taxable Sale Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule
For the Year Ended June 30, 2018

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
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
	$ 50,975,000		$ 87,856,588	$ 138,831,588	$ 138,831,588

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, 2018

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
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
	$ 30,765,000		$ 4,998,612	$ 35,763,612	$ 35,763,612

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