

# **City of Industry**

City of Industry, California

## **Independent Auditors' Report and Basic Financial Statements**

*For the Year Ended June 30, 2019*





**City of Industry**  
**For the Year Ended June 30, 2019**

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## 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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the 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 Contributions – Pensions, the Schedule of the Net Other Postemployment Benefits Liability and Related Ratios, the Schedule of Contributions – Other Postemployment Benefits on pages 3 to 13 and 103 to 109 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, the Schedules of Revenues, Expenses, and Change in Fund Balances – Budget and Actual, and the Schedules of Long-Term Debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, the Schedules of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual, and the Schedules of Long-Term Debt are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the Schedules of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual, and the Schedules of Long-Term Debt are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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.



Santa Ana, California  
December 13, 2019

**City of Industry**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 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, 2019. 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, 2019 by \$725.5 million (Net Position). Of this amount, \$254.2 million is invested in capital assets, \$180.3 million is restricted for capital projects activities and \$222.2 million in unrestricted net position. Net Position reflects a decrease of \$17.0 million from prior period and is attributable to increases in community development, and offset by a reduction in capital projects and public works, and a decrease in support services.
- The assets of the City’s business-type activities exceeded its liabilities at June 30, 2019 by \$39.5 million (Net Position). Of this amount, \$29.2 million is invested in capital assets, net of related debt, and \$10.4 million in unrestricted net position. Net position increased by \$1.8 million due to an increase in charges for services and net transfers in during the year ended June 30, 2019.
- The City’s total debt and liabilities decreased by \$105.8 million of which is primarily attributable to reductions in long-term liabilities due in more than one year, as a result of regular scheduled principal payments on long term debt.
- In the General Fund, the net change in fund balance was a decrease of \$10.0 million. The decrease was attributed to an increase in community development due a \$37.5 million contributions to Tres Hermanos Conservation Authority, offset against an increase in revenues from use of money and property and an increase in proceeds from sale of assets. At June 30, 2019, the General Fund ending fund balance was \$697.6 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.

**City of Industry**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

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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.

**City of Industry**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

**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		
	2019	2018	Change
Current and other assets	\$ 1,364,148,126	\$ 1,484,564,081	\$ (120,415,955)
Capital assets, net	255,443,070	253,501,071	1,941,999
Total assets	<u>1,619,591,196</u>	<u>1,738,065,152</u>	<u>(118,473,956)</u>
Deferred outflows of resources			
Deferred loss on refunding, net	1,042,480	1,308,307	(265,827)
Deferred outflows of resources - pension	7,579,558	10,360,519	(2,780,961)
Deferred outflow of resources - OPEB	77,726	-	77,726
Total deferred outflows of resources	<u>8,699,764</u>	<u>11,668,826</u>	<u>(2,969,062)</u>
Long-term liabilities	814,663,403	928,069,353	(113,405,950)
Other liabilities	87,236,275	78,514,811	8,721,464
Total liabilities	<u>901,899,678</u>	<u>1,006,584,164</u>	<u>(104,684,486)</u>
Deferred inflows of resources			
Deferred inflows of resources - pension	761,973	613,951	148,022
Deferred inflows of resources - OPEB	115,723	-	115,723
Total deferred inflow of resources	<u>877,696</u>	<u>613,951</u>	<u>263,745</u>
Net position:			
Net investment in capital assets	254,158,326	250,858,615	3,299,711
Restricted for:			
Transportation and road	3,014,672	2,665,390	349,282
Capital projects	180,268,764	194,986,947	(14,718,183)
Debt service	65,921,412	67,646,242	(1,724,830)
Unrestricted	<u>222,150,412</u>	<u>226,378,669</u>	<u>(4,228,257)</u>
Total net position	<u>\$ 725,513,586</u>	<u>\$ 742,535,863</u>	<u>\$ (17,022,277)</u>

**City of Industry**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

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 \$765.0 million at June 30, 2019.

The largest portion of the Net Position is restricted by external sources on how the funds may be used. Approximately \$254.2 million is the City's net investment in its capital assets. In addition, approximately \$65.9 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 \$17.0 million mainly attributable to increases in community development, offset by a reduction in capital projects and public works.

Total liabilities and deferred inflows/outflows of resources decreased by approximately \$107.4 million primarily attributable to reductions in long-term liabilities due in more than one year, as a result of regular scheduled principal payments on long term debt.

The increase in net investment in capital assets of \$3.3 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		
	2019	2018	Change
General revenues:			
Taxes	\$ 113,274,628	\$ 105,774,605	\$ 7,500,023
Revenues from use of money and property	43,347,578	26,450,366	16,897,212
Other revenues	398,126	653,652	(255,526)
Total general revenues	<u>157,020,332</u>	<u>132,878,623</u>	<u>24,141,709</u>
Expenses in excess of program revenues:			
General government	7,064,304	7,397,144	(332,840)
Support services	4,973,722	6,565,366	(1,591,644)
Community development	82,419,377	48,917,886	33,501,491
Community services	6,195,780	5,174,630	1,021,150
Public safety	11,331,984	10,590,785	741,199
Capital projects and public works	17,226,090	31,699,045	(14,472,955)
Interest expense	43,092,547	42,671,150	421,397
Total expenses in excess of program revenues	<u>172,303,804</u>	<u>153,016,006</u>	<u>19,287,798</u>
Decrease in net assets before Other Items	(15,283,472)	(20,137,383)	4,853,911
Transfers, net	<u>(1,738,805)</u>	<u>(94,311)</u>	<u>(1,644,494)</u>
Decrease in net position	(17,022,277)	(20,231,694)	3,209,417
Net position, beginning of year	<u>742,535,863</u>	<u>762,767,557</u>	<u>(20,231,694)</u>
Net position, end of year	<u>\$ 725,513,586</u>	<u>\$ 742,535,863</u>	<u>\$ (17,022,277)</u>

**City of Industry**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

The total revenues, reported as governmental activities, increased by approximately \$24.1 million. This was due to an increase in revenue from use of money and property of \$16.9 million attributable to an increase in interest income and gain in the fair market value of City's investment in the 2015 Post Refunding Depository and 2004 General Fund Revenue Bonds as compared to a loss in the prior year.

The City's net expenses before other items increased by approximately \$19.3 million from the prior year. The increase was attributable to expenditures for community development, offset by a decrease in capital projects and public works.

**Business-Type Activities – Net Position**

Table 3  
Net Position

	Business-Type Activities		
	2019	2018	Change
Current and other assets	\$ 24,933,123	\$ 23,293,333	\$ 1,639,790
Capital assets, net	29,163,988	30,136,340	(972,352)
Total assets	<u>54,097,111</u>	<u>53,429,673</u>	<u>667,438</u>
Liabilities	14,568,246	15,705,244	(1,136,998)
Total liabilities	<u>14,568,246</u>	<u>15,705,244</u>	<u>(1,136,998)</u>
Net position:			
Net investment in capital assets	29,163,988	30,136,340	(972,352)
Unrestricted	10,364,877	7,588,089	2,776,788
Total net position	<u>\$ 39,528,865</u>	<u>\$ 37,724,429</u>	<u>\$ 1,804,436</u>

Total net position for the City's business type activities increased by approximately \$1.8 million as compared to the prior year. The increase was primarily attributable to an increase in cash held in the City's Electric Fund, and a decrease of \$0.7 million in the City's Electric Fund for a deposit from SA to IUDA for IBC Projects.

**City of Industry**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

**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		
	2019	2018	Change
<b>Revenues:</b>			
Charges for services	\$ 11,612,320	\$ 10,806,484	\$ 805,836
Revenues from use of money and property	452,734	188,032	264,702
Total revenues	<u>12,065,054</u>	<u>10,994,516</u>	<u>1,070,538</u>
<b>Expenses:</b>			
Purchased electricity	4,386,619	4,880,044	(493,425)
Water transmission and distribution	2,940,656	2,718,046	222,610
Cost of expo operations	3,475,315	3,362,998	112,317
Cost of housing authority operations	1,196,833	519,200	677,633
Total expenses	<u>11,999,423</u>	<u>11,480,288</u>	<u>519,135</u>
Income (Loss) from operations before transfers	65,631	(485,772)	551,403
Transfers and contributions	<u>1,738,805</u>	<u>94,311</u>	<u>1,644,494</u>
Change in net position	1,804,436	(391,461)	2,195,897
Net position, beginning of year	<u>37,724,429</u>	<u>38,115,890</u>	<u>(391,461)</u>
Net position, end of year	<u>\$ 39,528,865</u>	<u>\$ 37,724,429</u>	<u>\$ 1,804,436</u>

Revenues increased by almost \$1.0 million over the prior year. This is primarily due to an increase in Expo Center operations primarily related to the Grand Arena which increased \$0.2 million, and an increase in miscellaneous income for the City's Electric Fund by \$0.8 million for reimbursement from Successor Agency for capital improvements.

Transfers-in from the general fund increased by \$1.6 million mostly as a result of an increase in the transfers in to the City's Electric Fund and Industry Hills Expo Center as a results of an increase in operations in comparison to the prior year, as well as a capital contribution of \$0.5 million.

**City of Industry**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

**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

	2019	2018	Change
Revenues:			
Taxes	\$ 41,219,283	\$ 42,231,312	\$ (1,012,029)
Intergovernmental	854,905	961,673	(106,768)
Charges for services	2,398,422	1,000,581	1,397,841
Licenses and permits	1,577,203	2,440,729	(863,526)
Fines, forfeitures and penalties	466,248	442,947	23,301
Revenues from use of money and property	28,109,248	7,293,171	20,816,077
Other revenue	2,031,474	3,281,409	(1,249,935)
Total revenues	<u>76,656,783</u>	<u>57,651,822</u>	<u>19,004,961</u>
Expenditures:			
Legislative	660,501	659,613	888
General administration	5,289,352	12,320,754	(7,031,402)
Community development	41,072,341	4,019,364	37,052,977
Community services	5,507,993	4,501,325	1,006,668
Public safety	10,664,726	10,147,605	517,121
Public works	12,117,212	15,799,544	(3,682,332)
Support services	4,230,815	6,072,461	(1,841,646)
Capital projects	1,121,801	1,546,604	(424,803)
Total expenditures	<u>80,664,741</u>	<u>55,067,270</u>	<u>25,597,471</u>
Excess of Revenues over Expenditures	<u>(4,007,958)</u>	<u>2,584,552</u>	<u>(6,592,510)</u>
Other Financing Sources (Uses):			
Proceeds from sale of assets	15,969,242	772,278	15,196,964
Net Transfers	(21,986,943)	(46,150,787)	24,163,844
Total other financing sources (uses)	<u>(6,017,701)</u>	<u>(45,378,509)</u>	<u>39,360,808</u>
Change in fund balances	<u>\$ (10,025,659)</u>	<u>\$ (42,793,957)</u>	<u>\$ 32,768,298</u>

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 \$697.6 million, which is a decrease from prior year of \$10.0 million. The reduction was primarily due to an increase in expenditures for community development as a result of the contribution of property to Tres Hermanos Conservation Authority in the net amount of \$37.5 million, offset by a decrease in expenditures for general administration and public works, and an increase in interest income and fair market value of investments by \$20.8 million. The General Fund also had property sales of \$16.0 million. The general fund experienced a decrease general administration expenses by \$7.0 million which was a result of \$8.8 million in Cal-PERS contributions to fund the unfunded liability portion of retirement in the prior year, and a decrease in public works expenses by \$3.7 million which was mainly attributable to a \$2 million decrease in general engineering.

**City of Industry**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

Other Financing uses decreased by \$39.4 million over the prior year as there were more transfers in from the Capital Projects Funds in 2019 to reimburse the General Fund for expenditures and debt repayments.

**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	\$ 786,045	\$ 768,555	\$ 660,501	\$ 108,054
General administration	4,864,550	4,962,680	5,289,352	(326,672)
Community development	4,537,965	45,380,245	41,072,341	4,307,904
Community services	4,809,600	5,805,600	5,507,993	297,607
Public safety	10,614,975	10,590,775	10,664,726	(73,951)
Public works	17,445,000	13,500,000	12,117,212	1,382,788
Support services	5,813,565	5,054,745	4,230,815	823,930
Capital outlay	6,000	6,000	1,121,801	(1,115,801)
Total expenditures	<u>\$ 48,877,700</u>	<u>\$ 86,068,600</u>	<u>\$ 80,664,741</u>	<u>\$ 5,403,859</u>

The City was under budget for Public Works of \$1.4 million, which was attributable to less expenditures incurred related to general engineering by \$1.0 million for streets and financial center and landscape and property maintenance by \$0.5 million for the financial center, and under budget for Support Services, which was primarily attributable to excess budget amounts of \$0.3 million for Information Technology and \$0.3 million for Central Services. Furthermore, the City was under budget for Community Development by \$4.3 million, as a result of contributions of the Tres Hermanos property to Tres Hermanos Conservation Authority being lower than the budgeted expenditure as a result of the contributions from the City of Diamond Bar and City of Chino Hills towards the purchase price of the property. The City, however, had a budget overage for Capital Outlay, as a result of \$0.9 million in real estate purchases.

**City of Industry**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

**Capital Asset and Debt Administration**

**Capital Assets**

Net capital assets for governmental activities as of June 30, 2019 and 2018 are summarized as follows:

Table 7  
Net Capital Assets at Year-End

	Governmental Activities		
	2019	2018	Change
Land	\$ 102,993,546	\$ 100,991,923	\$ 2,001,623
Construction in progress	16,352,475	12,273,179	4,079,296
Buildings and improvements	119,152,156	119,662,696	(510,540)
Equipment, furniture and fixtures	6,550,499	6,550,499	-
Infrastructure	153,736,252	150,616,227	3,120,025
Capital assets, gross	398,784,928	390,094,524	8,690,404
Less accumulated depreciation	(143,341,858)	(136,593,453)	(6,748,405)
Capital assets, net	<u>\$ 255,443,070</u>	<u>\$ 253,501,071</u>	<u>\$ 1,941,999</u>

As of June 30, 2019, the City's governmental activities had approximately \$255.4 million invested in capital assets including buildings, land, roads, and other general infrastructure net of accumulated depreciation. This amount represents a net increase of \$1.9 million from prior year which was due to the City purchasing new land, placing in service completed construction in progress projects, and additional capital improvement projects. Accumulated depreciation increased by \$6.7 million.

Net capital assets for business-type activities as of June 30, 2019 and 2018 are summarized as follows:

Table 8  
Net Capital Assets at Year-End

	Business-Type Activities		
	2019	2018	Change
Land	\$ 6,764,880	\$ 6,764,880	\$ -
Water rights	441,200	441,200	-
Buildings and improvements	54,998,629	54,473,201	525,428
Source of supply	4,495,494	4,495,494	-
Equipment, furniture and fixtures	1,322,648	1,337,536	(14,888)
Infrastructure	1,042,498	991,255	51,243
Construction in progress	6,515	-	6,515
Capital assets, gross	69,071,864	68,503,566	568,298
Less accumulated depreciation	(39,907,876)	(38,367,226)	(1,540,650)
Capital assets, net	<u>\$ 29,163,988</u>	<u>\$ 30,136,340</u>	<u>\$ (972,352)</u>

Capital assets in the Business-Type Activities belong to IPUC and the Industry Hills Expo Center. The decrease in net capital assets of \$1.0 million was primarily a result of a net increase in accumulated depreciation of \$1.5 million while activities in buildings and improvements increased by \$0.5 million.

**City of Industry**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

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**Debt**

At June 30, 2019, the City had total long term debt and other non-current liabilities of approximately \$814.7 million which is a decrease of \$113.4 million from prior year. The reduction is primarily due to principal payments on outstanding debt.

