City of Industry

City of Industry, California

Independent Auditors' Report and Basic Financial Statements

For the Year Ended June 30, 2016

THE PUN GROUP
ACCOUNTANTS & ADVISORS

City of Industry
For the Year Ended June 30, 2016

Table of Contents

Page

Independent Auditors' Report on Financial Statements 1

Management's Discussion and Analysis (Required Supplementary Information) (Unaudited) 5

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 20
Statement of Activities and Changes in Net Position 22

Fund Financial Statements:

Governmental Fund Financial Statements:
Balance Sheet - Governmental Funds 28
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position 31
Statement of Revenues, Expenditures, and Changes in Fund Balances 32
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government Wide Statement of Activities 34

Proprietary Fund Financial Statements:
Statement of Net Position 37
Statement of Revenues, Expenditures, and Changes in Net Position 39
Statement of Cash Flows 40

Fiduciary Fund Financial Statements:
Statement of Fiduciary Net Position 45
Statement of Changes in Net Position 46

Notes to the Basic Financial Statements 51

Required Supplementary Information (Unaudited):

General Fund Budgetary Comparison Schedule - Revenues 111
General Fund Budgetary Comparison Schedule - Expenditures 112
Notes to Budgetary Information 118
Schedule of City's Proportionate Share of Net Pension Liability and Related Ratios 119
Schedule of Contributions 120
Schedule of Funding Progress – OPEB Plan 121

City of Industry
For the Year Ended June 30, 2016

Table of Contents (Continued)

Page

Supplementary Information:

Debt Service Funds:
- Combining Balance Sheet – Debt Service Funds 127
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Debt Service Funds 128

Nonmajor Governmental Funds:
- Combining Balance Sheet – Non Major Governmental Funds 130
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non Major Governmental Funds 132
- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:
  - State Gas Tax Special revenue Fund 134
  - Measure R Local Return Special revenue Fund 135
  - Proposition A Sales Tax Special revenue Fund 136
  - Proposition C Special revenue Fund 137
  - AQMD Grant Special revenue und 138
  - Civic Recreational Industrial Authority Capital Project Fund 139

Industry Public Utilities Commission - Enterprise Funds:
- Combining Statement of Net Position – Industry Public Utilities Commission – Enterprise Funds 143
- Combining Statement of Revenues, Expenses, and Changes in Net Position Industry Public Utilities Commission – Enterprise Funds 144
- Combining Statement of Cash Flows Industry Public Utilities Commission – Enterprise Funds 145

Agency Fund:
- Statement of Changes in Fiduciary Assets and Liabilities 149

Schedule of Long-Term Debt – City of Industry only:
- $37,860,000 General Obligation Refunding Bonds, Issue of 2009 153
- $50,975,000 General Obligation Refunding Bonds, Series B, Issue of 2009 154
- $43,340,000 General Obligation Refunding Bonds, Issue of 2010 155
- $28,985,000 General Obligation Refunding Bonds Taxable, Issue of 2014 156
- $45,380,000 Taxable Sales Tax Revenue Bonds, Issue of 2010 157
- $336,570,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015A 158
- $51,460,000 Taxable Sales Tax Revenue Refunding Bonds, Series 2015B 160

THE PUN GROUP
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, 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.

Emphasis of Matter

Uncertainty of Collectability of Notes Receivable from Industry Convalescent Hospital

As discussed in Note 5 to the basic financial statements, the City is uncertain of the collectability of the note receivable from Industry Convalescent Hospital and the related accrued interest totaled to $41,013,840 as of June 30, 2016. 100% of the outstanding balance was off-set by an allowance for doubtful account. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A"), the Budgetary Comparison Schedule, the Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of the City's Contributions and the Schedules of Funding Progress OPEB Plan on pages 5 to 16 and 111 to 121 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The Pun Group, LLP

Santa Ana, California
February 15, 2017

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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, 2016. 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, 2016 by $815.9 million (Net Position). Of this amount, $205.7 million is invested in capital assets, $243.2 million is restricted for capital projects activities and $67.3 million in unrestricted net position. Net Position reflects an increase of $66.0 million from prior period and is attributable to higher interest income from bond redemptions and lower debt service payment for the property tax override fund.

- The assets of the City's business-type activities exceeded its liabilities at June 30, 2016 by $38.4 million (Net Position). Of this amount, $32.5 million is invested in capital assets, net of related debt, and $5.9 million in unrestricted net position. Net position increased by $1.0 million due to a decrease in total liabilities attributable to lower accruals of accounts payable and unearned revenues.

- The City's total debt and liabilities increased by $867.1 million of which $747.7 million was net of bond issuance and defeasance.

- In the General Fund, the net change in fund balance was an increase of $456.6 million. The increase was primarily due to the payments from the redemption of bonds the City owned. At June 30, 2016, the General Fund ending fund balance was $788.7 million with an unassigned balance of $593.8 million.

General Overview of the Financial Statements

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

Government-Wide Statements

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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

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

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

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

The City as a Whole

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

Governmental Activities – Net Position

Table 1
Net Position

	Governmental Activities		
	2016	2015	Change
Current and other assets	$ 1,872,534,528	$ 944,641,506	$ 927,893,022
Capital assets, net	209,898,826	206,740,701	3,158,125
Total assets	2,082,433,354	1,151,382,207	931,051,147
Deferred outflows of resources			
Deferred charge on refunding	2,119,907	1,259,986	859,921
Deferred outflows of resources - pension	467,282	369,922	97,360
Total deferred outflows of resources	2,587,189	1,629,908	957,281
Long-term liabilities	1,109,300,873	378,067,254	731,233,619
Other liabilities	159,008,366	23,152,751	135,855,615
Total liabilities	1,268,309,239	401,220,005	867,089,234
Deferred inflows of resources			
Deferred inflows of resources - pension	817,775	1,850,193	(1,032,418)
Net position:			
Net investment in capital assets	205,662,259	201,760,700	3,901,559
Restricted for:			
Transportation and road	1,505,868	-	1,505,868
Debt service	298,183,888	103,864,252	194,319,636
Capital projects	243,227,336	-	243,227,336
Unrestricted	67,314,178	444,316,965	(377,002,787)
Total net position	$ 815,893,529	$ 749,941,917	$ 65,951,612

During the prior year, the City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pension—an amendment of GASB Statement No. 27" and No. 71, "Pension Transition for Contribution Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68". These statements establish accounting and financial reporting standards for purpose of measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames.

The City's prior year financial statements were restated to account for the accreted interest that was not previously accrued from the time the affected bond was issued. This omission was determined when the bond was refunded during the current year ended June 30, 2016. The City's prior period financial statements included for comparative purposes are presented as restated.

As noted above, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by approximately $815.9 million at June 30, 2016.

The largest portion of the Net Position is restricted by external sources on how the funds may be used. Approximately $205.7 million is the City's net investment in its capital assets. 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. In addition, approximately $298.2 million are restricted for the City's future debt service obligations.

The City's total Net Position under governmental activities increased over the prior year by $66.0 million mainly due to the higher interest income from bond redemptions and lower payment for debt service payment for property tax override fund.

Total liabilities and deferred inflows of resources increased by approximately $866.1 million as the City issued $962.9 million in bonds to refund prior issues and provide funding for capital projects while refunding $213.2 million of prior bond issues. However, the deferred inflows of resources were lower related to pension investment and contributions.

The increase in net investment in capital assets of $3.9 million is a result of current year additions to capital assets and higher depreciation expense.

Governmental Activities – Changes in Net Position

Table 2
Change in Net Position

	Governmental Activities		
	2016	2015	Change
Revenues:			
Taxes	$ 96,221,789	$ 96,231,387	$ (9,598)
Revenues from use of money and property	90,322,153	54,206,243	36,115,910
Other revenues	273,213	3,815,296	(3,542,083)
Community development	3,427,511	3,210,500	217,011
Total revenues	190,244,666	157,463,426	32,781,240
Expenses:			
General government	5,143,831	5,928,344	(784,513)
Support services	9,122,221	8,124,701	997,520
Community development	1,508,073	3,765,894	(2,257,821)
Community services	4,208,139	4,262,699	(54,560)
Public safety	14,703,686	10,336,819	4,366,867
Capital projects and public works	24,695,090	17,421,517	7,273,573
Interest expense	54,878,655	17,865,315	37,013,340
Total expenses	114,259,695	67,705,289	46,554,406
Increase in net assets before Other Items	75,984,971	89,758,137	(13,773,166)
Litigition Settlement	-	(1,002,412)	1,002,412
Gain on disposal of assets,net	-	20,580,856	(20,580,856)
Write off escheated liabilities	-	1,114,712	(1,114,712)
Fiduciary fund	-	(81,885,018)	81,885,018
Transfers, net	(10,033,359)	(985,580)	(9,047,779)
Increase (decrease) in net position	65,951,612	27,580,695	38,370,917
Net position beginning of year	749,941,917	587,906,536	162,035,381
Prior period adjustment	-	134,454,686	(134,454,686)
Net position, end of year	$ 815,893,529	$ 749,941,917	$ 65,951,612

The total revenues, reported as governmental activities, increased by approximately $32.8 million. The increase in revenue from use of money and property of $36.1 million as a result of payments received by the City due to an early redemption on its investment in the IUDA capital appreciation bonds.

The City's total expenses before other items increased by approximately $46.6 million from the prior year. The increase was attributable to higher costs in public safety services of $4.4 million, capital projects and settlement of $7.3 million and interest expense of $37.0 million from an increase in bond debt.

Business-Type Activities – Net Position

Table 3
Net Position

	Business-Type Activities		
	2016	2015	Change
Current and other assets	$ 14,657,297	$ 13,556,543	$ 1,100,754
Capital assets, net	32,480,986	33,662,318	(1,181,332)
Total assets	47,138,283	47,218,861	(80,578)
Liabilities	8,722,059	9,836,145	(1,114,086)
Total liabilities	8,722,059	9,836,145	(1,114,086)
Net position:			
Net investment in capital assets	32,480,986	33,662,318	(1,181,332)
Unrestricted	5,935,238	3,720,398	2,214,840
Total net position	$ 38,416,224	$ 37,382,716	$ 1,033,508

Total net position for the City's business type activities increased by approximately $1.0 million as compared to the prior year. The increase was due to the $1.1 million decrease in total liabilities from lower balances in deferred revenues, accounts payable and due to other funds.

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		
	2016	2015	Change
Revenues:			
Charges for services	$ 10,481,162	$ 9,710,743	$ 539,405
Revenues from use of money and property	21,210	33,443	(12,233)
Other revenues	-	178,878	(21,079)
Total revenues	10,502,372	9,923,064	506,093
Expenses:			
Purchased electricity	3,665,748	4,203,587	(537,839)
Water transmission and distribution	2,661,023	2,816,765	(155,742)
Cost of expo operations	2,853,847	2,773,085	80,762
Cost of housing authority operations	858,284	389,405	468,879
Total expenses	10,038,902	10,182,842	(143,940)
Income (Loss) from operations before transfers	463,470	(259,778)	650,033
Transfers	570,038	985,580	(415,542)
Change in net position	1,033,508	725,802	234,491
Net position, beginning of year	37,382,716	37,185,419	197,297
Prior period adjustment	-	197,297	(197,297)
Net position, end of year	$ 38,416,224	$ 37,382,716	$ 1,033,508

Charges for services increased by $539,405 year over year primarily due to an increase in electricity sales. Expenses decreased from prior year by almost $144,000 which was a result of lower costs of $693,581 in purchased electricity and water transmission and distribution. However, this was offset by higher costs in housing maintenance and repairs due to multiple vacancies in City-owned housing in the amount of $468,879.

Transfers-in from the general fund decreased by $415,542 mostly as a result of the City's revised funding methodology of the Expo Center operations. Instead of funding the Expo Center utilizing budgeted amounts, the City modified the funding calculation with actual costs.