Below is a summary of the outstanding debt at June 30, 2019 and 2018:

Table 9  
Outstanding Debt, at Year-End

	Governmental Activities		
	2019	2018	Change
General obligation bonds	70,890,000	\$ 82,730,000	\$ (11,840,000)
Revenue bonds	410,310,000	415,820,000	(5,510,000)
Refunding lease revenue bonds	1,795,000	2,640,000	(845,000)
Tax allocation bonds	327,435,000	422,510,000	(95,075,000)
Original issue premium	(4,899,518)	(4,688,520)	(210,998)
Compensated absences	110,668	63,667	47,001
Net pension liability	9,022,253	8,994,206	28,047
Total outstanding debt	<u>\$ 814,663,403</u>	<u>\$ 928,069,353</u>	<u>\$ (113,405,950)</u>

**City of Industry**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

**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 \$9.659 billion for the 2019-2020 fiscal year as compared to \$9.293 billion in the prior fiscal year which represents an increase of approximately 3.94% of assessed value.

The City's General Fund has adopted an operating budget of \$72.9 million in revenues and \$82.0 million in expenses. Additionally, approximately \$70.5 million in capital project expenditures is budgeted for several funds in the 2019-2020 fiscal year. The following is a summary of the major capital improvement projects for citywide.

Table 10  
 Capital Projects For FY 2019-2020

Project Description	Budget 2019-20
1 Grade Separation Projects	\$ 4,775,000
2 Street Widening, Reconstruction, Resurfacing and Slurry Seal	20,630,000
3 Bridge Widening, Seismic Retrofit And Maintenance Improvements	11,745,000
4 Traffic Signal Improvements	6,050,000
5 Storm Drain Improvements	3,095,000
6 IPUC - Water Utility	2,070,000
7 IPUC - Electric Utility	5,237,000
8 Expo Center at Industry Hills	8,650,000
9 Industry Hills Gold & Convention Facilities	765,000
10 Open Spaces/Tonner Canyon/Tres Hermanos	1,105,000
11 Civic Center Facilities Improvements	1,430,000
12 Facilities Improvements	4,970,000
Total	<u>\$ 70,522,000</u>

The Operating Budget for Fiscal Year 2019-20 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](http://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, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 1,424,390	\$ 3,912,296	\$ 5,336,686
Investments	281,890,094	18,812,209	300,702,303
Investment with fiscal agent - unrestricted	341,024,972	-	341,024,972
Accounts receivable, net	10,210,323	1,234,229	11,444,552
Interest receivables	10,094,893	89,993	10,184,886
Internal balances	(154,450)	154,450	-
Inventories	57,631	59,558	117,189
Prepaid items	12,202,858	667,388	12,870,246
Other assets	-	3,000	3,000
<b>Total current assets</b>	<b>656,750,711</b>	<b>24,933,123</b>	<b>681,683,834</b>
<b>Noncurrent assets:</b>			
Investments with fiscal agent - restricted	304,545,583	-	304,545,583
Investments in SA to IUDA and City's bonds	379,274,600	-	379,274,600
Loans receivables	21,422,945	-	21,422,945
Net OPEB asset	2,154,287	-	2,154,287
Capital assets:			
Not being depreciated	119,346,021	7,654,283	127,000,304
Being depreciated, net	136,097,049	21,509,705	157,606,754
Total capital assets, net of accumulated depreciation	255,443,070	29,163,988	284,607,058
<b>Total noncurrent assets</b>	<b>962,840,485</b>	<b>29,163,988</b>	<b>992,004,473</b>
<b>Total assets</b>	<b>1,619,591,196</b>	<b>54,097,111</b>	<b>1,673,688,307</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding, net	1,042,480	-	1,042,480
Pension related deferred outflows of resources	7,579,558	-	7,579,558
OPEB related deferred outflows of resources	77,726	-	77,726
<b>Total deferred outflows of resources</b>	<b>\$ 8,699,764</b>	<b>\$ -</b>	<b>\$ 8,699,764</b>

(Continued)

**City of Industry**  
**Statement of Net Position (Continued)**  
**June 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	\$ 5,405,320	\$ 1,208,736	\$ 6,614,056
Accrued liabilities	131,614	18,920	150,534
Deposits	61,898,334	7,440,888	69,339,222
Interest payable	19,801,007	-	19,801,007
Unearned revenue	-	5,899,702	5,899,702
Long-term liabilities:			
Due within one year	78,794,221	-	78,794,221
Due in more than one year	726,846,929	-	726,846,929
Net pension liabilities	9,022,253	-	9,022,253
<b>Total liabilities</b>	<u>901,899,678</u>	<u>14,568,246</u>	<u>916,467,924</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows of resources	761,973	-	761,973
OPEB related deferred inflows of resources	115,723	-	115,723
<b>Total deferred inflows of resources</b>	<u>877,696</u>	<u>-</u>	<u>877,696</u>
<b>NET POSITION</b>			
Net investment in capital assets	254,158,326	29,163,988	283,322,314
Restricted for:			
Transportation and road	3,014,672	-	3,014,672
Capital projects	180,268,764	-	180,268,764
Debt services	65,921,412	-	65,921,412
Unrestricted	222,150,412	10,364,877	232,515,289
<b>Total net position</b>	<u>\$ 725,513,586</u>	<u>\$ 39,528,865</u>	<u>\$ 765,042,451</u>

(Concluded)

**City of Industry**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General government	\$ 8,687,044	\$ 1,622,740	\$ -	\$ -	\$ 1,622,740
Support services	4,973,722	-	-	-	-
Community development	86,486,369	4,066,992	-	-	4,066,992
Community services	6,195,780	-	-	-	-
Public safety	12,348,463	460,791	555,688	-	1,016,479
Public works	39,522,369	-	16,106,337	6,189,942	22,296,279
Interest expenses and fiscal charges	43,092,547	-	-	-	-
Total governmental activities	<u>201,306,294</u>	<u>6,150,523</u>	<u>16,662,025</u>	<u>6,189,942</u>	<u>29,002,490</u>
<b>Business-type activities:</b>					
Industry Public Utilities Commission:					
Water utility	2,940,656	3,094,832	-	-	3,094,832
Electric utility	4,386,619	5,905,259	-	-	5,905,259
Industry-Hill Expo Center	3,475,315	2,388,098	-	-	2,388,098
Property and Housing Management Authority	1,196,833	224,131	-	-	224,131
Total business-type activities	<u>11,999,423</u>	<u>11,612,320</u>	<u>-</u>	<u>-</u>	<u>11,612,320</u>
Total primary government	<u>\$ 213,305,717</u>	<u>\$ 17,762,843</u>	<u>\$ 16,662,025</u>	<u>\$ 6,189,942</u>	<u>\$ 40,614,810</u>

**City of Industry**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2019**

	Net (Expenses) Revenues and Changes in Net Position Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>			
<b>Governmental activities:</b>			
General government	\$ (7,064,304)	\$ -	\$ (7,064,304)
Support services	(4,973,722)	-	(4,973,722)
Community development	(82,419,377)	-	(82,419,377)
Community services	(6,195,780)	-	(6,195,780)
Public safety	(11,331,984)	-	(11,331,984)
Public works	(17,226,090)	-	(17,226,090)
Interest expenses and fiscal charges	(43,092,547)	-	(43,092,547)
Total governmental activities	<u>(172,303,804)</u>	<u>-</u>	<u>(172,303,804)</u>
<b>Business-type activities:</b>			
Industry Public Utilities Commission:			
Water utility	-	154,176	154,176
Electric utility	-	1,518,640	1,518,640
Industry-Hill Expo Center	-	(1,087,217)	(1,087,217)
Property and Housing Management Authority	-	(972,702)	(972,702)
Total business-type activities	<u>-</u>	<u>(387,103)</u>	<u>(387,103)</u>
Total primary government	<u>(172,303,804)</u>	<u>(387,103)</u>	<u>(172,690,907)</u>
<b>General revenues and transfers:</b>			
General revenues:			
Taxes:			
Property taxes	76,797,810	-	76,797,810
Sales tax	32,807,314	-	32,807,314
Tax increment pass through payments	682,397	-	682,397
Franchise fees	1,776,513	-	1,776,513
Documentary transfer tax	289,281	-	289,281
Transient occupancy tax	921,313	-	921,313
Total taxes	<u>113,274,628</u>	<u>-</u>	<u>113,274,628</u>
Revenues from use of money and property	43,347,578	452,734	43,800,312
Other revenues	398,126	-	398,126
Transfers	(1,738,805)	1,738,805	-
<b>Total general revenues and transfers</b>	<u>155,281,527</u>	<u>2,191,539</u>	<u>157,473,066</u>
<b>Changes in net position</b>	<u>(17,022,277)</u>	<u>1,804,436</u>	<u>(15,217,841)</u>
<b>Net position:</b>			
Beginning of year	742,535,863	37,724,429	780,260,292
End of year	<u>\$ 725,513,586</u>	<u>\$ 39,528,865</u>	<u>\$ 765,042,451</u>

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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, 2019**

	General Fund	Capital Projects Funds	Debt Service Funds	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash	\$ 334,918	\$ 47,873	\$ 124,822	\$ 916,777	\$ 1,424,390
Investments	277,818,921	944,512	1,052,661	2,074,000	281,890,094
Investments with fiscal agent - unrestricted	341,024,972	-	-	-	341,024,972
Accounts receivable, net	8,592,185	-	1,599,764	18,374	10,210,323
Accrued interest	1,793,447	6,126	8,285,587	9,733	10,094,893
Inventory	57,631	-	-	-	57,631
Prepaid items	421,181	-	11,781,677	-	12,202,858
Site lease prepayment	-	-	4,104,581	-	4,104,581
Due from other funds	2,110	-	-	5,919	8,029
Notes receivable	21,422,945	-	-	-	21,422,945
Investments with fiscal agent - restricted	-	181,628,366	122,917,217	-	304,545,583
Other investments	-	-	379,274,600	-	379,274,600
Advances to other funds	55,514,239	-	-	-	55,514,239
<b>Total assets</b>	<b>\$ 706,982,549</b>	<b>\$ 182,626,877</b>	<b>\$ 529,140,909</b>	<b>\$ 3,024,803</b>	<b>\$ 1,421,775,138</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 3,627,604	\$ 1,769,695	\$ -	\$ 8,021	\$ 5,405,320
Accrued expenses	131,614	-	-	-	131,614
Deposits	748,949	-	61,149,385	-	61,898,334
Due to other funds	160,369	-	-	2,110	162,479
Site lease unearned revenues	4,104,581	-	-	-	4,104,581
Advance from other funds	-	3,516,084	51,998,155	-	55,514,239
<b>Total liabilities</b>	<b>8,773,117</b>	<b>5,285,779</b>	<b>113,147,540</b>	<b>10,131</b>	<b>127,216,567</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	570,728	-	-	-	570,728
<b>Total deferred inflows of resources</b>	<b>570,728</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>570,728</b>
<b>Fund balances:</b>					
Nonspendable	75,314,554	-	15,886,258	-	91,200,812
Restricted	-	177,313,380	400,107,111	3,014,672	580,435,163
Committed	-	27,718	-	-	27,718
Unassigned	622,324,150	-	-	-	622,324,150
<b>Total fund balances</b>	<b>697,638,704</b>	<b>177,341,098</b>	<b>415,993,369</b>	<b>3,014,672</b>	<b>1,293,987,843</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 706,982,549</b>	<b>\$ 182,626,877</b>	<b>\$ 529,140,909</b>	<b>\$ 3,024,803</b>	<b>\$ 1,421,775,138</b>

**City of Industry**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2019**

Total fund balance of governmental funds \$ 1,293,987,843

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

Capital assets used in governmental activities are not current financial resources; therefore, are not reported in the governmental funds. These assets consist of:

Capital assets	\$ 398,784,928	
Accumulated depreciation	<u>(143,341,858)</u>	255,443,070

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	(19,801,007)	
Net other postemployment benefits assets	2,154,287	
Unavailable revenues	570,728	
Deferred loss on refunding, net	1,042,480	
Deferred outflows of resources related to pensions	7,579,558	
Deferred inflows of resources related to pensions	(761,973)	
Deferred outflows of resources related to other postemployment benefits	77,726	
Deferred inflows of resources related to other postemployment benefits	<u>(115,723)</u>	(9,253,924)

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 liabilities are included in the statement of net position as follows:

City of Industry:		
Bonds payable - current portion	(17,995,000)	
Bonds payable - long term	(463,205,000)	
Issuance (premium) discount - current portion	68,739	
Issuance (premium) discount - long term	5,231,972	
Compensated absences	(110,668)	
Net pension liability	(9,022,253)	
Public Facilities Authority:		
Bonds payable - current portion	(60,685,000)	
Bonds payable - long term	(268,545,000)	
Issuance (premium) discount - current portion	(132,960)	
Issuance (premium) discount - long term	<u>(268,233)</u>	(814,663,403)

<b>Net position of governmental activities</b>		<u><u>\$ 725,513,586</u></u>
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**City of Industry**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	General Fund	Capital Projects Funds	Debt Service Funds	Nonmajor Governmental Funds	Total
<b>REVENUES:</b>					
Taxes	\$ 41,219,283	\$ -	\$ 74,449,494	\$ 314,744	\$ 115,983,521
Intergovernmental	854,905	15,502,867	-	140,531	16,498,303
Charges for services	2,398,422	-	-	-	2,398,422
Licenses and permits	1,577,203	-	-	-	1,577,203
Fines, forfeitures and penalties	466,248	-	-	-	466,248
Use of money and property	28,109,248	6,049,427	20,234,504	57,669	54,450,848
Other revenue	2,031,474	-	-	8,258	2,039,732
<b>Total revenues</b>	<b>76,656,783</b>	<b>21,552,294</b>	<b>94,683,998</b>	<b>521,202</b>	<b>193,414,277</b>
<b>EXPENDITURES:</b>					
Current:					
Legislative	660,501	-	-	-	660,501
General administration	5,289,352	-	21,500	-	5,310,852
Support services	4,230,815	-	-	-	4,230,815
Community development	41,072,341	-	61,149,386	-	102,221,727
Community services	5,507,993	-	-	-	5,507,993
Public safety	10,664,726	-	-	-	10,664,726
Public works	12,117,212	8,852,198	-	135,119	21,104,529
Capital outlay	1,121,801	24,048,650	-	36,493	25,206,944
Debt service:					
Principal retirement	-	-	113,270,000	-	113,270,000
Interest and fiscal charges	-	-	47,337,204	-	47,337,204
<b>Total expenditures</b>	<b>80,664,741</b>	<b>32,900,848</b>	<b>221,778,090</b>	<b>171,612</b>	<b>335,515,291</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,007,958)</b>	<b>(11,348,554)</b>	<b>(127,094,092)</b>	<b>349,590</b>	<b>(142,101,014)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	11,740,629	10,781,656	25,244,125	-	47,766,410
Transfers out	(33,727,572)	(15,266,795)	-	(308)	(48,994,675)
Proceeds from sale of assets	15,969,242	-	-	-	15,969,242
<b>Total other financing sources (uses)</b>	<b>(6,017,701)</b>	<b>(4,485,139)</b>	<b>25,244,125</b>	<b>(308)</b>	<b>14,740,977</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(10,025,659)</b>	<b>(15,833,693)</b>	<b>(101,849,967)</b>	<b>349,282</b>	<b>(127,360,037)</b>
<b>FUND BALANCES:</b>					
Beginning of year	707,664,363	193,174,791	517,843,336	2,665,390	1,421,347,880
End of year	\$ 697,638,704	\$ 177,341,098	\$ 415,993,369	\$ 3,014,672	\$ 1,293,987,843

**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, 2019**

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Net change in fund balances of total governmental funds \$ (127,360,037)

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	25,206,944
Depreciation expense	(6,748,405)

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	(16,006,000)
Contribution of the governmental activities capital assets to the Property and Housing Management Authority Enterprise Fund	(510,540)

Revenue reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. (2,384,656)

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	113,270,000
-----------------------------	-------------

Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds. These items consist of:

Changes in accrued interest payable, including interest expense on redeemed debts	601,927
Amortization of bond premium/discount and deferred amounts on refunding	(54,829)
Changes in compensated absences	(47,001)
Other postemployment benefits expense	(32,650)
Pension expense, net of \$195,741 pension contribution made after measurement date	(2,957,030)