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

	2016	2015	Change
Revenues:			
Taxes	$ 37,339,981	$ 39,470,470	$ (2,130,489)
Licenses and permits	3,089,243	2,646,610	442,633
Fines, forfeitures and penalties	338,268	563,890	(225,622)
Grant income			-
Revenues from use of money and property	12,606,738	5,761,481	6,845,257
Total revenues	53,374,230	48,442,451	4,931,779
Expenditures:			
Legislative	682,050	431,807	250,243
General administration	2,685,848	3,903,997	(1,218,149)
Community development	864,366	731,013	133,353
Community services	3,522,249	3,725,258	(203,009)
Public safety	8,610,354	8,311,886	298,468
Public works	13,176,829	10,881,576	2,295,253
Support services	8,429,092	17,747,767	(9,318,675)
Capital projects	8,927,978	2,385,000	6,542,978
Total expenditures	46,898,766	48,118,304	(1,219,538)
Excess of Revenues over Expenditures	6,475,464	324,147	8,651,317
Other Financing Sources (Uses):			
Pay-off loan from Successor Agency in refunding	(14,421,307)	-	(14,421,307)
Other income	-	1,069,615	(1,069,615)
Prop A Exchange	-	(2,827,500)	2,827,500
Settlement claims	-	(1,002,412)	1,002,412
Net Transfers	464,569,825	96,945,870	367,623,955
Total other financing sources (uses)	450,148,518	94,185,573	355,962,945
Change in fund balances	$ 456,623,982	$ 94,509,720	$ 364,614,262

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 $788.7 million, which is an increase from prior year of $456.6 million. This increase is mainly due to a net $454.0 million bond redemptions received by the City.

Total revenues in the General Fund increased by $4.9 million due to higher interest income despite the reduction in taxes. The taxes revenue decreased by $2.1 million which was mainly attributable in the loss of sales tax revenues from two (2) businesses that relocated out of the City and the true-up of the Sales Tax Triple Flip.

Total expenditures of the General Fund decreased by $1.2 million over prior year. The majority of this decrease in expenditures was because the City paid $10.5 million less for General Administration and Support Services by reducing legal costs and the bulk of the reductions was not having an $11.0 million expense to fully prefund the City's post-employment benefit liability that was made last year. However, capital projects expenditures were higher than prior year due to General Fund property purchases.

Other Financing Sources increased by $356.0 million primarily due to the transfer in of $464.6 million as a result bond redemptions, but was offset by a loan payoff to the Successor Agency of $14.4 million.

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	$ 269,000	$ 269,000	$ 682,050	$ (413,050)
General administration	3,074,800	3,118,300	2,685,848	432,452
Community development	735,500	642,200	864,366	(222,166)
Community services	3,798,800	3,863,800	3,522,249	341,551
Public safety	8,468,500	8,468,500	8,610,354	(141,854)
Public works	10,063,800	10,656,700	13,176,829	(2,520,129)
Support services	6,738,700	7,169,050	8,429,092	(1,260,042)
Capital projects	-	-	8,927,978	(8,927,978)
Total expenditures	$ 33,149,100	$ 34,187,550	$ 46,898,766	$ (12,711,216)

The budget overage in the Legislative department was mainly due to a golden handshake agreement and a workers compensation settlement to former employees. The budget overage in Community Development was primarily due to increases in professional services. Public Safety overage was a result of cost increases from the Sheriff's contract that was not budgeted.

The overage in Public Works was a result of increased property and facilities maintenance and settlement agreement. Support Services' overage was attributed to the following: under budgeted personnel costs and benefits; increase in professional services; and developer reimbursements. The $8.9 million expenditure in the Capital Projects category relates to property purchases that were approved by City Council.

Capital Asset and Debt Administration

Capital Assets

Net capital assets for governmental activities as of June 30, 2016 and 2015 are summarized as follows:

Table 7
Net Capital Assets at Year-End

	Governmental Activities		
	2016	2015	Change
Land	$ 60,035,146	$ 51,335,846	$ 8,699,300
Construction in progress	7,028,403	8,538,798	(1,510,395)
Buildings and improvements	118,398,933	118,220,676	178,257
Equipment, furniture and fixtures	6,378,133	6,378,133	-
Infrastructure	141,395,929	141,980,260	(584,331)
Capital assets, gross	333,236,544	326,453,713	6,782,831
Less accumulated depreciation	(123,337,718)	(119,713,012)	(3,624,706)
Capital assets, net	$ 209,898,826	$ 206,740,701	$ 3,158,125

As of June 30, 2016, the City's governmental activities had approximately $209.9 million invested in capital assets including buildings, land, roads, and other general infrastructure net of accumulated depreciation. This amount represents a net increase of $3.2 million from prior year. Accumulated depreciation increased by $3.6 million.

Net capital assets for business activities as of June 30, 2016 and 2015 are summarized as follows:

Table 8
Net Capital Assets at Year-End

	Business-Type Activities		
	2016	2015	Change
Land	$ 6,764,880	$ 6,764,880	$ -
Water rights	441,200	441,200	-
Buildings and improvements	54,441,369	53,785,327	656,042
Source of supply	4,495,493	4,595,952	(100,459)
Equipment, furniture and fixtures	1,288,657	1,188,198	100,459
Infrastructure	294,622	294,622	-
Construction in progress	4,549	270,468	(265,919)
Capital assets, gross	67,730,770	67,340,647	390,123
Less accumulated depreciation	(35,249,784)	(33,678,329)	(1,571,455)
Capital assets, net	$ 32,480,986	$ 33,662,318	$ (1,181,332)

Capital assets in the Business-Type Activities belong to IPUC and the Industry Hills Expo Center. The decrease in net capital assets was a result of lower Construction in Progress amount of $0.3 million, a net increase in accumulated depreciation of $1.6 million while activities in buildings and Improvements increased by $0.7 million.

Debt

At June 30, 2016, the City had total long term debt and other non-current liabilities of approximately $1.11 billion primarily due to increases in outstanding bonds of $956.6 million for capital improvements while retiring principal of $231.9 million on its bonded debt.

In addition, due to the implementation of GASB 68, the City reported $6.3 million of net pension liability for its proportionate share of CALPERS' pension liability.

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

Table 9
Outstanding Debt, at Year-End

	Governmental Activities		
	2016	2015	Change
General obligation bonds	$ 104,940,000	$ 115,425,000	$ (10,485,000)
Revenue bonds	422,600,000	167,000,000	255,600,000
Refunding lease revenue bonds	4,230,000	4,980,000	(750,000)
Tax allocation bonds	574,905,000	82,855,000	492,050,000
Original issue premium	(3,821,723)	2,881,496	(6,703,219)
Compensated absences	111,140	142,842	(31,702)
Pension liability	6,336,456	4,782,916	1,553,540
Total outstanding debt	$ 1,109,300,873	$ 378,067,254	$ 731,233,619

On July 1, 2015, PFA issued a total of $574,905,000 in bonds to pay the cost to acquire the Local Obligations issued by SA to IUDA to provide proceeds to the SA to IUDA to refund and defease $82.9 million of its outstanding bonds as of June 30, 2015. Interest rates on the refunding bonds range from 1.764% to 5.750%.

On December 3, 2015, the City issued a total of $336,570,000 in Senior Sales Tax Revenue Refunding Bonds Series 2015A (Taxable) and $51,460,000 of Subordinate Sales Tax Revenue Bonds Series 2015B (Taxable) to refund and defease its 2005 and 2008 sales tax revenue bonds outstanding at June 30, 2015, for a total of $132.4 million, and to provide additional funds to fund future capital project expenditures. Interest rates on the refunding bonds range from 1.460% to 4.250%.

Economic Factors and Next Year's Budgets and Rates

The City has experienced steady development within the City limits during the past year. Economic trends in the Los Angeles area are comparable with the indices. The assessed valuation of property located within the City boundaries including properties located in its redevelopment project areas amounted to approximately $8.007 billion for the 2016-2017 fiscal year as compared to $7.778 billion in the prior fiscal year which represents an increase of approximately 2.9% of assessed value.

The City has adopted a balanced operating budget of $61.6 million in revenues and $51.5 million in expenses. Additionally, approximately $50.6 million in capital project expenditures is budgeted for the 2016-2017 fiscal year. The following is a summary of major capital improvement projects for the City for the 2016-2017 year.

Table 10
Capital Projects For FY 2016-2017

	Project Description	Budget 2016-17
1	Grade Separation Projects	$ 12,747,548
2	Street Widening, Reconstruction, Resurfacing and Slurry Seal	18,587,812
3	Bridge Widening, Seismic Retrofit And Mainteance Improvements	1,681,347
4	Traffic Signal Improvements	3,715,800
5	Storm Drain Improvements	3,239,977
6	Reclaimed Water System Improvements	50,000
7	IPUC Potable Water System and Electrical Distribution System	969,434
8	Expo Center at Industry Hills	3,973,510
9	Industry Hills Golf and Convention Facilities	1,576,779
10	El Encanto Healthcare Facility	220,000
11	San Gabriel Canyon Properties	233,150
12	Industry Housing And Property Management Projects	2,930,810
13	Civic Center Facilities Improvements	650,000
	Total	$ 50,576,167

The Operating Budget for Fiscal Year 2016-17 is a well balanced budget that reflects the City's commitment to the betterment of the community and stay within the City's financial constraint. Budget documents are available online at www.cityofindustry.org. Questions or requests for information regarding the City of Industry's budget should be sent to the Finance Department at the address below.

Request for Information

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Industry
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	$ 2,118,380	$ 3,388,840	$ 5,507,220
Investments	541,538,618	9,392,625	550,931,243
Accounts receivable, net	1,105,380	1,185,808	2,291,188
Other receivables	12,849,258	-	12,849,258
Interest receivables	25,946,729	-	25,946,729
Internal balances	384,704	(384,704)	-
Due from Fiduciary funds	56,219	-	56,219
Inventories	36,358	53,703	90,061
Prepaid items	13,517,779	1,018,025	14,535,804
Other assets	-	3,000	3,000
Deposits held by bond trustees for debt service	45,671,596	-	45,671,596
Total current assets	643,225,021	14,657,297	657,882,318
Noncurrent assets:			
Investments with fiscal agent - restricted	600,889,771	-	600,889,771
Investments in SA to IUDA and City's bonds	626,365,000	-	626,365,000
Loans receivables	843,148	-	843,148
Net OPEB asset	1,211,588	-	1,211,588
Capital assets:			
Not being depreciated	67,063,549	7,652,316	74,715,865
Being depreciated, net	142,835,277	24,828,670	167,663,947
Total capital assets, net of accumulated depreciation	209,898,826	32,480,986	242,379,812
Total noncurrent assets	1,439,208,333	32,480,986	1,471,689,319
Total assets	2,082,433,354	47,138,283	2,129,571,637
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding, net	2,119,907	-	2,119,907
Pension related deferred outflows of resources	467,282	-	467,282
Total deferred outflows of resources	2,587,189	-	2,587,189

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Net Position (Continued)
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	$ 17,072,852	$ 1,057,105	$ 18,129,957
Accrued liabilities	253,042	-	253,042
Settlement payable	2,500,000	-	2,500,000
Rental deposits and advances	579,231	367,643	946,874
Bond payment deposits	101,577,954	-	101,577,954
Interest payable	37,025,287	-	37,025,287
Unearned revenue	-	7,297,311	7,297,311
Long-term liabilities:			
Due within one year	62,858,375	-	62,858,375
Due in more than one year	1,040,106,042	-	1,040,106,042
Net pension Liabilities	6,336,456	-	6,336,456
Total liabilities	1,268,309,239	8,722,059	1,277,031,298
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	817,775	-	817,775
Total deferred inflows of resources	817,775	-	817,775
NET POSITION			
Net investment in capital assets	205,662,259	32,480,986	238,143,245
Restricted for:			
Transportation and road	1,505,868	-	1,505,868
Capital projects	243,227,336	-	243,227,336
Debt services	298,183,888	-	298,183,888
Unrestricted	67,314,178	5,935,238	73,249,416
Total net position	$ 815,893,529	$ 38,416,224	$ 854,309,753

(Concluded)

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Activities
For the Year Ended June 30, 2016