Total changes in net position of governmental activities	\$ (17,022,277)
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**PROPRIETARY FUND FINANCIAL STATEMENTS**

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**City of Industry**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Enterprise Funds			Total
	Industry Public Utilities Commission Funds	Civic- Recreational- Industrial Authority Industry Hills- Expo Center Fund	Property and Housing Management Authority Fund	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash	\$ 3,630,481	\$ 255,003	\$ 26,812	\$ 3,912,296
Investments	18,809,053	-	3,156	18,812,209
Accounts receivable, net	1,112,984	116,178	5,067	1,234,229
Accrued interest	89,973	-	20	89,993
Inventories	10,000	49,558	-	59,558
Prepaid items	654,132	13,256	-	667,388
Due from other funds	154,450	-	-	154,450
Deposits	-	3,000	-	3,000
<b>Total current assets</b>	<b>24,461,073</b>	<b>436,995</b>	<b>35,055</b>	<b>24,933,123</b>
<b>Noncurrent assets:</b>				
Capital assets:				
Capital assets, not being depreciated	920,903	-	6,733,380	7,654,283
Capital assets, being depreciated, net	11,771,575	5,834,210	3,903,920	21,509,705
Total capital assets, net	12,692,478	5,834,210	10,637,300	29,163,988
<b>Total noncurrent assets</b>	<b>12,692,478</b>	<b>5,834,210</b>	<b>10,637,300</b>	<b>29,163,988</b>
<b>Total assets</b>	<b>37,153,551</b>	<b>6,271,205</b>	<b>10,672,355</b>	<b>54,097,111</b>
<b>LIABILITIES</b>				
Accounts payable	1,045,408	98,015	65,313	1,208,736
Accrued liabilities	-	18,920	-	18,920
Deposits	7,381,686	57,902	1,300	7,440,888
Unearned revenue	5,761,482	138,220	-	5,899,702
<b>Total liabilities</b>	<b>14,188,576</b>	<b>313,057</b>	<b>66,613</b>	<b>14,568,246</b>
<b>NET POSITION</b>				
Investment in capital assets	12,692,478	5,834,210	10,637,300	29,163,988
Unrestricted	10,272,497	123,938	(31,558)	10,364,877
<b>Total net position</b>	<b>\$ 22,964,975</b>	<b>\$ 5,958,148</b>	<b>\$ 10,605,742</b>	<b>\$ 39,528,865</b>

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**City of Industry**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Enterprise Funds			Total
	Industry Public Utilities Commission Funds	Civic- Recreational- Industrial Authority Industry Hills- Expo Center Fund	Property and Housing Management Authority Fund	
<b>OPERATING REVENUES:</b>				
Water sales and service	\$ 3,060,693	\$ -	\$ -	\$ 3,060,693
Electric and solar energy sales	5,102,931	-	-	5,102,931
Event and rental revenues	-	2,376,150	178,059	2,554,209
Other revenues	836,467	11,948	46,072	894,487
<b>Total operating revenues</b>	<b>9,000,091</b>	<b>2,388,098</b>	<b>224,131</b>	<b>11,612,320</b>
<b>OPERATING EXPENSES:</b>				
Purchased water	254,713	-	-	254,713
Purchased electricity	2,520,317	-	-	2,520,317
General administration	3,903,128	1,179,246	35,484	5,117,858
Expo Center operations	-	1,552,969	-	1,552,969
Housing Authority operations	-	-	1,012,916	1,012,916
Depreciation	649,117	743,100	148,433	1,540,650
<b>Total operating expenses</b>	<b>7,327,275</b>	<b>3,475,315</b>	<b>1,196,833</b>	<b>11,999,423</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,672,816</b>	<b>(1,087,217)</b>	<b>(972,702)</b>	<b>(387,103)</b>
<b>NONOPERATING REVENUES:</b>				
Investment income	452,655	-	79	452,734
<b>Total nonoperating revenues</b>	<b>452,655</b>	<b>-</b>	<b>79</b>	<b>452,734</b>
<b>CHANGES IN NET POSITION BEFORE TRANSFERS</b>	<b>2,125,471</b>	<b>(1,087,217)</b>	<b>(972,623)</b>	<b>65,631</b>
<b>TRANSFERS AND CONTRIBUTIONS:</b>				
Transfers in	-	453,171	775,094	1,228,265
Capital contribution	-	-	510,540	510,540
<b>Total transfers and contributions</b>	<b>-</b>	<b>453,171</b>	<b>1,285,634</b>	<b>1,738,805</b>
<b>CHANGES IN NET POSITION</b>	<b>2,125,471</b>	<b>(634,046)</b>	<b>313,011</b>	<b>1,804,436</b>
<b>NET POSITION:</b>				
Beginning of the year	20,839,504	6,592,194	10,292,731	37,724,429
End of the year	<b>\$ 22,964,975</b>	<b>\$ 5,958,148</b>	<b>\$ 10,605,742</b>	<b>\$ 39,528,865</b>

**City of Industry**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Enterprise Funds			
	Industry Public Utilities Commission Funds	Civic- Recreational- Industrial Authority Industry Hills- Expo Center Fund	Property and Housing Management Authority Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 7,936,800	\$ 2,321,278	\$ 220,189	\$ 10,478,267
Payments to vendors for supplies and services	(6,645,913)	(2,775,364)	(1,012,660)	(10,433,937)
<b>Net cash provided by (used in) operating activities</b>	<b>1,290,887</b>	<b>(454,086)</b>	<b>(792,471)</b>	<b>44,330</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received from other funds	-	453,171	775,000	1,228,171
Cash paid to other funds	(182,150)	-	-	(182,150)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(182,150)</b>	<b>453,171</b>	<b>775,000</b>	<b>1,046,021</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(53,758)	-	(4,000)	(57,758)
<b>Net cash used in capital and related financing activities</b>	<b>(53,758)</b>	<b>-</b>	<b>(4,000)</b>	<b>(57,758)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(5,678,783)	-	-	(5,678,783)
Proceeds from sales of investments	13,516,550	-	-	13,516,550
Interest income received	443,969	-	102	444,071
<b>Net cash provided by investing activities</b>	<b>8,281,736</b>	<b>-</b>	<b>102</b>	<b>8,281,838</b>
<b>Net increase (decrease) in cash and cash equivalent</b>	<b>9,336,715</b>	<b>(915)</b>	<b>(21,369)</b>	<b>9,314,431</b>
<b>CASH AND CASH EQUIVALENT:</b>				
Beginning of year	7,424,036	255,918	51,337	7,731,291
End of year	<u>\$ 16,760,751</u>	<u>\$ 255,003</u>	<u>\$ 29,968</u>	<u>\$ 17,045,722</u>
<b>CASH AND CASH EQUIVALENT:</b>				
Cash	\$ 3,630,481	\$ 255,003	\$ 26,812	\$ 3,912,296
Investment in LAIF	13,130,270	-	3,156	13,133,426
<b>Total cash and cash equivalent</b>	<u>\$ 16,760,751</u>	<u>\$ 255,003</u>	<u>\$ 29,968</u>	<u>\$ 17,045,722</u>
<b>NONCASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfer of capital assets	\$ -	\$ -	\$ 510,540	\$ 510,540

See accompanying Notes to the Basic Financial Statements.

**City of Industry**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Enterprise Funds			Total
	Industry Public Utilities Commission Funds	Civic- Recreational- Industrial Authority Industry Hills- Expo Center Fund	Property and Housing Management Authority Fund	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 1,672,816	\$ (1,087,217)	\$ (972,702)	\$ (387,103)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	649,117	743,100	148,433	1,540,650
(Increase) decrease in accounts receivables	190,053	(9,926)	(3,942)	176,185
(Increase) decrease in inventories	-	12,720	-	12,720
(Increase) decrease in prepaid items	(157,590)	(3,534)	-	(161,124)
Increase (decrease) in accounts payable	189,835	(41,045)	35,740	184,530
Increase (decrease) in accrued liabilities	-	(11,290)	-	(11,290)
Increase (decrease) in customer deposits	(741,401)	(16,816)	-	(758,217)
Increase (decrease) in unearned revenues	(511,943)	(40,078)	-	(552,021)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,290,887</b>	<b>\$ (454,086)</b>	<b>\$ (792,471)</b>	<b>\$ 44,330</b>

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**FIDUCIARY FUND FINANCIAL STATEMENTS**

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**City of Industry**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	Private- Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash	\$ 1,871,873	\$ 234,665
Investments	22,049,851	1,544,080
Accounts receivables	2,313,297	4,034
Notes receivable	9,507,379	-
Property held for sale or disposition	388,915,775	-
Restricted assets:		
Investments	118,194,364	-
Investments with fiscal agent	70,166,126	527,006
<b>Total assets</b>	613,018,665	\$ 2,309,785
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding, net	17,409,793	
<b>Total deferred outflows of resources</b>	17,409,793	
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	2,158,259	\$ -
Interest payable	6,750,698	-
Due to bond holders	-	2,309,785
Bonds payable, due within one year	59,937,129	-
<b>Total current liabilities</b>	68,846,086	2,309,785
<b>Noncurrent liabilities:</b>		
Bonds payable, due in more than one year	267,897,950	-
<b>Total noncurrent liabilities</b>	267,897,950	-
<b>Total liabilities</b>	336,744,036	\$ 2,309,785
<b>NET POSITION</b>		
Fiduciary net position held in trust for Successor Agency	\$ 293,684,422	

**City of Industry**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2019**

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	Private- Purpose Trust Fund
<b>ADDITIONS:</b>	
Taxes, net	\$ 69,483,138
Revenues from use of money and property	
Interest income	2,980,064
Rental and other income	11,791,206
Contribution from City of Industry	52,900,697
Gain on sale of properties, net	24,568,355
Other revenue	4,012,884
<b>Total additions</b>	<b>165,736,344</b>
<b>DEDUCTIONS:</b>	
General administration	2,186,837
Project expenses	5,802,743
Bond interest expenses	21,912,367
<b>Total deductions</b>	<b>29,901,947</b>
<b>CHANGES IN NET POSITION</b>	<b>135,834,397</b>
<b>NET POSITION:</b>	
Beginning of the year	157,850,025
End of the year	<b>\$ 293,684,422</b>

**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, 2019**

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**For the Year Ended June 30, 2019**

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**City of Industry**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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**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”). 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. The board that governs the IPUC consists of the council members of the City. The IPUC is reported as 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 SA to IUDA have separate Board of Directors. However, individuals serving on the City’s Council also serve on the SA to IUDA Board. The SA to IUDA is reported as private purpose trust fund of the City that is fiduciary in nature and is reported in the statements of fiduciary net position and changes in fiduciary net position within the City’s fiduciary funds.

Complete financial statements of 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.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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.

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

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

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).

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.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

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 noncurrent) 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.

Fiduciary Funds

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 Fund – Agency Fund is 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 is reported in Agency Fund.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***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

***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 Enterprise Fund consist of food and beverages. Inventories of IPUC 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.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***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***

Property held for sale or disposition is reported in the fiduciary fund financial statements at the lower of cost or net realizable value.

***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. Donated capital assets are reported at acquisition value on the date of donation. Generally capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of 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 revenue susceptible to accrual does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, unearned revenue reported as liabilities and unavailable revenue reported as deferred inflows of resources are removed from the balance sheet and revenues are recognized.

***M. Property Taxes***

The valuation of property is determined as of March 1<sup>st</sup> each year and equal installments of taxes levied upon secured property become delinquent on the following 10<sup>th</sup> of December and April. Taxes on unsecured property are due when billed and become delinquent after August 31<sup>th</sup>. 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 percent per month beginning the first day of the third month following the delinquency date.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**M. Property Taxes (Continued)**

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.

**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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expense in the period incurred in the statement of changes in net position. In the governmental fund financial statements, governmental funds report bond premiums and discounts as other financial sources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**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, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***P. Other Postemployment Benefits (“OPEB”) Plan (Continued)***

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**S. Fund Balance (Continued)**

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

Committed – committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the City imposes upon itself at its highest level of decision making authority (the City Council) through resolutions and that remain binding unless removed in the same manner. The City has \$27,718 of committed fund balances at June 30, 2019.

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. Reclassifications**

Certain financial statement amounts reported for the year ended June 30, 2018 were reclassified. There was no effect on the changes in net position for the year ended June 30, 2018.

**Note 2 – Cash and Investments**

At June 30, 2019, 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	\$ 5,336,686	\$ 2,106,538	\$ 7,443,224
Investments	300,702,303	23,593,931	324,296,234
Investments with fiscal agent	341,024,972	-	341,024,972
Restricted cash and investments:			
Cash	-	-	-
Investment	-	118,194,364	118,194,364
Investments with fiscal agent	304,545,583	70,693,132	375,238,715
Investments in IUDA bonds	327,435,000	-	327,435,000
Investments in City bonds	51,839,600	-	51,839,600
<b>Total cash and investments</b>	<b>\$ 1,330,884,144</b>	<b>\$ 214,587,965</b>	<b>\$ 1,545,472,109</b>

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

At June 30, 2019, cash and investments consisted of the following:

Cash on hand	\$	18,921
Deposits with financial institution		7,424,303
Investments		821,765,198
Investments with fiscal agent		716,263,687
<b>Total cash and investments</b>		<b>\$ 1,545,472,109</b>

**A. Demand Deposits**

The carrying amount of the City's cash deposits were \$7,424,303 at June 30, 2019. Bank balances before reconciling items were \$10,795,271 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, 2019, the City and SA to IUDA's deposits exceeded federally insured limits by \$7,177,631 and \$1,543,346, respectively; however, such amounts are secured by the financial institutions that hold such deposits for the City and SA to IUDA.

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
U.S. government sponsored enterprise securities	5 years	None	None
Money market funds (composed entirely of security of US government and agencies)	N/A	20%	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposits	5 years	30%	None
Non-negotiable certificates of deposits	5 years	None	None
Local Agency Investment Fund ("LAIF")	N/A	None	None
Repurchase agreements	1 year	None	None
Los Angeles County Investment Pool	N/A	None	None
U.S. corporate bonds/notes	5 years	30%	None

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 2 – Cash and Investments (Continued)**

***B. Investments Authorized by the City’s Investment Policy and California Government Code (Continued)***

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

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

**D. Fair Value Measurement**

At June 30, 2019, 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, 2019:

Investment Type	Measurement Input			Total
	Observable Input (Level 1)	Significant Other Observable Input (Level 2)	Uncategorized	
Investments - unrestricted:				
Money market funds	\$ -	\$ -	\$ 8,545,239	\$ 8,545,239
U.S. government sponsored mortgage-backed securities	-	158,083,418	-	158,083,418
U.S. Treasury obligation	323,706,170	-	-	323,706,170
Commercial paper	-	11,724,457	-	11,724,457
Corporate Bonds	-	83,699,137	-	83,699,137
LAIF	-	-	39,899,790	39,899,790
Investment - restricted:				
Treasury notes	293,735,495	-	-	293,735,495
LAIF	-	-	46,053,219	46,053,219
Commercial paper	-	6,554,199	-	6,554,199
Investment held by fiscal agent:				
Money market funds	-	-	186,753,161	186,753,161
Investment in SA to IUDA bonds	-	-	327,435,000	327,435,000
Investment in City bonds	-	51,839,600	-	51,839,600
<b>Total</b>	<b>\$ 617,441,665</b>	<b>\$ 311,900,811</b>	<b>\$ 608,686,409</b>	<b>\$ 1,538,028,885</b>

Investments in 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 a 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, 2019, the financial institutions that hold collateral for the City of Industry had satisfied this requirement.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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	\$ 8,545,239	N/A
U.S. government sponsored mortgage-backed securities	158,083,418	79.7
U.S. Treasury obligation	323,706,170	6.8
Commercial paper	11,724,457	3.0
Corporate Bonds	83,699,137	17.4
LAIF	39,899,790	N/A
Investment - restricted:		
Treasury notes	293,735,495	3.8
LAIF	46,053,219	N/A
Commercial paper	6,554,199	0.6
Investment held by fiscal agent:		
Money market funds	186,753,161	N/A
Investment in SA to IUDA bonds	327,435,000	36.6
Investment in City bonds	51,839,600	40.5
	<b>\$ 1,538,028,885</b>	

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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, 2019	Minimum Legal Rating	Aaa/P-1	AA/Aa - A/A	A1	Not Rated
Investments - unrestricted:						
Money market funds	\$ 8,545,239	Aaa/P-1	\$ 8,545,239	\$ -	\$ -	\$ -
U.S. government sponsored mortgage-backed securities	158,083,418	None	158,083,418	-	-	-
U.S. Treasury obligation	323,706,170	None	323,706,170	-	-	-
Commercial paper	11,724,457	A	11,724,457	-	-	-
Corporate Bonds	83,699,137	A	-	83,699,137	-	-
LAIF	39,899,790	None	-	-	-	39,899,790
Investment - restricted:						
Treasury notes	293,735,495	None	293,735,495	-	-	-
LAIF	46,053,219	None	-	-	-	46,053,219
Commercial paper	6,554,199	None	6,554,199	-	-	-
Investment held by fiscal agent:						
Money market funds	186,753,161	None	186,753,161	-	-	-
Investment in SA to IUDA bonds	327,435,000	None	-	-	-	327,435,000
Investment in City bonds	51,839,600	None	-	-	51,839,600	-
<b>Total</b>	<u>\$ 1,538,028,885</u>		<u>\$ 989,102,139</u>	<u>\$ 83,699,137</u>	<u>\$ 51,839,600</u>	<u>\$ 413,388,009</u>

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.