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Total
Primary Government:					
Governmental activities:					
General government	$ 5,143,831	$ -	$ 101,884	$ 623	$ 102,507
Support services	9,122,221	-	-	-	-
Community development	1,508,073	3,093,743	-	-	3,093,743
Community services	4,208,139	-	-	-	-
Public safety	14,703,686	333,768	141,294	-	475,062
Public works	24,695,090	-	24,589	4,823	29,412
Interest expenses and fiscal charges	54,878,655	-	-	-	-
Total governmental activities	114,259,695	3,427,511	267,767	5,446	3,700,724
Business-type activities:					
Industry Public Utilities Commission:					
Water utility	2,661,023	3,185,263	-	-	3,185,263
Electric utility	3,665,748	5,604,925	-	-	5,604,925
Industry-Hill Expo Center	2,853,847	1,515,267	-	-	1,515,267
Property and Housing Management Authority	858,284	175,707	-	-	175,707
Total business-type activities	10,038,902	10,481,162	-	-	10,481,162
Total City	$ 124,298,597	$ 13,908,673	$ 267,767	$ 5,446	$ 14,181,886

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Activities (Continued)
For the Year Ended June 30, 2016

	Net (Expenses) Revenues and Changes in Net Position Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Primary Government:			
Governmental activities:			
General government	$ (5,041,324)	$ -	$ (5,041,324)
Support services	(9,122,221)	-	(9,122,221)
Community development	1,585,670	-	1,585,670
Community services	(4,208,139)	-	(4,208,139)
Public safety	(14,228,624)	-	(14,228,624)
Public works	(24,665,678)	-	(24,665,678)
Interest expenses and fiscal charges	(54,878,655)	-	(54,878,655)
Total governmental activities	(110,558,971)	-	(110,558,971)
Business-type activities:			
Industry Public Utilities Commission:			
Water utility	-	524,240	524,240
Electric utility	-	1,939,177	1,939,177
Industry-Hill Expo Center	-	(1,338,580)	(1,338,580)
Property and Housing Management Authority	-	(682,577)	(682,577)
Total business-type activities	-	442,260	442,260
Total City	(110,558,971)	442,260	(110,116,711)
General revenues and transfers:			
General revenues:			
Taxes:			
Property taxes	61,321,368	-	61,321,368
Sales tax	31,545,596	-	31,545,596
Tax increment pass through payments	477,518	-	477,518
Franchise	1,659,375	-	1,659,375
Documentary transfer tax	165,938	-	165,938
Transient occupancy tax	1,051,994	-	1,051,994
Total taxes	96,221,789	-	96,221,789
Revenues from use of money and property	90,322,153	21,210	90,343,363
Transfers	(570,038)	570,038	-
Transfers to Successor Agency	(9,463,321)	-	(9,463,321)
Total general revenues and transfers	176,510,583	591,248	177,101,831
Changes in net position	65,951,612	1,033,508	66,985,120
Net position:			
Beginning of year	749,941,917	37,382,716	787,324,633
End of year	$ 815,893,529	$ 38,416,224	$ 854,309,753

See accompanying Notes to the Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Industry
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Capital Projects Fund	Debt Service Funds	Other Nonmajor Governmental Funds
ASSETS				
Cash	$ 1,794,394	$ 5,843	$ 100,807	$ 217,336
Investments	531,074,428	829,122	3,863,814	5,771,254
Accounts receivable, net	1,087,021	-		18,359
Other receivables	12,165,617	1,130	682,511	-
Accrued interest	1,828,342	-	24,118,387	-
Inventory	36,358	-	-	-
Prepaid items	2,237,969	-	11,279,810	-
Site lease prepayment	-	-	5,224,012	-
Due from other funds	5,197,405	-	-	-
Due from Successor Agency	56,219	-	-	-
Loans Receivable	843,148	-	-	-
Investments with fiscal agent - restricted	191,819,628	250,700,378	158,369,765	-
Investments in SA to IUDA and City's bonds	-	-	626,365,000	-
Advances to other funds	53,610,000	-		-
Deposit held by bond trustee for debt services	-	-	45,671,596	-
Total assets	$ 801,750,529	$ 251,536,473	$ 875,675,702	$ 6,006,949
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 4,387,779	$ 8,309,137	$ 9,524	$ 4,366,412
Accrued expenses	253,042	-	-	-
Settlement payable	2,500,000	-	-	-
Rental deposits and advances	579,231	-	-	-
Due to other funds	115,296	-	4,689,810	7,595
Site lease unearned revenues	5,224,012	-	-	-
Advance from other funds	-	-	53,610,000	-
Bond payment deposits	-	-	101,577,954	-
Total Liabilities	13,059,360	8,309,137	159,887,288	4,374,007
FUND BALANCES				
Nonspendable:				
Inventory	36,358	-	-	-
Prepaid items	2,237,969	-	-	-
Loans receivable	843,148	-	-	-
Restricted:				
Public transportation and road improvement	-	-	-	1,505,868
Capital projects	-	243,227,336	-	-
Debt service	191,819,628	-	106,364,260	-
Committed:				
Capital projects	-	-	-	127,074
Debt service	-	-	609,424,154	-
Unassigned	593,754,066	-	-	-
Total fund balances	788,691,169	243,227,336	715,788,414	1,632,942
Total liabilities and fund balances:	$ 801,750,529	$ 251,536,473	$ 875,675,702	$ 6,006,949

See accompanying Notes to the Basic Financial Statements.

City of Industry
Balance Sheet (Continued)
Governmental Funds
June 30, 2016

	Total
ASSETS	
Cash	$ 2,118,380
Investments	541,538,618
Accounts receivable, net	1,105,380
Other receivables	12,849,258
Accrued interest	25,946,729
Inventory	36,358
Prepaid items	13,517,779
Site lease prepayment	5,224,012
Due from other funds	5,197,405
Due from Successor Agency	56,219
Loans Receivable	843,148
Investments with fiscal agent - restricted	600,889,771
Investments in SA to IUDA and City's bonds	626,365,000
Advances to other funds	53,610,000
Deposit held by bond trustee for debt services	45,671,596
Total assets	$ 1,934,969,653
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 17,072,852
Accrued expenses	253,042
Settlement payable	2,500,000
Rental deposits and advances	579,231
Due to other funds	4,812,701
Site lease unearned revenues	5,224,012
Advance from other funds	53,610,000
Bond payment deposits	101,577,954
Total Liabilities	185,629,792
FUND BALANCES	
Nonspendable:	
Inventory	36,358
Prepaid item	2,237,969
Loans receivables	843,148
Restricted:	
Public transportation and road improvement	1,505,868
Capital projects	243,227,336
Debt service reserve	298,183,888
Committed:	
Capital projects	127,074
Debt service	609,424,154
Unassigned	593,754,066
Total fund balances	1,749,339,861
Total liabilities and fund balances:	$ 1,934,969,653

See accompanying Notes to the Basic Financial Statements.

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City of Industry
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position
June 30, 2016

Total fund balance of governmental funds		$ 1,749,339,861
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
City infrastructure and capital assets	$ 333,236,544	
Accumulated depreciation	(123,337,718)	209,898,826
Total capital assets		
Other assets, deferred outflows of resources, liabilities and deferred inflows of resources are not available for current period expenditures or to provide for current resources. These consist of:		
Accrued interest payable on bonds payable	(37,025,287)	
Net OPEB assets	1,211,588	
Deferred loss on refunding, net	2,119,907	
Deferred outflows of resources related to pension	467,282	
Deferred inflows of resources related to pension	(817,775)	(34,044,285)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term debt included as net position below:		
City of Industry:		
Bonds payable - Current portion	(13,680,000)	
Bonds payable - Long term	(513,860,000)	
Issuance (premium) discount - Current portion	(469,517)	
Issuance (premium) discount - Long term	4,831,449	
Compensated absences	(111,140)	
Net pension liability	(6,336,456)	
Public Facilities Authority:		
Bonds payable - Current portion	(48,595,000)	
Bonds payable - Long term	(530,540,000)	
Issuance (premium) discount - Current portion	(113,858)	
Issuance (premium) discount - Long term	(426,351)	(1,109,300,873)
Net position of governmental activities		$ 815,893,529

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Capital Projects	Debt Service	Other Governmental Funds
REVENUES:				
Taxes	$ 37,339,981	$ -	$ 59,004,194	$ 32,839
Licenses and permits	3,089,243	-	-	-
Fines, forfeitures and penalties	338,268	-	-	-
Grant income	-	-	-	101,884
Revenues from use of money and property	12,606,738	4,823	81,176,147	11,281
Total revenues	53,374,230	4,823	140,180,341	146,004
EXPENDITURES:				
Current:				
Legislative	682,050	-	-	-
General administration	2,685,848	-	411,700	283,749
Support services	8,429,092	-	-	-
Community development	864,366	-	-	-
Community services	3,522,249	-	-	-
Public safety	8,610,354	-	-	4,414,239
Public works	13,176,829	8,880,476	-	26,392
Debt service:				
Principal retirement	-	-	13,330,000	-
Interest and fiscal charges	-	-	23,998,752	-
Capital outlay	8,927,978	1,158,424	-	432,820
Total expenditures	46,898,766	10,038,900	37,740,452	5,157,200
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,475,464	(10,034,077)	102,439,889	(5,011,196)
OTHER FINANCING SOURCES (USES):				
Transfers in	492,189,721	254,381,573	23,017,314	920,080
Transfers out	(27,619,896)	(1,732,887)	(741,035,726)	(690,217)
Transfers in from Successor Agency	-	-	21,936,358	-
Transfers out to Successor Agency	-	-	(31,399,679)	-
Redemption of Sales Tax Bonds	-	-	(134,430,034)	-
Redemption of PFA 2007 Bonds	-	-	(84,107,297)	-
Proceeds from issuance of Sales Tax bonds	-	-	381,009,931	-
Proceeds from issuance of PFA bonds	-	-	575,623,360	-
Other revenues	-	-	14,421,307	-
Pay-off of loan from Successor Agency in refunding	(14,421,307)	-	-	-
Total other financing sources (uses)	450,148,518	252,648,686	25,035,534	229,863
NET CHANGE IN FUND BALANCES	456,623,982	242,614,609	127,475,423	(4,781,333)
FUND BALANCES:				
Beginning of year	332,067,187	612,727	588,312,991	6,414,275
End of year	$ 788,691,169	$ 243,227,336	$ 715,788,414	$ 1,632,942

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2016

	Totals
REVENUES:	
Taxes	$ 96,377,014
Licenses and permits	3,089,243
Fines, forfeitures and penalties	338,268
Grant income	101,884
Revenues from use of money and property	93,798,989
Total revenues	193,705,398
EXPENDITURES:	
Current:	
Legislative	682,050
General administration	3,381,297
Support services	8,429,092
Community development	864,366
Community services	3,522,249
Public safety	13,024,593
Public works	22,083,697
Debt service:	
Principal retirement	13,330,000
Interest and fiscal charges	23,998,752
Capital outlay	10,519,222
Total expenditures	99,835,318
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	93,870,080
OTHER FINANCING SOURCES (USES):	
Transfers in	770,508,688
Transfers out	(771,078,726)
Transfers in from Successor Agency	21,936,358
Transfers out to Successor Agency	(31,399,679)
Redemption of Sales Tax Bonds	(134,430,034)
Redemption of PFA 2007 Bonds	(84,107,297)
Proceeds from issuance of Sales Tax bonds	381,009,931
Proceeds from issuance of Authority bonds	575,623,360
Other revenues	14,421,307
Pay-off of loan from Successor Agency in refunding	(14,421,307)
Total other financing sources (uses)	728,062,601
NET CHANGE IN FUND BALANCES	821,932,681
FUND BALANCES:	
Beginning of year	927,407,180
End of year	$ 1,749,339,861

See accompanying Notes to the Basic Financial Statements.