**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, 2019 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 2 – Cash and Investments (Continued)**

**F. State of California Local Agency Investment Fund (Continued)**

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, 2019, the City had \$85,953,009 invested in LAIF, which had invested 1.77% 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, 2019, the City has investments in IUDA bonds in the amounts totaled to \$327,435,000. 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, 2019, accounts receivable for governmental funds consisted of the following:

	General Fund	Debt Service Funds	Nonmajor Governmental Funds	Total
Sales tax receivable	\$ 6,225,688	\$ -	\$ -	\$ 6,225,688
Property tax receivable	137,950	1,599,764	-	1,737,714
Receivable from Successor Agency	761,370	-	-	761,370
Refuse receivable	1,125,778	-	-	1,125,778
Other	341,399	-	18,374	359,773
	<u>\$ 8,592,185</u>	<u>\$ 1,599,764</u>	<u>\$ 18,374</u>	<u>\$ 10,210,323</u>

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 4 – Notes Receivable**

As of June 30, 2019, notes receivable consisted of the following:

	Governmental Activities	Fiduciary Fund
Notes receivable:		
City of La Puente	\$ 1,422,945	\$ -
San Gabriel Valley Water and Power LLC	20,000,000	-
Developer notes receivable - construction loans	-	5,665,577
Developer notes receivable - Nissan	-	3,841,802
Total notes receivable	\$ 21,422,945	\$ 9,507,379

**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 to the City of La Puente, and the City of La Puente agreed to borrow and repay to the City, the loan in the amount of \$5,952,908 for La Puente to use in constructing a sound wall along the north side of Valley Boulevard and the railroad tracks on the south side of Valley Boulevard along with other public improvements. The City of La Puente has borrowed a total of \$1,801,762 of the original amount of the loan. The project has been completed and the City of La Puente does not plan on borrowing any additional funds. In October 2019, the loan agreement has been modified to pay off the remaining \$1,422,945 over 28 years. Beginning November 1, 2019, the annual payment will be \$53,287 including interest at 0.33%.

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

The City entered into master lease agreement (the “Lease”) with San Gabriel Valley Water and Power, LLC (“SGVWP”) and leased properties to SGVWP for a period of twenty-five years for the development of solar projects. As part of the Lease, as further amended, the City agreed to advance \$20,000,000 for funding of the project development costs. At June 30, 2019, 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:

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 4 – Notes Receivable (Continued)**

**C. Developer Notes Receivable - Construction Loan (Continued)**

	Outstanding Balance at June 30, 2019	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	\$ 2,647,728	\$ 847,575	\$ 1,800,153
Due June 2022, payable in monthly payments of \$66,658 including interest at 4.00% per annum beginning July 2002	2,257,750	722,739	1,535,011
Due June 2022, payable in monthly payments of \$22,441 including interest at 4.00% per annum beginning July 2002	760,099	243,319	516,780
Totals	<u>\$ 5,665,577</u>	<u>\$ 1,813,633</u>	<u>\$ 3,851,944</u>

Total interest received on these loans during the year ended June 30, 2019 was in the amount of \$264,604.

**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 \$3,841,802 was outstanding as of June 30, 2019.

	Outstanding Balance at June 30, 2019	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 including interest at 4.00% per annum beginning May 2012	\$ 3,841,802	\$ 149,821	\$ 3,691,981

Total interest received on this loan during the year ended June 30, 2019 was in the amount of \$156,875.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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. During the year ended June 30, 2019, the City advanced additional \$972,098 to the Hospital. As of June 30, 2019, the unpaid note balance amounted to \$21,210,000 and accrued interest amounted to \$27,013,457. As the collectability of this note and accrued interest is uncertain, the loan amounts are offset with allowance for doubtful account in the financial statements; and the City will recognize the collections on the note receivable as revenue as the amounts are collected.

The Hospital leased property from SA to IUDA for \$1 a year, which was renewed annually, and at the time of renewal the lease may be terminated or the lease payment renegotiated by SA to IUDA. In November 2018, the SA to IUDA sold the property to the City. The City is currently working with the Hospital on the new lease agreement. During the year ended June 30, 2019, the City incurred expenses on behalf of the Hospital totaling \$305,469 relating to contract labor, security and repairs and maintenance.

**Note 6 – Prepaid Items**

At June 30, 2019, Government-Wide Financial Statements report the following prepaid items:

	Governmental Activities	Business-type Activities	Total
Prepaid bond insurance	\$ 11,781,677	\$ -	\$ 11,781,677
Other prepaid items	421,181	667,388	1,088,569
	\$ 12,202,858	\$ 667,388	\$ 12,870,246

At June 30, 2019, 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	\$ -	\$ 11,781,677	\$ 11,781,677	\$ -	\$ -	\$ -
Other prepaid items	421,181	-	421,181	654,132	13,256	667,388
	\$ 421,181	\$ 11,781,677	\$ 12,202,858	\$ 654,132	\$ 13,256	\$ 667,388

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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, 2019:

<b>Due to Other Funds</b>	<b>Due from Other Funds</b>			Total
	<b>Governmental Fund</b>		<b>Proprietary Fund</b>	
	General Fund	Nonmajor Governmental Fund	IPUC Enterprise Fund	
<b>Governmental Funds:</b>				
General Fund	\$ -	\$ 5,919	\$ 154,450	\$ 160,369
Nonmajor Governmental Funds	2,110	-	-	2,110
<b>Total</b>	<b>\$ 2,110</b>	<b>\$ 5,919</b>	<b>\$ 154,450</b>	<b>\$ 162,479</b>

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

**B. Advances to/from Other Funds**

Advances to/from other funds consisted of the following at June 30, 2019:

<b>Advance from Other Funds</b>	<b>Advance to Other Funds</b>	
	<b>Governmental Fund</b>	
	General Fund	
<b>Governmental Fund:</b>		
Debt Service Fund	\$	51,998,155
Capital Projects Fund		3,516,084
<b>Total</b>	<b>\$</b>	<b>55,514,239</b>

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 \$520,000 to \$3,905,000.

As of June 30, 2019, the total outstanding balance amounted to \$51,998,155 (principal of \$50,470,000 and accrued interest of \$1,528,155). Interest revenue for the City and interest expense for the PFA in the amount of \$3,697,559 is eliminated in the Statement of Activities.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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
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	615,000	3,592,510	4,207,510
2025-2029	3,600,000	17,430,044	21,030,044
2030-2034	4,930,000	16,107,304	21,037,304
2035-2039	6,985,000	14,044,328	21,029,328
2040-2044	10,040,000	10,996,838	21,036,838
2045-2049	14,565,000	6,472,798	21,037,798
2050-2051	7,530,000	886,214	8,416,214
Total	<u>\$ 50,470,000</u>	<u>\$ 84,152,228</u>	<u>\$ 134,622,228</u>

As of June 30, 2019, the General Fund has advanced \$3,516,084 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, 2019, the remaining site lease prepayment to be amortized was in the amount of \$4,104,581. See Note 10D 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, 2019. Lease revenue/expenditures paid from City to PFA on lease-back between PFA and City was in the amount of \$936,096 for the year ended June 30, 2019.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Interfund Transaction (Continued)**

**D. Transfers**

Transfers in and transfer out for the year ended June 30, 2019 consisted of the following:

<b>Transfers In</b>	<b>Transfers out</b>			Total
	<b>Governmental Funds</b>			
	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	
<b>Governmental Funds:</b>				
General Fund	\$ -	\$ 11,740,321	\$ 308	\$ 11,740,629
Capital Projects Funds	10,781,656	-	-	10,781,656
Debt Service Funds	22,170,822	3,073,303	-	25,244,125
<b>Proprietary Funds:</b>				
Expo Center Enterprise Fund	-	453,171	-	453,171
PHMA Enterprise Fund	775,094	-	-	775,094
Total	\$ 33,727,572	\$ 15,266,795	\$ 308	\$ 48,994,675

General Fund made the following transfers:

- \$9,841,849 to Capital Projects Funds to fund project expenditures and \$939,807 to Capital Projects Funds to fund CRIA project and program costs.
- \$22,170,822 net transferred to Debt Service Funds to fund sales tax revenue bond payments which consists of \$34,763,398 transferred from the General Fund net of \$12,592,576 transferred from Debt Service to the General Fund.
- \$775,094 to PHMA Enterprise Fund for cover housing project costs.

Capital Projects Funds made the following transfers:

- \$11,740,321 to General Fund to reimburse General Fund for project cost incurred.
- \$3,073,303 to Debt Service Funds was to transfer interest income earned on bond proceeds for the project funds.
- \$453,171 to Expo Center Enterprise Fund to provide funding for the operation of the Expo Center.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 8 – Capital Assets**

**A. Governmental Activities**

Summary of changes in capital asset activity for the year ended June 30, 2019 is as follows:

Capital Assets	Balance July 1, 2018	Additions	Deletions	Transfer and Reclassification	Balance June 30, 2019
<b>Primary Government</b>					
<b>Governmental activities:</b>					
Capital assets, not being depreciated					
Land	\$ 100,991,923	\$ 18,007,623	\$ (16,006,000)	\$ -	\$ 102,993,546
Construction in progress	12,273,179	7,184,388	-	(3,105,092)	16,352,475
Total capital assets, not being depreciated	<u>113,265,102</u>	<u>25,192,011</u>	<u>(16,006,000)</u>	<u>(3,105,092)</u>	<u>119,346,021</u>
Capital assets, being depreciated					
Buildings and improvements	119,662,696	-	-	(510,540)	119,152,156
Machinery and equipment	1,926,746	-	-	-	1,926,746
Furniture and fixture	4,623,753	-	-	-	4,623,753
Infrastructure	150,616,227	14,933	-	3,105,092	153,736,252
Total capital assets, being depreciated	<u>276,829,422</u>	<u>14,933</u>	<u>-</u>	<u>2,594,552</u>	<u>279,438,907</u>
Less accumulated depreciation					
Buildings and improvements	(63,824,675)	(2,607,923)	-	-	(66,432,598)
Machinery and equipment	(1,814,168)	(51,255)	-	-	(1,865,423)
Furniture and fixture	(4,255,212)	(176,705)	-	-	(4,431,917)
Infrastructure	(66,699,398)	(3,912,522)	-	-	(70,611,920)
Total accumulated depreciation	<u>(136,593,453)</u>	<u>(6,748,405)</u>	<u>-</u>	<u>-</u>	<u>(143,341,858)</u>
Total capital assets, being depreciated, net	<u>140,235,969</u>	<u>(6,733,472)</u>	<u>-</u>	<u>2,594,552</u>	<u>136,097,049</u>
<b>Total Governmental activities</b>	<u>\$ 253,501,071</u>	<u>\$ 18,458,539</u>	<u>\$ (16,006,000)</u>	<u>\$ (510,540)</u>	<u>\$ 255,443,070</u>

Depreciation expense was charged to the primary government in the governmental activities in the amount of \$6,748,405 to the following function:

General government	\$ 568,390
Support services	1,618,269
Community development	112,417
Community services	687,787
Public safety	1,683,737
Public works	2,077,805
Total depreciation expense	<u>\$ 6,748,405</u>

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 8 – Capital Assets (Continued)**

**B. Business-Type Activities**

Summary of changes in capital asset activity for the year ended June 30, 2019 is as follows:

Capital Assets	Balance July 1, 2018	Additions	Deletions	Transfers and Reclassification	Balance June 30, 2019
<b>Business-type activities:</b>					
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	-	57,758	-	(51,243)	6,515
Total capital assets, not being depreciated	7,647,768	57,758	-	(51,243)	7,654,283
Capital assets being depreciated					
Buildings and improvements	54,473,201	-	-	525,428	54,998,629
Equipment, furniture and fixtures	1,337,536	-	-	(14,888)	1,322,648
Infrastructure	991,255	-	-	51,243	1,042,498
Source of supply-Electric	4,053,806	-	-	-	4,053,806
Total capital assets, being depreciated	60,855,798	-	-	561,783	61,417,581
Less: accumulated depreciation					
Buildings and improvements	(19,409,721)	(847,659)	-	-	(20,257,380)
Equipment, furniture and fixture	(17,586,489)	(577,017)	-	-	(18,163,506)
Source of supply-Electric	(1,371,016)	(115,974)	-	-	(1,486,990)
Total accumulated depreciation	(38,367,226)	(1,540,650)	-	-	(39,907,876)
Total capital assets being depreciated, net	22,488,572	(1,540,650)	-	561,783	21,509,705
<b>Total Business-type activities</b>	<b>\$ 30,136,340</b>	<b>\$ (1,482,892)</b>	<b>\$ -</b>	<b>\$ 510,540</b>	<b>\$ 29,163,988</b>

Depreciation expenses for business activities in the amount of \$1,540,650 were charged to the activities:

IPUC:	
Water	\$ 533,143
Electric	115,974
CRIA Expo Center	743,100
IPHMA	148,433
Total depreciation expense	<u>\$ 1,540,650</u>

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 86,899,872	\$ -	\$ (29,684,165)	\$ 57,215,707
Construction in progress	125,409,689	23,453,008	(3,629,473)	145,233,224
Total capital assets not being depreciated	<u>212,309,561</u>	<u>23,453,008</u>	<u>(33,313,638)</u>	<u>202,448,931</u>
Capital assets being depreciated				
Infrastructure	204,294,396	-	-	204,294,396
Buildings and improvements	12,113,887	-	(9,144,153)	2,969,734
Furniture and fixtures	676,222	-	(676,222)	-
Vehicles	33,312	-	-	33,312
Total capital assets being depreciated	<u>217,117,817</u>	<u>-</u>	<u>(9,820,375)</u>	<u>207,297,442</u>
Less: accumulated depreciation	<u>(25,326,312)</u>	<u>-</u>	<u>4,495,714</u>	<u>(20,830,598)</u>
Total capital assets being depreciated, net	<u>191,791,505</u>	<u>-</u>	<u>(5,324,661)</u>	<u>186,466,844</u>
Capital assets, net	<u>\$ 404,101,066</u>	<u>\$ 23,453,008</u>	<u>\$ (38,638,299)</u>	<u>\$ 388,915,775</u>

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

During the year ended June 30, 2019, the SA to IUDA sold 12 properties to the City as part of the long range property management plan and reported gain on sale of properties in the amount of \$30,125,530. Also the SA to IUDA had written off the value of certain properties previously disposed of in the amount of \$5,557,175, which is reported against the gain on sale of properties. The Gain on sale of properties, net, was \$24,568,355 on the Statement of Changes in Fiduciary Net Position.