City of Industry
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Net change in fund balances of total governmental funds	$	821,932,681
Amounts reported for governmental activities in the statement of activities are difference because:		
Capital outlays, project improvement costs, and purchases of real estate are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlays, net of $184,997 non-capitalized expenses		10,334,225
Depreciation expense		(6,729,793)
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 assets		(446,307)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These consist of the following:		
Proceeds from City bonds issued		(381,009,931)
Redemption of City bonds		134,430,034
Proceeds from PFA bonds issued		(575,623,360)
Redemption of PFA bonds		84,107,297
Repayment of principal on long-term debt		13,330,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These items consist of:		
Change in accrued interest payable, including interest expense on redeemed debts		(33,258,100)
Amortization of bond premium/discount and deferred amounts on refunding		228,197
Fiscal charges on redemption of PFA bonds		(497,778)
Change in compensated absences		31,702
Change in OPEB assets		(453,493)
Change in pension expense		(423,762)
Total changes in net position of governmental activities	$	65,951,612

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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City of Industry
Statement of Net Position
Proprietary Funds
June 30, 2016

	Enterprise Funds			
	City of Industry Industry Public Utilities Commission	Civic-Recreational-Industrial Authority Industry Hills-Expo Center	City of Industry Property and Housing Management Authority	Total
ASSETS				
Current assets:				
Cash	$ 2,889,698	$ 469,910	$ 29,232	$ 3,388,840
Investments	8,921,480	-	471,145	9,392,625
Accounts receivable, net	1,127,231	57,117	1,460	1,185,808
Inventories	10,000	43,703	-	53,703
Prepaid items	1,005,763	12,262	-	1,018,025
Deposits	-	3,000	-	3,000
Due from other funds	115,296	-	-	115,296
Total current assets	14,069,468	585,992	501,837	15,157,297
Noncurrent assets:				
Capital assets:				
Capital assets, not being depreciated	922,936	-	6,729,380	7,652,316
Capital assets, being depreciated, net	13,073,586	8,018,432	3,736,652	24,828,670
Total capital assets, net	13,996,522	8,018,432	10,466,032	32,480,986
Total noncurrent assets	13,996,522	8,018,432	10,466,032	32,480,986
Total assets	28,065,990	8,604,424	10,967,869	47,638,283
LIABILITIES				
Accounts payable	824,041	98,489	134,575	1,057,105
Rental deposits and advances	145,505	196,259	25,879	367,643
Due to other funds	500,000	-	-	500,000
Unearned revenue from reclaimed water sales	7,297,311	-	-	7,297,311
Total liabilities	8,766,857	294,748	160,454	9,222,059
NET POSITION				
Investment in capital assets	13,996,522	8,018,432	10,466,032	32,480,986
Unrestricted	5,302,611	291,244	341,383	5,935,238
Total net position	$ 19,299,133	$ 8,309,676	$ 10,807,415	$ 38,416,224

See accompanying Notes to the Basic Financial Statements.

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City of Industry
Statement of Revenues, Expenses, and Changes in Fund Position
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Funds			
	City of Industry	Civic-Recreational-Industrial Authority	City of Industry	
	Industry Public Utilities Commission	Industry Hills-Expo Center	Property and Housing Management Authority	Total
OPERATING REVENUES:				
Water sales and service	$ 3,135,957	$ -	$ -	$ 3,135,957
Electric and solar energy sales	5,489,629	-	-	5,489,629
Event and rental revenues	-	1,507,883	175,007	1,682,890
Total operating revenues	8,625,586	1,507,883	175,007	10,308,476
OPERATING EXPENSES:				
General administration	3,122,972	1,038,152	-	4,161,124
Purchased electricity	2,457,690	-	-	2,457,690
Purchased water	25,085	-	-	25,085
Expo Center operations	-	1,064,418	-	1,064,418
Housing Authority operations	-	-	759,130	759,130
Depreciation	721,024	751,277	99,154	1,571,455
Total operating expenses	6,326,771	2,853,847	858,284	10,038,902
OPERATING INCOME (LOSS)	2,298,815	(1,345,964)	(683,277)	269,574
NONOPERATING REVENUES (EXPENSES):				
Investment income	21,834	-	(624)	21,210
Other revenues	164,602	7,384	700	172,686
Total nonoperating revenues (expenses)	186,436	7,384	76	193,896
Changes in net position before transfers	2,485,251	(1,338,580)	(683,201)	463,470
TRANSFERS :				
Transfers in	-	582,000	-	582,000
Transfers out	(11,962)	-	-	(11,962)
Total transfers	(11,962)	582,000	-	570,038
CHANGES IN NET POSITION	2,473,289	(756,580)	(683,201)	1,033,508
NET POSITION:				
Beginning of the year	16,825,844	9,066,256	11,490,616	37,382,716
End of the year	$ 19,299,133	$ 8,309,676	$ 10,807,415	$ 38,416,224

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Cash Flows
Proprietary Funds
For Year Ended June 30, 2016

	Enterprise Funds			
	City of Industry	Civic-Recreational-Industrial Authority	City of Industry	
	Industry Public Utilities Commission	Industry Hills-Expo Center	Property and Housing Management Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 7,849,504	$ 1,588,050	$ 191,824	$ 9,629,378
Payments to other funds	(14,854)	-	-	(14,854)
Payments to suppliers and employees	(6,709,687)	(2,117,935)	(729,003)	(9,556,625)
Payments to other funds	(117,771)	-	(6,031)	(123,802)
Other revenues	164,602	7,384	700	172,686
Net cash provided by (used in) operating activities	1,171,794	(522,501)	(542,510)	106,783
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in from other funds	-	582,000	-	582,000
Transfers out to other funds	(11,962)	-	-	(11,962)
Net cash provided by (used in) noncapital financing activities	(11,962)	582,000	-	570,038
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	-	(390,123)	(390,123)
Net cash (used in) capital and related financing activities	-	-	(390,123)	(390,123)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(3,750,000)	-	-	(3,750,000)
Proceeds from investment maturities	1,839,000	-	925,519	2,764,519
Interest income received	13,750	-	-	13,750
Net cash provided by (used in) investing activities	(1,897,250)	-	925,519	(971,731)
Net increase (decrease) in cash and cash Equivalent	(737,418)	59,499	(7,114)	(685,033)
CASH AND CASH EQUIVALENT :				
Beginning of year	3,627,116	410,411	36,346	4,073,873
End of year	$ 2,889,698	$ 469,910	$ 29,232	$ 3,388,840

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Cash Flows (Continued)
Proprietary Funds
For Year Ended June 30, 2016