**Note 9 – Unearned Revenue from Reclaimed Water Sales**

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, 2019 total unearned revenue from the sale of reclaimed water to RWD and SGVWD was in the amount of \$5,761,482.

Civic-Recreational-Industrial Authority

Unearned revenue for CRIA are for event rental fees collected prior to the event. At June 30, 2019, unearned revenue for CRIA was in the amount of \$138,220.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 10 – Long-Term Liabilities**

Summary of Changes in the Governmental Activities long-term liabilities for the year ended June 30, 2019 is as following:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within one year	Due in more than one year
<b>Governmental activities:</b>						
Bonds payable:						
City of Industry:						
General obligation bonds	\$ 82,730,000	\$ -	\$ (11,840,000)	\$ 70,890,000	\$ 12,370,000	\$ 58,520,000
Sales tax revenue bonds	415,820,000	-	(5,510,000)	410,310,000	5,625,000	404,685,000
Public Facilities Authority:						
Tax allocation bonds	422,510,000	-	(95,075,000)	327,435,000	59,805,000	267,630,000
Lease revenue bonds	2,640,000	-	(845,000)	1,795,000	880,000	915,000
Subtotal	923,700,000	-	(113,270,000)	810,430,000	78,680,000	731,750,000
Deferred amounts:						
Unamortized						
premium/discounts	(4,688,520)	-	(210,998)	(4,899,518)	64,221	(4,963,739)
Total bonds payable	919,011,480	-	(113,480,998)	805,530,482	78,744,221	726,786,261
Net Pension liability	8,994,206	4,729,842	(4,701,795)	9,022,253	-	9,022,253
Compensated absences	63,667	110,350	(63,349)	110,668	50,000	60,668
Total long-term liabilities	\$ 928,069,353	\$ 4,840,192	\$ (118,246,142)	\$ 814,663,403	\$ 78,794,221	\$ 735,869,182

**A. City of Industry General Obligation Bonds**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
<b>General obligation bonds:</b>					
2009 GO Refunding Bonds, Series A	\$ 8,875,000	\$ -	\$ (4,330,000)	\$ 4,545,000	\$ 4,545,000
2009 GO Refunding Bonds, Series B	16,215,000	-	(5,180,000)	11,035,000	5,395,000
2010 GO Refunding Bonds	28,655,000	-	(2,330,000)	26,325,000	2,430,000
2014 GO Refunding Bonds	28,985,000	-	-	28,985,000	-
Total general obligation bonds	\$ 82,730,000	\$ -	\$ (11,840,000)	\$ 70,890,000	\$ 12,370,000

2009 General Obligation Refunding Bonds, Series A

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

Principal \$4,545,000 matures on July 1, 2019. The bonds bear interests at rate of 3.800%, due on July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 4,545,000	\$ 113,625	\$ 4,658,625

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 10 – Long-Term Liabilities (Continued)**

**A. City of Industry General Obligation Bonds (Continued)**

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 \$5,395,000 to \$5,640,000 maturing annually through July 1, 2020. The bonds bear interest rate of 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
2020	\$ 5,395,000	\$ 379,250	\$ 5,774,250
2021	5,640,000	127,800	5,767,800
	<u>\$ 11,035,000</u>	<u>\$ 507,050</u>	<u>\$ 11,542,050</u>

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.

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
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	2,940,000	648,900	3,588,900
2025-2029	11,180,000	1,371,640	12,551,640
2030	1,750,000	37,188	1,787,188
	<u>\$ 26,325,000</u>	<u>\$ 6,001,453</u>	<u>\$ 32,326,453</u>

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 10 – Long-Term Liabilities (Continued)**

**A. City of Industry General Obligation Bonds (Continued)**

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
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	6,210,000	292,993	6,502,993
2025	6,395,000	99,921	6,494,921
	<u>\$ 28,985,000</u>	<u>\$ 3,116,296</u>	<u>\$ 32,101,296</u>

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, 2019 on the bonds amounted to \$80,628,424. 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, 2019, total monies received to pay for these bonds amounted to \$18,135,707. Principal and interest paid on the bonds during the year ended June 30, 2019 amounted to \$14,901,714.

**B. City of Industry Sales Tax Revenue Bonds**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
<b>Sales tax revenue bonds:</b>					
2015 Sales Tax Revenue					
Refunding Bonds, Series A	\$ 334,080,000	\$ -	\$ (1,920,000)	\$ 332,160,000	\$ 1,960,000
2015 Sales Tax Revenue Bonds, Series B	50,975,000	-	(505,000)	50,470,000	520,000
2017 Sales Tax Refunding Revenue Bonds	30,765,000	-	(3,085,000)	27,680,000	3,145,000
Total sales tax revenue bonds	<u>\$ 415,820,000</u>	<u>\$ -</u>	<u>\$ (5,510,000)</u>	<u>\$ 410,310,000</u>	<u>\$ 5,625,000</u>

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 10 – Long-Term Liabilities (Continued)**

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

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 Revenue 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 \$1,960,000 to \$21,875,000 maturing annually through January 1, 2051. The bonds bear interests at rates range from 2.500% to 5.125%, due semiannually on January 1 and July 1.

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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	2,200,000	16,061,913	18,261,913
2025-2029	21,880,000	78,893,643	100,773,643
2030-2034	43,045,000	71,943,518	114,988,518
2035-2039	54,470,000	60,518,563	114,988,563
2040-2044	69,930,000	45,055,156	114,985,156
2045-2049	89,785,000	25,201,675	114,986,675
2050-2051	42,685,000	3,308,700	45,993,700
	<u>\$ 332,160,000</u>	<u>\$ 365,853,119</u>	<u>\$ 698,013,119</u>

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 \$520,000 to \$3,905,000 maturing annually through February 1, 2051. The bonds bear interests at rates range from 3.750% to 7.750%, due semiannually on January 1 and July 1.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 10 – Long-Term Liabilities (Continued)**

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

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

Debt service requirement to maturity is as follows

Year Ending June 30,	Principal	Interest	Total
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	615,000	3,592,510	4,207,510
2025-2029	3,600,000	17,430,044	21,030,044
2030-2034	4,930,000	16,107,304	21,037,304
2035-2039	6,985,000	14,044,328	21,029,328
2040-2044	10,040,000	10,996,838	21,036,838
2045-2049	14,565,000	6,472,798	21,037,798
2050-2051	7,530,000	886,214	8,416,214
Total	<u>\$ 50,470,000</u>	<u>\$ 84,152,228</u>	<u>\$ 134,622,228</u>

2017 Senior Taxable Sales Tax Revenue Refunding Bonds

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

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, 2019 was in the amount of \$27,515,000. The 2010 Sales Tax Revenue Bonds is schedules for full redemption on January 1, 2020.

Principal ranges from \$3,145,000 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
2020	\$ 3,145,000	\$ 828,956	\$ 3,973,956
2021	3,215,000	758,194	3,973,194
2022	3,295,000	677,818	3,972,818
2023	3,390,000	587,206	3,977,206
2024	3,490,000	485,506	3,975,506
2025-2027	11,145,000	770,276	11,915,276
	<u>\$ 27,680,000</u>	<u>\$ 4,107,956</u>	<u>\$ 31,787,956</u>

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 10 – Long-Term Liabilities (Continued)**

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

2017 Senior Taxable Sales Tax Revenue Refunding Bonds (Continued)

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, 2019 on the bonds amounted to \$864,423,303. 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, 2019, total sales tax revenues received to pay for these bonds amounted to \$35,191,970. Principal and interest paid on the bonds during the year ended June 30, 2019 amounted to \$26,443,178.

**C. Public Facilities Authority Tax Allocation Revenue Bonds**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
<b>Tax allocation revenue bonds:</b>					
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)	\$ 171,345,000	\$ -	\$ (36,945,000)	\$ 134,400,000	\$ 37,925,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 2)	5,945,000	-	(735,000)	5,210,000	770,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 2)	207,485,000	-	(53,330,000)	154,155,000	16,905,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 3)	6,015,000	-	(740,000)	5,275,000	780,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 3)	31,720,000	-	(3,325,000)	28,395,000	3,425,000
Total tax allocation revenue bonds	<u>\$ 422,510,000</u>	<u>\$ -</u>	<u>\$ (95,075,000)</u>	<u>\$ 327,435,000</u>	<u>\$ 59,805,000</u>

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.

The PFA has funded its debt service bond reserve requirement by purchasing insurance in the amount of \$23,952,000.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 10 – Long-Term Liabilities (Continued)**

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

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

Principal ranges from \$6,835,000 to \$39,090,000 maturing annually through January 1, 2025. The bonds bear interests at rates range from 3.139% 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
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	10,105,000	725,769	10,830,769
2025	6,835,000	148,456	6,983,456
	<u>\$ 134,400,000</u>	<u>\$ 12,775,000</u>	<u>\$ 147,175,000</u>

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 \$770,000 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
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	930,000	95,250	1,025,250
2025	975,000	48,750	1,023,750
	<u>\$ 5,210,000</u>	<u>\$ 947,750</u>	<u>\$ 6,157,750</u>

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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) (Continued)

For Series B, the PFA early redeemed \$36,910,000 of the bonds during the year ended June 30, 2019. The remaining principal ranges from \$1,530,000 to \$48,825,000 maturing annually through January 1, 2025. The bonds bear interests at rates ranges from 3.389% 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
2020	\$ 16,905,000	\$ 6,774,818	\$ 23,679,818
2021	17,490,000	6,201,908	23,691,908
2022	22,550,000	5,481,146	28,031,146
2023	46,855,000	4,551,860	51,406,860
2024	48,825,000	2,539,906	51,364,906
2025	1,530,000	77,174	1,607,174
	<u>\$ 154,155,000</u>	<u>\$ 25,626,812</u>	<u>\$ 179,781,812</u>

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

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

The PFA has funded its debt service reserve fund requirement by purchasing insurance in the amount of \$4,524,216.

For Series A, principal ranges from \$780,000 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
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	940,000	96,250	1,036,250
2025	985,000	49,250	1,034,250
	<u>\$ 5,275,000</u>	<u>\$ 959,250</u>	<u>\$ 6,234,250</u>

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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
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	3,795,000	726,336	4,521,336
2025-2027	10,605,000	1,036,542	11,641,542
	<u>\$ 28,395,000</u>	<u>\$ 6,374,208</u>	<u>\$ 34,769,208</u>

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, 2019 amounted to \$374,118,020.

At June 30, 2019, 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, 2019	\$ 61,149,385
Carry over from prior year and interest income	966,499
Total Tax Override Funds Held by PFA Bond Trustee at June 30, 2019	62,115,884

**Successor Agency RPTTF Funds:**

Total Tax Override and SA RPTTF Funds Held by Bond Trustee at June 30, 2019	\$ 132,282,010
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2015A & B PFA Tax Allocation Revenue Refunding Bond Payments during the Year Ending June 30, 2019:

Payment Date	Principal	Interest	Total
July 1, 2019	\$ -	\$ 6,750,699	\$ 6,750,699
January 1, 2020	59,805,000	6,750,699	66,555,699
	<u>\$ 59,805,000</u>	<u>\$ 13,501,398</u>	<u>\$ 73,306,398</u>

PFA will have approximately \$58,900,000 funds available to fund an early redemption of the 2015 A & B Public Facilities Authority Tax Allocation Revenue Refunding Bonds.

The \$61,149,385 of current tax override funds transferred during the year ended June 30, 2019 is shown as a deposit for bond payments on the accompanying balance sheet.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 10 – Long-Term Liabilities (Continued)**

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

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, 2019, the PFA had redeemed all prior year bonds that are considered defeased.

**D. Public Facilities Authority Lease Revenue Refunding Bonds**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
<b>Lease revenue refunding bonds</b>					
2010 Lease Revenue Refunding Bonds	\$ 2,640,000	\$ -	\$ (845,000)	\$ 1,795,000	\$ 880,000

2010 Lease Revenue Refunding Bonds and City Certificates of Participation

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

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

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 \$880,000 to \$915,000 maturing annually through August 1, 2020. The bonds bear interests at rates range from 4.125% 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
2020	\$ 880,000	\$ 57,038	\$ 937,038
2021	915,000	19,444	934,444
	\$ 1,795,000	\$ 76,482	\$ 1,871,482

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 10 – Long-Term Liabilities (Continued)**

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

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

In 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
2020	\$ 373,144
2021	373,144
2022	373,144
2023	373,144
2024	373,144
Thereafter	2,238,861

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
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, 2019, compensated absences totaled to \$110,668, which will be liquidated by the General Fund.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 11 – Successor Agency Bonds Payable**

Summary of changes in the Successor Agency to IUDA’s bonds payables for the year ended June 30, 2019 is as following:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year	Due in more than one year
<b>Project Area 1:</b>						
2015 Tax Allocation Revenue						
Refunding Bonds, Series A	\$ 171,345,000	\$ -	\$ (36,945,000)	\$ 134,400,000	\$ 37,925,000	\$ 96,475,000
Total Project Area 1	171,345,000	-	(36,945,000)	134,400,000	37,925,000	96,475,000
<b>Project Area 2:</b>						
2015 Tax Allocation Revenue						
Refunding Bonds, Series A	5,945,000	-	(735,000)	5,210,000	770,000	4,440,000
2015 Tax Allocation Revenue						
Refunding Bonds, Series B	207,485,000	-	(53,330,000)	154,155,000	16,905,000	137,250,000
Total Project Area 2	213,430,000	-	(54,065,000)	159,365,000	17,675,000	141,690,000
<b>Project Area 3:</b>						
2015 Tax Allocation Revenue						
Refunding Bonds, Series A	6,015,000	-	(740,000)	5,275,000	780,000	4,495,000
2015 Tax Allocation Revenue						
Refunding Bonds, Series B	31,720,000	-	(3,325,000)	28,395,000	3,425,000	24,970,000
Total Project Area 3	37,735,000	-	(4,065,000)	33,670,000	4,205,000	29,465,000
Total tax allocation bonds	422,510,000	-	(95,075,000)	327,435,000	59,805,000	267,630,000
<b>Deferred amounts:</b>						
Unamortized premium/discounts	556,050	-	(155,971)	400,079	132,129	267,950
<b>Total bonds payable</b>	<b>\$ 423,066,050</b>	<b>\$ -</b>	<b>\$ (95,230,971)</b>	<b>\$ 327,835,079</b>	<b>\$ 59,937,129</b>	<b>\$ 267,897,950</b>

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 3.139% 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
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	10,105,000	725,769	10,830,769
2025	6,835,000	148,456	6,983,456
	<u>\$ 134,400,000</u>	<u>\$ 12,775,000</u>	<u>\$ 147,175,000</u>

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 11 – Successor Agency Bonds Payable (Continued)**

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 \$770,000 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
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	930,000	95,250	1,025,250
2025	975,000	48,750	1,023,750
	<u>\$ 5,210,000</u>	<u>\$ 947,750</u>	<u>\$ 6,157,750</u>

For Series B, the SA to IUDA early redeemed \$36,910,000 of the bonds during the year ended June 30, 2019. The remaining principal ranges from \$1,530,000 to \$48,825,000 maturing annually through January 1, 2025. The bonds bear interests at rates ranges from 3.389% 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
2020	\$ 16,905,000	\$ 6,774,818	\$ 23,679,818
2021	17,490,000	6,201,908	23,691,908
2022	22,550,000	5,481,146	28,031,146
2023	46,855,000	4,551,860	51,406,860
2024	48,825,000	2,539,906	51,364,906
2025	1,530,000	77,174	1,607,174
	<u>\$ 154,155,000</u>	<u>\$ 25,626,812</u>	<u>\$ 179,781,812</u>

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.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 11 – Successor Agency Bonds Payables (Continued)**

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

For Series A, principal ranges from \$780,000 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
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	940,000	96,250	1,036,250
2025	985,000	49,250	1,034,250
	<u>\$ 5,275,000</u>	<u>\$ 959,250</u>	<u>\$ 6,234,250</u>

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
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	3,795,000	726,336	4,521,336
2025-2027	10,605,000	1,036,542	11,641,542
	<u>\$ 28,395,000</u>	<u>\$ 6,374,208</u>	<u>\$ 34,769,208</u>

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.

Prior Years Defeased Obligations

In prior years, the SA to IUDA 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, 2019, the SA to IUDA had redeemed all prior year bonds that are considered defeased.

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, 2019 amounted to \$374,118,020. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2019, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to \$81,616,777, which the SA received \$69,483,138 after deductions.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 11 – Successor Agency Bonds Payable (Continued)**

Revenue Pledged (Continued)

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

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

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

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

The SA to IUDA received RPTTF Funds for the year ended June 30, 2019 was as follows:

RPTTF Funds	\$	81,616,777
Less:		
Administrative expenses		(1,498,621)
Pass through payments		(10,635,018)
Net RPTTF Funds	\$	69,483,138

At June 30, 2019 the PFA owned 100 percent of the outstanding bonds of the SA to the IUDA.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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, 2017 (valuation date), the following employees were covered by the benefit terms:

	<b>Plans</b>		
	<b>Classic</b>	<b>Second Tier</b>	<b>PEPRA</b>
Active employees	5	4	15
Transferred and terminated employees	10	0	2
Retired employees and beneficiaries	35	0	0
Total	50	4	17

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.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 12 – Defined Benefit Pension Plan (Continued)**

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

Benefits Provided (Continued)

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.

For the measurement period ended June 30, 2018, the contribution rates were as follows:

<u>Plans</u>	<u>Active Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>
Classic	8.000%	13.714%
Second Tier	7.000%	9.152%
PEPRA	7.000%	7.170%

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

Actuarial Methods and Assumption Used to Determine Total Pension Liability

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 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	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS’ Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies 2.50% thereafter

<sup>1</sup>The mortality table used was developed based on CalPERS’ specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 12 – Defined Benefit Pension Plan (Continued)**

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

Change of Assumption

In 2018, demographic assumptions and inflation were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 fund. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

<sup>1</sup> In the CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup> An expected inflation of 2.00% used

<sup>3</sup> An expected inflation of 2.92% used

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 12 – Defined Benefit Pension Plan (Continued)**

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

Sensitivity of the 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 percent) or one percentage-point higher (8.15 percent) 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%)
\$ 14,492,243	\$ 9,022,253	\$ 4,506,866

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, 2017 (Valuation Date)	\$ 29,685,069	\$ 20,690,863	\$ 8,994,206
Balance at June 30, 2018 (Measurement Date)	29,226,087	20,203,834	9,022,253
Net changes from July 1, 2017 to June 30, 2018	\$ (458,982)	\$ (487,029)	\$ 28,047

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, 2017). 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, 2018). 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, 2018 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2017-18).

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 12 – Defined Benefit Pension Plan (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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, 2017	0.09069%
June 30, 2018	0.09363%
Change - Increase (Decrease)	<u>0.00294%</u>

For the year ended June 30, 2019, the City recognized pension expense in the amount of \$3,152,771.

The Expected Average Remaining Service Lifetime (“EARSLS”) 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 EARSLS for risk pool for the June 30, 2018 measurement period is 3.8 years, which was obtained by dividing the total service years of 516,147 (the sum of remaining service lifetimes of the active employees) by 135,474 (the total number of participants: active, inactive, and retired).

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contribution made after the measurement date	\$ 195,741	\$ -
Changes of assumptions	1,028,564	(252,081)
Difference between expected and actual experience	346,168	(117,800)
Net difference between projected and actual earnings on pension plan investments	44,603	-
Adjustment due to differences in proportions	52,219	(199,558)
Employer contributions over/(under) proportionated contributions	5,912,263	(192,534)
Total	\$ 7,579,558	\$ (761,973)

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 12 – Defined Benefit Pension Plan (Continued)**

***B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 \$195,741 will be recognized as a reduction of the collective net pension liability in the year ending June 30, 2020. 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 Ending June 30	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ 2,828,537
2021	2,506,652
2022	1,367,805
2023	(81,150)
2024	-
Thereafter	-
	<u>\$ 6,621,844</u>

**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, 2019, the plan had investments in the amount of \$1,754,757.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 14 – Other Postemployment 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:

	<u>General Employees</u>	<u>Management</u>
Benefit Types Provided	Medical, dental and vision	Medical, dental and vision
Duration of Benefits	Lifetime	Lifetime
Required Services	15 years**	15 years*
Minimum Age	50 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.

\*\*25 years for those hired 4/26/1990 to 6/30/2012.; 10 years for those hired prior to 4/26/1990

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, 2019, 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, 2018, 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.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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 4/26/90 to 6/30/12: 100% at 25 years of Service General Employee - Hired 7/1/12 or later: 100% at 15 Years of Service Elected and Appointed Officials - 100% at 8 years of service Management - 100% at 15 years of service
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.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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)
Balance at June 30, 2017 (Valuation Date)	\$ 9,012,577	\$ 11,161,517	\$ (2,148,940)
Changes recognized for the measurement period:			
Service Cost	261,189	-	261,189
Interest on total OPEB liability	619,722	-	619,722
Difference between expected and actual experience	95,803	-	95,803
Employer contributions	-	-	-
Employee contributions	-	-	-
Investment income	-	904,934	(904,934)
Administrative expenses	-	(20,767)	20,767
Benefit payments	(579,992)	(579,992)	-
Actual minus expected benefit payments	(95,803)	-	(95,803)
Other	-	2,091	(2,091)
Net change during measurement period 2017-2018	300,919	306,266	(5,347)
Balance at June 30, 2018 (Measurement Date)	\$ 9,313,496	\$ 11,467,783	\$ (2,154,287)

*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 one percentage-point lower (6.0 percent) or one percentage-point higher (8.0 percent) than the current discount rate:

Measurement Date	Net OPEB Liability (Asset)		
	Discount Rate	Current Discount	Discount Rate
	- 1% (6.00%)	Rate (7.00%)	+ 1% (8.00%)
June 30, 2018	\$ (1,161,688)	\$ (2,154,287)	\$ (2,984,621)

*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 one percentage-point lower (4.0 percent decreasing to 3.0 percent) or one percentage-point higher (4.0 percent increasing to 5.0 percent) than the current healthcare cost trend rates:

Measurement Date	Net OPEB Liability (Asset)		
	Healthcare Cost	Current Healthcare	Healthcare Cost
	Trend Rate	Cost Trend Rate	Trend Rate
June 30, 2018	\$ (3,107,861)	\$ (2,154,287)	\$ (1,020,543)
	- 1% (3.00%)	Rate (4.00%)	+ 1% (5.00%)

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 14 – Other Postemployment Benefits (“OPEB”) (Continued)**

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

For the year ended June 30, 2019, the City recognized OPEB expense in the amount of \$32,650. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from following sources:

	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Difference between expected and actual experience	\$ 77,726	\$ -
Projected earnings on OPEB plan investments under/ (in excess of) actual earnings	-	(115,723)
Total	\$ 77,726	\$ (115,723)

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

Year Ended June 30,	<b>Deferred Outflows/ (Inflows) of Resources</b>
2020	\$ (10,854)
2021	(10,854)
2022	(10,854)
2023	(10,853)
2024	5,418
Thereafter	-
	\$ (37,997)

**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, 2019, there are \$105,803 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.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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. As of June 30, 2019, 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. During the year ended June 30, 2019, the City filed the lawsuit against SGVWP. At this time, given the termination of the Lease and the litigation, it is unknown whether SGVWP will repay the loan.

**Note 17 – Joint Governed Organization – Tres Hermanos Conservation Authority**

The Tres Hermanos Ranch (the “Ranch”) consists of approximately 2,445 acres of largely undeveloped property. Approximately 1,750 acres are within the City of Chino Hills (“Chino Hills”) and 695 acres are within the City of Diamond Bar (“Diamond Bar”). The Ranch was acquired by the IUDA in 1978 and owned by SA to IUDA due to the dissolution of the IUDA. On January 19, 1999, Chino Hills and Diamond Bar entered into a certain Joint Exercise of Powers (“1999 Agreement”) for the purpose to coordinate the overall development and conservation of the Ranch. The City was made an ex-officio non-voting member in 1999. As previously discussed in Note 4B, the City entered into a master lease agreement with SGVWP for the development of the solar project located at the Ranch with the plan to purchase the Ranch from SA to IUDA. Litigation was brought against the development of the solar project by Chino Hills and Diamond Bar. The three cities later entered into a settlement agreement dated February 4, 2019 where 1) Chino Hills and Diamond Bar collectively contribute ten percent of the City’s \$41,650,000 purchase price for the Ranch from SA to IUDA, 2) preserve the Ranch as environmental, scientific, educational, and recreational resources and 3) transfer the ownership of the Ranch to a re-constituted Tres Hermanos Conservation Authority (the “Authority”).

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 17 – Joint Governed Organization – Tres Hermanos Conservation Authority (Continued)**

On February 6, 2019, the three cities entered into Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement (the “Agreement”) which superseded the 1999 Agreement in its entirety. The general purpose of the Authority is to coordinate the overall conservation, use and potential improvement of the Ranch through collaboration by its members. The board consist of seven voting directors where three appointed by the City and two each appointed by Chino Hills and Diamond Bar. Each member city pays an equal one-third share of the cost for the reasonable annual and recurring maintenance of the Ranch. Any costs over the annual maintenance cost will be allocated and invoiced separately to the member cities based on the benefits provided. In addition, the City is responsible for an one-time remediation work for the Arnold Reservoir dam. After the completion of the one-time remediation work, the City will not be responsible for any future repair, maintenance or other work to the Arnold Reservoir dam.

In February 2019, Chino Hills and Diamond Bar collectively contributed \$4,165,000, and the City contributed the remaining \$37,480,000 toward the purchase of the Ranch for the Authority. The financial statement of the Authority can be obtained at 14000 City Center Drive, Chino Hills.

**Note 18 – 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, 2019
Engineering services for the City and management services for the Expo Center	City Council member	\$ 5,990,496
Auto body and towing services	City Council member	49,685
Landscaping services	City Council member	2,274,434
		Amount for the Year Ended June 30, 2019
Other Related Party Transactions	Related Parties	Amount for the Year Ended June 30, 2019
Tenant of the City's (Housing Authority) Properties	City Council members, Commissioners, and Board members	\$ 78,710

**Note 19 – 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.

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 20 – 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, 2019 amounted to \$14,334,166. Rental income of \$2,364,901 is reported in the Governmental Fund financial statements, \$178,059 in the IPHMA Enterprise Fund financial statements, and \$11,791,206 in the Fiduciary Fund financial statements.

Future minimum rental income payments based on terms in effect at June 30, 2019 are as follows:

Year Ending June 30,	Amount
2020	\$ 14,177,929
2021	14,060,731
2022	17,193,630
2023	13,312,029
2024	10,623,997
2025-2029	50,258,990
2030-2034	49,288,990
2035-2039	49,288,990
Thereafter	270,456,200

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 21 – 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
2020	\$ 2,187

**City of Industry**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 22 – Excess of Expenditures Over Appropriations**

During the year ended June 30, 2019, expenditures in excess of appropriations are as follows:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund:			
General administration	\$ 4,962,680	\$ 5,289,352	\$ (326,672)
Public safety	10,590,775	10,664,726	(73,951)
Capital outlay	6,000	1,121,801	(1,115,801)
CRIA Capital Projects Fund:			
Public works	591,985	624,066	(32,081)
Debt Service Fund:			
General administration	18,900	21,500	(2,600)
Interest	23,994,895	24,546,057	(551,162)
Tax Override Debt Service Fund:			
Community development	50,465,200	61,149,386	(10,684,186)
Industry Public Facilities Authority Debt Service Fund:			
Principal retirement	83,384,825	95,920,000	(12,535,175)
Interest and fiscal charges	17,558,180	22,791,147	(5,232,967)
Gas Tax Special Revenue Fund:			
Public works	10,000	20,153	(10,153)
Measure R Local Return Special Revenue Fund:			
Public works	5,000	5,497	(497)
Proposition A Sales Tax Special Revenue Fund:			
Capital outlay	-	36,493	(36,493)
Measure M Special Revenue Fund:			
Public works	5,000	8,169	(3,169)

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**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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**City of Industry**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2019**

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 39,492,350	\$ 39,492,350	\$ 41,219,283	\$ 1,726,933
Intergovernmental	824,400	824,400	854,905	30,505
Charges for services	1,694,530	1,694,530	2,398,422	703,892
Licenses and permits	2,982,000	2,982,000	1,577,203	(1,404,797)
Fines, forfeitures and penalties	377,500	377,500	466,248	88,748
Use of money and property	15,577,510	15,577,510	28,109,248	12,531,738
Other revenue	1,737,740	1,737,740	2,031,474	293,734
<b>Total revenues</b>	<b>62,686,030</b>	<b>62,686,030</b>	<b>76,656,783</b>	<b>13,970,753</b>
<b>EXPENDITURES:</b>				
Current:				
Legislative	786,045	768,555	660,501	108,054
General administration	4,864,550	4,962,680	5,289,352	(326,672)
Support services	5,813,565	5,054,745	4,230,815	823,930
Community development	4,537,965	45,380,245	41,072,341	4,307,904
Community services	4,809,600	5,805,600	5,507,993	297,607
Public safety	10,614,975	10,590,775	10,664,726	(73,951)
Public works	17,445,000	13,500,000	12,117,212	1,382,788
Capital outlay	6,000	6,000	1,121,801	(1,115,801)
<b>Total expenditures</b>	<b>48,877,700</b>	<b>86,068,600</b>	<b>80,664,741</b>	<b>5,403,859</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>13,808,330</b>	<b>(23,382,570)</b>	<b>(4,007,958)</b>	<b>19,374,612</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	11,740,629	11,740,629
Transfers out	(29,404,655)	(29,818,655)	(33,727,572)	(3,908,917)
Proceeds from sale of assets	-	-	15,969,242	15,969,242
<b>Total other financing sources (uses)</b>	<b>(29,404,655)</b>	<b>(29,818,655)</b>	<b>(6,017,701)</b>	<b>23,800,954</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (15,596,325)</b>	<b>\$ (53,201,225)</b>	<b>(10,025,659)</b>	<b>\$ 43,175,566</b>
<b>FUND BALANCES:</b>				
Beginning of year			707,664,363	
End of year			<u>\$ 697,638,704</u>	

**City of Industry**  
**Required Supplementary Information (Unaudited)**  
**Notes to the Required Supplementary Information**  
**For the Year Ended June 30, 2019**

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**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.

There were no budgets adopted for AQMD Special Revenue Fund and CARB Grant Special Revenue Fund.

**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, 2019**

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**Last Ten Fiscal Years**

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

Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014 <sup>1</sup>
City's proportion of the net pension liability/(asset)	0.09363%	0.09069%	0.09088%	0.09232%	0.07687%
City's proportionate share of the net pension liability/(asset)	\$ 9,022,253	\$ 8,994,206	\$ 7,864,664	\$ 6,336,456	\$ 4,782,916
City's covered payroll	<u>\$ 1,680,481</u>	<u>\$ 2,072,156</u>	<u>\$ 1,936,492</u>	<u>\$ 1,988,262</u>	<u>\$ 1,779,595</u>
City's proportionate share of the net pension liability as a percentage of covered payroll	<u>536.89%</u>	<u>434.05%</u>	<u>406.13%</u>	<u>318.69%</u>	<u>268.76%</u>
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	<u>69.13%</u>	<u>69.70%</u>	<u>70.71%</u>	<u>77.21%</u>	<u>83.03%</u>

<sup>1</sup> 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 - Pensions**  
**For the Year Ended June 30, 2019**

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**Last Ten Fiscal Years**

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

Fiscal year end	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution	\$ 195,741	\$ 640,586	\$ 567,355	\$ 534,918	\$ 255,850
Contribution in relation to the actuarially determined contribution	<u>(195,741)</u>	<u>(640,586)</u>	<u>(567,355)</u>	<u>(534,918)</u>	<u>(255,850)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll <sup>2</sup>	<u>\$ 1,730,895</u>	<u>\$ 1,680,481</u>	<u>\$ 2,072,156</u>	<u>\$ 1,936,492</u>	<u>\$ 1,988,262</u>
Contributions as a percentage of covered payroll	<u>11.31%</u>	<u>38.12%</u>	<u>27.38%</u>	<u>27.62%</u>	<u>12.87%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 information is applicable.

<sup>2</sup> Payroll from prior year \$1,680,481 was assumed to increase by the 3.00% payroll growth assumption.

**Notes to Schedule:**

Change in Benefit Terms: There were no changes in benefit terms.

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. 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 Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2019**

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Last Ten Fiscal Years

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

Fiscal year end	<u>2013-14<sup>1</sup></u>
Actuarially determined contribution	\$ 303,098
Contribution in relation to the actuarially determined contribution	<u>(303,098)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll <sup>2</sup>	<u>\$ 1,779,595</u>
Contributions as a percentage of covered payroll	<u>17.03%</u>

**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, 2019**

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	June 30, 2018	June 30, 2017 <sup>1</sup>
<b>Total OPEB liability</b>		
Service cost	\$ 261,189	\$ 254,199
Interest	619,722	602,445
Differences between expected and actual experience	95,803	-
Benefit payments	(579,992)	(653,626)
Actual minus Expected Benefit Payments	(95,803)	-
<b>Net change in total OPEB liability</b>	300,919	203,018
<b>Total OPEB liability, beginning</b>	9,012,577	8,809,559
<b>Total OPEB liability, ending (a)</b>	\$ 9,313,496	\$ 9,012,577
<b>OPEB fiduciary net position</b>		
Investment income	\$ 904,934	\$ 1,136,614
Benefit payments	(579,992)	(653,626)
Administrative expense	(20,767)	(9,512)
Other	2,091	-
<b>Net change in plan fiduciary net position</b>	306,266	473,476
<b>Plan fiduciary net position, beginning</b>	11,161,517	10,688,041
<b>Plan fiduciary net position, ending (b)</b>	\$ 11,467,783	\$ 11,161,517
<b>Plan net OPEB asset - ending (a) - (b)</b>	\$ (2,154,287)	\$ (2,148,940)
<b>Plan's fiduciary net position as a percentage of the total OPEB liability</b>	123.13%	123.84%
<b>Covered payroll</b>	\$ 1,680,481	\$ 2,072,156
<b>Plan net OPEB asset as a percentage of covered payroll</b>	-128.19%	-103.71%

<sup>1</sup> 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 Year Ended June 30, 2019**

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Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year end	2018-19	2017-18	2016-17 <sup>1</sup>
Actuarially determined contribution <sup>2</sup>	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contribution <sup>2</sup>	-	-	-
Contribution deficiency/(excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 2,198,350	\$ 2,134,321	\$ 2,072,156
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable.

<sup>2</sup> The July 1, 2015 actuarial valuation provided the actuarially determined contributions for fiscal year ended June 30, 2017. There were no actuarially determined contribution for the years ended June 30, 2019 and 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:	7.00% 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

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**SUPPLEMENTARY INFORMATION**

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**CAPITAL PROJECTS FUNDS**

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**City of Industry**  
**Combining Balance Sheet**  
**Capital Projects Funds**  
**June 30, 2019**

	Capital Projects Fund	Civic- Recreational- Industrial Authority Capital Projects Fund	Total
<b>ASSETS</b>			
Cash	\$ 5,843	\$ 42,030	\$ 47,873
Investments	863,524	80,988	944,512
Accrued interest	5,608	518	6,126
Investments with fiscal agent	181,628,366	-	181,628,366
<b>Total assets</b>	<b>\$ 182,503,341</b>	<b>\$ 123,536</b>	<b>\$ 182,626,877</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,673,877	\$ 95,818	\$ 1,769,695
Advances from other funds	3,516,084	-	3,516,084
<b>Total liabilities</b>	<b>5,189,961</b>	<b>95,818</b>	<b>5,285,779</b>
<b>Fund Balances:</b>			
Restricted	177,313,380	-	177,313,380
Committed	-	27,718	27,718
<b>Total fund balances</b>	<b>177,313,380</b>	<b>27,718</b>	<b>177,341,098</b>
<b>Total liability and fund balances</b>	<b>\$ 182,503,341</b>	<b>\$ 123,536</b>	<b>\$ 182,626,877</b>

**City of Industry**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2019**

	Capital Projects Fund	Civic- Recreational- Industrial Authority Capital Projects Fund	Total
<b>REVENUES:</b>			
Intergovernmental revenue	\$ 15,502,867	\$ -	\$ 15,502,867
Use of money and property	6,047,438	1,989	6,049,427
<b>Total revenues</b>	<b>21,550,305</b>	<b>1,989</b>	<b>21,552,294</b>
<b>EXPENDITURES:</b>			
Current:			
Public works	8,228,132	624,066	8,852,198
Capital outlay	24,048,650	-	24,048,650
<b>Total expenditures</b>	<b>32,276,782</b>	<b>624,066</b>	<b>32,900,848</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(10,726,477)</b>	<b>(622,077)</b>	<b>(11,348,554)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	9,841,849	939,807	10,781,656
Transfers out	(14,813,624)	(453,171)	(15,266,795)
<b>Total other financing sources (uses)</b>	<b>(4,971,775)</b>	<b>486,636</b>	<b>(4,485,139)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(15,698,252)</b>	<b>(135,441)</b>	<b>(15,833,693)</b>
<b>FUND BALANCES:</b>			
Beginning of year	193,011,632	163,159	193,174,791
End of year	<b>\$ 177,313,380</b>	<b>\$ 27,718</b>	<b>\$ 177,341,098</b>

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2019**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental revenue	\$ 7,927,365	\$ 7,927,365	\$ 15,502,867	\$ 7,575,502
Use of money and property	506,500	506,500	6,047,438	5,540,938
<b>Total revenues</b>	<u>8,433,865</u>	<u>8,433,865</u>	<u>21,550,305</u>	<u>13,116,440</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	59,900,000	59,900,000	8,228,132	51,671,868
Capital outlay	-	-	24,048,650	(24,048,650)
<b>Total expenditures</b>	<u>59,900,000</u>	<u>59,900,000</u>	<u>32,276,782</u>	<u>27,623,218</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(51,466,135)</u>	<u>(51,466,135)</u>	<u>(10,726,477)</u>	<u>40,739,658</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	1,365,000	1,365,000	9,841,849	8,476,849
Transfers out	-	-	(14,813,624)	(14,813,624)
<b>Total other financing sources (uses)</b>	<u>1,365,000</u>	<u>1,365,000</u>	<u>(4,971,775)</u>	<u>(6,336,775)</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>\$ (50,101,135)</u>	<u>\$ (50,101,135)</u>	<u>(15,698,252)</u>	<u>\$ 34,402,883</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>193,011,632</u>	
End of year			<u>\$ 177,313,380</u>	

**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, 2019**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,210	\$ 1,210	\$ 1,989	\$ 779
<b>Total revenues</b>	<u>1,210</u>	<u>1,210</u>	<u>1,989</u>	<u>779</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	591,985	591,985	624,066	(32,081)
<b>Total expenditures</b>	<u>591,985</u>	<u>591,985</u>	<u>624,066</u>	<u>(32,081)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(590,775)</u>	<u>(590,775)</u>	<u>(622,077)</u>	<u>(31,302)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,066,130	1,066,130	939,807	(126,323)
Transfers out	(474,145)	(474,145)	(453,171)	20,974
<b>Total other financing sources (uses)</b>	<u>591,985</u>	<u>591,985</u>	<u>486,636</u>	<u>(105,349)</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>\$ 1,210</u>	<u>\$ 1,210</u>	<u>(135,441)</u>	<u>\$ (136,651)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>163,159</u>	
End of year			<u>\$ 27,718</u>	

**DEBT SERVICE FUNDS**

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**City of Industry**  
**Combining Balance Sheet**  
**Debt Service Funds**  
**June 30, 2019**

	Debt Service Fund	Tax Override Fund	Industry Public Facilities Authority Debt Service Fund	Total
<b>ASSETS</b>				
Cash	\$ 123,968	\$ 854	\$ -	\$ 124,822
Investments	1,051,400	1,261	-	1,052,661
Accounts receivable	536,028	1,063,736	-	1,599,764
Accrued interest	6,724	8	8,278,855	8,285,587
Prepaid items	6,880,785	-	4,900,892	11,781,677
Site lease prepayment	-	-	4,104,581	4,104,581
Investments with fiscal agent - restricted	59,953,000	-	62,964,217	122,917,217
Investments in City and SA to IUDA bonds	-	-	379,274,600	379,274,600
Total assets	<u>\$ 68,551,905</u>	<u>\$ 1,065,859</u>	<u>\$ 459,523,145</u>	<u>\$ 529,140,909</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Bond payment deposits	\$ -	\$ -	\$ 61,149,385	\$ 61,149,385
Advance from other funds	-	-	51,998,155	51,998,155
Total liabilities	<u>-</u>	<u>-</u>	<u>113,147,540</u>	<u>113,147,540</u>
<b>Fund Balances:</b>				
Nonspendable	6,880,785	-	9,005,473	15,886,258
Restricted	61,671,120	1,065,859	337,370,132	400,107,111
<b>Total fund balances</b>	<u>68,551,905</u>	<u>1,065,859</u>	<u>346,375,605</u>	<u>415,993,369</u>
<b>Total liabilities and fund balances</b>	<u>\$ 68,551,905</u>	<u>\$ 1,065,859</u>	<u>\$ 459,523,145</u>	<u>\$ 529,140,909</u>

**City of Industry**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Debt Service Funds**  
**For the Year Ended June 30, 2019**

	Debt Service Fund	Tax Override Fund	Industry Public Facilities Authority Debt Service Fund	Total
<b>REVENUES:</b>				
Property taxes	\$ 15,104,994	\$ 59,344,500	\$ -	\$ 74,449,494
Use of money and property	826,292	30	19,408,182	20,234,504
<b>Total revenues</b>	<b>15,931,286</b>	<b>59,344,530</b>	<b>19,408,182</b>	<b>94,683,998</b>
<b>EXPENDITURES:</b>				
Current:				
General administration	21,500	-	-	21,500
Community development	-	61,149,386	-	61,149,386
Debt service:				
Principal retirement	17,350,000	-	95,920,000	113,270,000
Interest and fiscal charges	24,546,057	-	22,791,147	47,337,204
<b>Total expenditures</b>	<b>41,917,557</b>	<b>61,149,386</b>	<b>118,711,147</b>	<b>221,778,090</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(25,986,271)</b>	<b>(1,804,856)</b>	<b>(99,302,965)</b>	<b>(127,094,092)</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	25,226,629	-	17,496	25,244,125
Total other financing sources	25,226,629	-	17,496	25,244,125
<b>Changes in fund balances</b>	<b>(759,642)</b>	<b>(1,804,856)</b>	<b>(99,285,469)</b>	<b>(101,849,967)</b>
<b>FUND BALANCES:</b>				
Beginning of year	69,311,547	2,870,715	445,661,074	517,843,336
End of year	<b>\$ 68,551,905</b>	<b>\$ 1,065,859</b>	<b>\$ 346,375,605</b>	<b>\$ 415,993,369</b>

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended June 30, 2019**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 13,417,900	\$ 13,417,900	\$ 15,104,994	\$ 1,687,094
Use of money and property	120,100	120,100	826,292	706,192
<b>Total revenues</b>	<b>13,538,000</b>	<b>13,538,000</b>	<b>15,931,286</b>	<b>2,393,286</b>
<b>EXPENDITURES:</b>				
Current:				
General administration	18,900	18,900	21,500	(2,600)
Debt service:				
Principal retirement	17,350,000	17,350,000	17,350,000	-
Interest	23,994,895	23,994,895	24,546,057	(551,162)
<b>Total expenditures</b>	<b>41,363,795</b>	<b>41,363,795</b>	<b>41,917,557</b>	<b>(553,762)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(27,825,795)</b>	<b>(27,825,795)</b>	<b>(25,986,271)</b>	<b>1,839,524</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	26,443,180	26,443,180	25,226,629	(1,216,551)
Total other financing sources	26,443,180	26,443,180	25,226,629	(1,216,551)
<b>Changes in fund balance</b>	<b>\$ (1,382,615)</b>	<b>\$ (1,382,615)</b>	<b>(759,642)</b>	<b>\$ 622,973</b>
<b>FUND BALANCE:</b>				
Beginning of year			69,311,547	
End of year			<u>\$ 68,551,905</u>	

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Tax Override Debt Service Funds**  
**For the Year Ended June 30, 2019**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 50,465,200	\$ 50,465,200	\$ 59,344,500	\$ 8,879,300
Use of money and property	1,000	1,000	30	(970)
<b>Total revenues</b>	<u>50,466,200</u>	<u>50,466,200</u>	<u>59,344,530</u>	<u>8,878,330</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	50,465,200	50,465,200	61,149,386	(10,684,186)
<b>Total expenditures</b>	<u>50,465,200</u>	<u>50,465,200</u>	<u>61,149,386</u>	<u>(10,684,186)</u>
<b>Changes in fund balance</b>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	(1,804,856)	<u>\$ (1,805,856)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>2,870,715</u>	
End of year			<u>\$ 1,065,859</u>	

**City of Industry**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Industry Public Facilities Authority Debt Service Funds**  
**For the Year Ended June 30, 2019**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 21,703,100	\$ 15,123,340	\$ 19,408,182	\$ 4,284,842
<b>Total revenues</b>	<u>21,703,100</u>	<u>15,123,340</u>	<u>19,408,182</u>	<u>4,284,842</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal retirement	86,709,825	83,384,825	95,920,000	(12,535,175)
Interest and fiscal charges	21,262,540	17,558,180	22,791,147	(5,232,967)
<b>Total expenditures</b>	<u>107,972,365</u>	<u>100,943,005</u>	<u>118,711,147</u>	<u>(17,768,142)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(86,269,265)</u>	<u>(85,819,665)</u>	<u>(99,302,965)</u>	<u>(13,483,300)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	17,496	17,496
Total other financing sources	<u>-</u>	<u>-</u>	<u>17,496</u>	<u>17,496</u>
<b>Changes in fund balance</b>	<u>\$ (86,269,265)</u>	<u>\$ (85,819,665)</u>	<u>(99,285,469)</u>	<u>\$ (13,465,804)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>445,661,074</u>	
End of year			<u>\$ 346,375,605</u>	

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**NONMAJOR GOVERNMENTAL FUNDS**

**City of Industry**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

		Special Revenue Funds				
		State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax	AQMD Grants
<b>ASSETS</b>						
Cash	\$	-	\$ -	\$ 180,765	\$ 16,767	\$ -
Investments		-	-	2,074,000	-	-
Accounts receivable, net		17,903	-	-	-	471
Accrued interest		-	-	9,733	-	-
Due from other funds		-	-	-	5,919	-
<b>Total assets</b>		<b>\$ 17,903</b>	<b>\$ -</b>	<b>\$ 2,264,498</b>	<b>\$ 22,686</b>	<b>\$ 471</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$	-	\$ -	\$ 8,021	\$ -	\$ -
Due to other funds		-	-	-	2,110	-
<b>Total liabilities</b>		-	-	8,021	2,110	-
<b>Fund Balances:</b>						
Restricted		17,903	-	2,256,477	20,576	471
<b>Total fund balances</b>		17,903	-	2,256,477	20,576	471
<b>Total liabilities and fund balances</b>		<b>\$ 17,903</b>	<b>\$ -</b>	<b>\$ 2,264,498</b>	<b>\$ 22,686</b>	<b>\$ 471</b>

(Continued)

**City of Industry**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

		Special Revenue Funds		
		Measure M	CARB Grant	Total
<b>ASSETS</b>				
Cash		\$ -	\$ 719,245	\$ 916,777
Investments		-	-	2,074,000
Accounts receivable, net		-	-	18,374
Accrued interest		-	-	9,733
Due from other funds		-	-	5,919
<b>Total assets</b>		\$ -	\$ 719,245	\$ 3,024,803
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable		\$ -	\$ -	\$ 8,021
Due to other funds		-	-	2,110
<b>Total liabilities</b>		-	-	10,131
<b>Fund Balances:</b>				
Restricted		-	719,245	3,014,672
<b>Total fund balances</b>		-	719,245	3,014,672
<b>Total liabilities and fund balances</b>		\$ -	\$ 719,245	\$ 3,024,803

(Concluded)

**City of Industry**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds				
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax	AQMD Grants
<b>REVENUES:</b>					
Taxes	\$ 11,895	\$ 5,497	\$ 283,833	\$ 7,327	\$ -
Intergovernmental	-	-	-	-	-
Use of money and property	-	-	57,669	-	-
Other revenues	8,258	-	-	-	-
<b>Total revenues</b>	<b>20,153</b>	<b>5,497</b>	<b>341,502</b>	<b>7,327</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Current:					
Public works	20,153	5,497	99,190	2,110	-
Capital outlay	-	-	36,493	-	-
<b>Total expenditures</b>	<b>20,153</b>	<b>5,497</b>	<b>135,683</b>	<b>2,110</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>205,819</b>	<b>5,217</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	-	-	(308)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(308)</b>	<b>-</b>	<b>-</b>
<b>Changes in fund balances</b>	<b>-</b>	<b>-</b>	<b>205,511</b>	<b>5,217</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Beginning of year	17,903	-	2,050,966	15,359	471
End of year	\$ 17,903	\$ -	\$ 2,256,477	\$ 20,576	\$ 471

(Continued)

**City of Industry**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>Special Revenue Funds</u>		
	<u>Measure M</u>	<u>CARB Grant</u>	<u>Total</u>
<b>REVENUES:</b>			
Taxes	\$ 6,192	\$ -	\$ 314,744
Intergovernmental	-	140,531	140,531
Use of money and property	-	-	57,669
Other revenues	-	-	8,258
<b>Total revenues</b>	<u>6,192</u>	<u>140,531</u>	<u>521,202</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	8,169	-	135,119
Capital outlay	-	-	36,493
<b>Total expenditures</b>	<u>8,169</u>	<u>-</u>	<u>171,612</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,977)	140,531	349,590
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	-	-	(308)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(308)</u>
<b>Changes in fund balances</b>	(1,977)	140,531	349,282
<b>FUND BALANCES:</b>			
Beginning of year	1,977	578,714	2,665,390
End of year	<u>\$ -</u>	<u>\$ 719,245</u>	<u>\$ 3,014,672</u>

(Concluded)

**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, 2019**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 14,945	\$ 14,945	\$ 11,895	\$ (3,050)
Use of money and property	100	100	-	(100)
Other revenues	3,085	3,085	8,258	5,173
<b>Total revenues</b>	<u>18,130</u>	<u>18,130</u>	<u>20,153</u>	<u>2,023</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	10,000	10,000	20,153	(10,153)
<b>Total expenditures</b>	<u>10,000</u>	<u>10,000</u>	<u>20,153</u>	<u>(10,153)</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>\$ 8,130</u>	<u>\$ 8,130</u>	-	<u>\$ (8,130)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>17,903</u>	
End of year			<u>\$ 17,903</u>	

**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, 2019**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 5,000	\$ 5,000	\$ 5,497	\$ 497
<b>Total revenues</b>	<b>5,000</b>	<b>5,000</b>	<b>5,497</b>	<b>497</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	5,000	5,000	5,497	(497)
<b>Total expenditures</b>	<b>5,000</b>	<b>5,000</b>	<b>5,497</b>	<b>(497)</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCE:</b>				
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, 2019**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 8,500	\$ 8,500	\$ 283,833	\$ 275,333
Intergovernmental	-	-	-	-
Revenues from use of money and property	1,500	1,500	57,669	56,169
<b>Total revenues</b>	<b>10,000</b>	<b>10,000</b>	<b>341,502</b>	<b>331,502</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,112,600	1,112,600	99,190	1,013,410
Capital outlay	-	-	36,493	(36,493)
<b>Total expenditures</b>	<b>1,112,600</b>	<b>1,112,600</b>	<b>135,683</b>	<b>976,917</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,102,600)</b>	<b>(1,102,600)</b>	<b>205,819</b>	<b>1,308,419</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(308)	(308)
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>(308)</b>	<b>(308)</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>\$ (1,102,600)</b>	<b>\$ (1,102,600)</b>	<b>205,511</b>	<b>\$ 1,308,111</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,050,966	
End of year			<u>\$ 2,256,477</u>	

**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, 2019**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 7,000	\$ 7,000	\$ 7,327	\$ 327
Use of money and property	10	10	-	(10)
<b>Total revenues</b>	<u>7,010</u>	<u>7,010</u>	<u>7,327</u>	<u>317</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	10,000	10,000	2,110	7,890
<b>Total expenditures</b>	<u>10,000</u>	<u>10,000</u>	<u>2,110</u>	<u>7,890</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>\$ (2,990)</u>	<u>\$ (2,990)</u>	5,217	<u>\$ 8,207</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>15,359</u>	
End of year			<u>\$ 20,576</u>	

**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, 2019**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 5,000	\$ 5,000	\$ 6,192	\$ 1,192
<b>Total revenues</b>	<u>5,000</u>	<u>5,000</u>	<u>6,192</u>	<u>1,192</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	5,000	5,000	8,169	(3,169)
<b>Total expenditures</b>	<u>5,000</u>	<u>5,000</u>	<u>8,169</u>	<u>(3,169)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	(1,977)	<u>\$ (1,977)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,977</u>	
End of year			<u>\$ -</u>	

**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, 2019**

	Industry Public Utilities Commission		Total
	Water	Electric	
<b>ASSETS</b>			
Current assets:			
Cash	\$ 1,189,975	\$ 2,440,506	\$ 3,630,481
Investments	6,508,270	12,300,783	18,809,053
Accounts receivable, net	458,487	654,497	1,112,984
Accrued interest	38,655	51,318	89,973
Inventory of materials and supplies	10,000	-	10,000
Prepaid items	654,132	-	654,132
Due from other funds	-	154,450	154,450
Total current assets	<u>8,859,519</u>	<u>15,601,554</u>	<u>24,461,073</u>
Noncurrent assets:			
Capital assets:			
Capital assets not being depreciated	918,388	2,515	920,903
Capital assets being depreciated, net	8,266,761	3,504,814	11,771,575
Capital assets, net	<u>9,185,149</u>	<u>3,507,329</u>	<u>12,692,478</u>
Total noncurrent assets	<u>9,185,149</u>	<u>3,507,329</u>	<u>12,692,478</u>
Total assets	<u>18,044,668</u>	<u>19,108,883</u>	<u>37,153,551</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	687,234	358,174	1,045,408
Deposits	45,222	7,336,464	7,381,686
Unearned revenue from reclaimed water sales	5,761,482	-	5,761,482
Total current liabilities	<u>6,493,938</u>	<u>7,694,638</u>	<u>14,188,576</u>
Total liabilities	<u>6,493,938</u>	<u>7,694,638</u>	<u>14,188,576</u>
<b>NET POSITION</b>			
Investment in capital assets	9,185,149	3,507,329	12,692,478
Unrestricted	2,365,581	7,906,916	10,272,497
Total net position	<u>\$ 11,550,730</u>	<u>\$ 11,414,245</u>	<u>\$ 22,964,975</u>

**City of Industry**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Industry Public Utilities Commission Enterprise Funds**  
**For the Year Ended June 30, 2019**

	Industry Public Utilities Commission		Total
	Water	Electric	
<b>OPERATING REVENUES:</b>			
Water sales and service	\$ 3,060,693	\$ -	\$ 3,060,693
Electric and solar energy sales	-	5,102,931	5,102,931
Other revenue	34,139	802,328	836,467
<b>Total operating revenues</b>	<b>3,094,832</b>	<b>5,905,259</b>	<b>9,000,091</b>
<b>OPERATING EXPENSES:</b>			
Purchased water	254,713	-	254,713
Purchased electricity	-	2,520,317	2,520,317
General administration	2,152,800	1,750,328	3,903,128
Depreciation	533,143	115,974	649,117
<b>Total operating expenses</b>	<b>2,940,656</b>	<b>4,386,619</b>	<b>7,327,275</b>
<b>OPERATING INCOME</b>	<b>154,176</b>	<b>1,518,640</b>	<b>1,672,816</b>
<b>NONOPERATING REVENUES:</b>			
Investment income	145,801	306,854	452,655
<b>Total nonoperating revenue</b>	<b>145,801</b>	<b>306,854</b>	<b>452,655</b>
<b>Changes in net position</b>	<b>299,977</b>	<b>1,825,494</b>	<b>2,125,471</b>
<b>NET POSITION:</b>			
Beginning of year	11,250,753	9,588,751	20,839,504
End of year	<b>\$ 11,550,730</b>	<b>\$ 11,414,245</b>	<b>\$ 22,964,975</b>

**City of Industry**  
**Combining Statement of Cash Flows**  
**Industry Public Utilities Commission Enterprise Funds**  
**For the Year Ended June 30, 2019**

	Industry Public Utilities Commission		
	Water	Electric	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 2,656,036	\$ 5,280,764	\$ 7,936,800
Payments to vendors for supplies and services	(2,212,090)	(4,433,823)	(6,645,913)
<b>Net cash provided by operating activities</b>	<b>443,946</b>	<b>846,941</b>	<b>1,290,887</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash paid to other funds	-	(182,150)	(182,150)
<b>Net cash used in noncapital financing activities</b>	<b>-</b>	<b>(182,150)</b>	<b>(182,150)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	-	(53,758)	(53,758)
<b>Net cash used in capital and related financing activities</b>	<b>-</b>	<b>(53,758)</b>	<b>(53,758)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of investments	-	(5,678,783)	(5,678,783)
Proceeds from sale of investments	-	13,516,550	13,516,550
Interest received	133,345	310,624	443,969
<b>Net cash provided by investing activities</b>	<b>133,345</b>	<b>8,148,391</b>	<b>8,281,736</b>
<b>Net decrease in cash and cash equivalents</b>	<b>577,291</b>	<b>8,759,424</b>	<b>9,336,715</b>
<b>CASH AND CASH EQUIVALENT:</b>			
Beginning of year	7,120,954	303,082	7,424,036
End of year	\$ 7,698,245	\$ 9,062,506	\$ 16,760,751
<b>CASH AND CASH EQUIVALENT:</b>			
Cash	\$ 1,189,975	\$ 2,440,506	\$ 3,630,481
Investment in LAIF	6,508,270	6,622,000	13,130,270
<b>Total cash and cash equivalents</b>	<b>\$ 7,698,245</b>	<b>\$ 9,062,506</b>	<b>\$ 16,760,751</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income	\$ 154,176	\$ 1,518,640	\$ 1,672,816
<b>Adjustments to reconcile operating income to net cash provided by (used in) operating activities:</b>			
Depreciation	533,143	115,974	649,117
(Increase) decrease in accounts receivables	61,642	128,411	190,053
(Increase) decrease in prepaid items	(157,590)	-	(157,590)
Increase (decrease) in accounts payable	353,013	(163,178)	189,835
Increase (decrease) in customer deposits	11,505	(752,906)	(741,401)
Increase (decrease) in unearned revenues	(511,943)	-	(511,943)
<b>Net cash provided by operating activities</b>	<b>\$ 443,946</b>	<b>\$ 846,941</b>	<b>\$ 1,290,887</b>

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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, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Assessment Districts</b>				
<b>ASSETS</b>				
Cash	\$ 595,234	\$ 1,748,826	\$ (2,109,395)	\$ 234,665
Investments	1,660,298	3,143,585	(3,259,803)	1,544,080
Cash with fiscal agent	522,686	516,313	(511,993)	527,006
Other receivables	2,753	4,034	(2,753)	4,034
Total assets	<u>\$ 2,780,971</u>	<u>\$ 5,412,758</u>	<u>\$ (5,883,944)</u>	<u>\$ 2,309,785</u>
<b>LIABILITIES</b>				
Due to bond holders	\$ 2,780,971	\$ 38,513	\$ (509,699)	\$ 2,309,785
Total liabilities	<u>\$ 2,780,971</u>	<u>\$ 38,513</u>	<u>\$ (509,699)</u>	<u>\$ 2,309,785</u>

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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, 2019**

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<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2019	\$ 4,545,000	3.800%	\$ 113,625	\$ 4,658,625	\$ 4,658,625

**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, 2019**

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<b>Period Ending</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
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
	<u>\$ 11,035,000</u>		<u>\$ 507,050</u>	<u>\$ 11,542,050</u>	<u>\$ 11,542,050</u>

**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, 2019**

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
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
	<u>\$ 26,325,000</u>		<u>\$ 6,001,453</u>	<u>\$ 32,326,453</u>	<u>\$ 32,326,453</u>

**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, 2019**

<b>Period Ending</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
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
	<u>\$ 28,985,000</u>		<u>\$ 3,116,296</u>	<u>\$ 32,101,296</u>	<u>\$ 32,101,296</u>

**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, 2019**

<b>Period Ending</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
7/1/2019	-	2.500%	8,148,682	8,148,682	
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	18,258,362
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%	8,030,957	10,230,957	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	18,260,412
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	18,255,962
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%	7,718,879	7,718,879	
1/1/2029	7,560,000	4.125%	7,718,878	15,278,878	22,997,757
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%	7,395,715	7,395,715	
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%	7,007,446	7,007,446	
1/1/2033	8,985,000	4.625%	7,007,447	15,992,447	22,999,893
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	22,995,876
7/1/2037	-	5.125%	5,787,021	5,787,021	
1/1/2038	11,425,000	5.125%	5,787,022	17,212,022	22,999,043
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	22,998,512
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	22,995,968
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	22,995,882
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	22,999,362
7/1/2044	-	5.125%	3,394,544	3,394,544	
1/1/2045	16,210,000	5.125%	3,394,544	19,604,544	22,999,088
7/1/2045	-	5.125%	2,979,162	2,979,162	

**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, 2019**

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<b>Period Ending</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
1/1/2046	17,040,000	5.125%	2,979,163	20,019,163	22,998,325
7/1/2046	-	5.125%	2,542,512	2,542,512	
1/1/2047	17,910,000	5.125%	2,542,513	20,452,513	22,995,025
7/1/2047	-	5.125%	2,083,568	2,083,568	
1/1/2048	18,830,000	5.125%	2,083,569	20,913,569	22,997,137
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
	<u>\$ 332,160,000</u>		<u>\$ 365,853,119</u>	<u>\$ 698,013,119</u>	<u>\$ 698,013,119</u>

**City of Industry**  
**Schedule of Long-Term Debt (Continued)**  
**\$51,460,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule**  
**For the Year Ended June 30, 2019**

<b>Period Ending</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
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
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

**City of Industry**  
**Schedule of Long-Term Debt (Continued)**  
**\$51,460,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule**  
**For the Year Ended June 30, 2019**

<u>Period Ending</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
8/1/2046	-	7.750%	655,456	655,456	
2/1/2047	2,900,000	7.750%	655,456	3,555,456	4,210,912
8/1/2047	-	7.750%	543,081	543,081	
2/1/2048	3,120,000	7.750%	543,081	3,663,081	4,206,162
8/1/2048	-	7.750%	422,181	422,181	
2/1/2049	3,365,000	7.750%	422,181	3,787,181	4,209,362
8/1/2049	-	7.750%	291,788	291,788	
2/1/2050	3,625,000	7.750%	291,788	3,916,788	4,208,576
8/1/2050	-	7.750%	151,319	151,319	
2/1/2051	3,905,000	7.750%	151,319	4,056,319	4,207,638
	<u>\$ 50,470,000</u>		<u>\$ 84,152,228</u>	<u>\$ 134,622,228</u>	<u>\$ 134,622,228</u>

**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, 2019**

<b>Period Ending</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
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
	<u>\$ 27,680,000</u>		<u>\$ 4,107,956</u>	<u>\$ 31,787,956</u>	<u>\$ 31,787,956</u>

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