	Enterprise Funds			
	City of Industry Industry Public Utilities Commission	Civic-Recreational-Industrial Authority Industry Hills-Expo Center	City of Industry Property and Housing Management Authority	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	$ 2,298,815	$ (1,345,964)	$ (683,277)	$ 269,574
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	721,024	751,277	99,154	1,571,455
Other revenues	164,602	7,384	700	172,686
(Increase) decrease in accounts receivables	(225,794)	46,885	4,481	(174,428)
(Increase) decrease in inventories	-	2,847	-	2,847
(Increase) decrease in prepaid items	(993,707)	(12,262)	-	(1,005,969)
(Increase) decrease in due from other funds	(115,296)	-	-	(115,296)
Increase (decrease) in accounts payable	(610,233)	(5,950)	30,127	(586,056)
Increase (decrease) in customer deposits	(38,345)	33,282	12,336	7,273
Increase (decrease) in due to other funds	482,671	-	(6,031)	476,640
Increase (decrease) in unearned revenues	(511,943)	-	-	(511,943)
Net cash provided by (used in) operating activities	$ 1,171,794	$ (522,501)	$ (542,510)	$ 106,783

See accompanying Notes to the Basic Financial Statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Industry
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private-Purpose Trust Fund	Agency Fund
ASSETS		
Cash	$ 855,931	$ 316,230
Investments	28,898,382	1,634,142
Other receivables	1,797,174	10,262
Deposits held by bond trustee for debt services	55,906,358	-
Notes receivable	15,461,992	-
Property held for sale or disposition	462,479,173	-
Restricted assets:		
Cash	125,395	-
Investments	7,652,309	-
Investments with fiscal agent	-	518,719
Total assets	573,176,714	$ 2,479,353
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding, net	42,906,955	
Total deferred outflows of resources	42,906,955	
LIABILITIES		
Current liabilities:		
Accounts payable	1,428,582	$ -
Interest payable	21,968,386	-
Due to bond holders	-	2,479,353
Due to City of Industry	56,219	-
Bonds payable, due within one year	47,926,571	-
Total current liabilities	71,379,758	2,479,353
Noncurrent liabilities:		
Bonds payable, due in more than one year	527,512,070	-
Total noncurrent liabilities	527,512,070	-
Total liabilities	598,891,828	$ 2,479,353
NET POSITION		
Fiduciary net position held in trust for Successor Agency	$ 17,191,841	

See accompanying Notes to the Basic Financial Statements.

City of Industry
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Private-Purpose Trust Fund
ADDITIONS:	
Taxes, net	$ 55,906,357
Revenues from use of money and property	
Interest income	800,609
Rental and other income	9,653,688
Gain on sale and write down of property	16,083,654
Transfers in from City of Industry	9,463,321
Total additions	91,907,629
DEDUCTIONS:	
General administration	3,042,859
Bond interest expenses	36,829,981
Other expenses	306,983
Total deductions	40,179,823
CHANGES IN NET POSITION	51,727,806
NET POSITION:	
Beginning of the year	(34,535,965)
End of the year	$ 17,191,841

See accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Industry
Index to the Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies 51

A. Description of the Reporting Agency 51
B. Blended Component Units 51
C. Fiduciary Component Unit 51
D. Financial Statement Presentation, Basis of Accounting and Measurement Focus 52
E. Cash and Investments 55
F. Fair Value Measurement 55
G. Accounts Receivable 56
H. Inventories 56
I. Prepaid Items 56
J. Property Held for Sale or Disposition 56
K. Capital Assets and Depreciation 56
L. Unearned Revenue and Unavailable Revenue 56
M. Property Taxes 57
N. Bond Issuance Costs and Premiums/Discounts 57
O. Defined Benefit Pension Plan 57
P. Compensated Absences 58
Q. Net Position 58
R. Fund Balance 58
S. Estimates 59
T. New Accounting Standard 59

Note 2 – Cash and Investments 60

A. Demand Deposits 60
B. Investments Authorized by the City's Investment Policy and California Government Code 61
C. Investments Authorized by Debt Agreements 61
D. Fair Value Measurement 62
E. Risk Disclosures 62
F. State of California Local Agency Investment Fund 65
G. Investment in IUDA Bonds and City Bonds 65

Note 3 – Accrued Interest and Other Receivables 65

Note 4 – Notes Receivable 66

A. City of La Puente Loan 66
B. Developer Notes Receivable – Construction Loan 66
C. Developer Notes Receivable – Nissan Auto Mall 67

Note 5 – Industry Convalescent Hospital 67

Note 6 – Prepaid Items 68

Note 7 – Deposits Held by City of Industry Public Facilities Authority Bond Trustee for Debt Services 68

Note 8 – Interfund Transactions 68

A. Due to/from Other Funds 68
B. Advances to/from Other Funds 69
C. Site Lease Prepayment 70
D. Transfers 70
E. Transfers to Successor Agency to Industry Urban Development Agency 71

City of Industry
Index to the Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Capital Assets 71

A. Governmental Activities 71
B. Business-Type Activities 72
C. Property Held for Sale or Disposition of the Private-Purpose Trust Fund 73

Note 10 – Unearned Revenue from Reclaimed Water Sales 73

Note 11 – Long-Term Liabilities 74

A. City of Industry General Obligation Bonds 74
B. City of Industry Sales Tax Revenue Bonds 76
C. Public Facilities Authority tax Allocation Revenue Bonds 80
D. Public Facilities Authority Lease Revenue Refunding Bonds 84
E. Non-City Obligations 85
F. Compensated Absences 85

Note 12 – Successor Agency Bonds Payable 86

Note 13 – Defined Benefit Pension Plan 94

A. General Information about the Pension Plan 95
B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension 97

Note 14 – Deferred Compensation Plan 101

Note 15 – Other Post Employment Benefits ("OPEB") 101

A. Funding Policy 102
B. Annual OPEB Cost and Net OPEB Obligation/(Assets) 102
C. Funded Status and Funding Progress 103
D. Actuarial Methods and Assumptions 103

Note 16 – Self-Insurance Plan 103

Note 17 – Commitments and Contingencies 104

A. 1995 and 2000 General Obligation Bonds 104
B. Housing Authority of the County of Los Angeles 104
C. Los Angeles Regional Water Quality Control Board 104

Note 18 – Transactions with Related Parties 104

Note 19 – Low and Moderate Income Housing 105

Note 20 – Industry Hills Regional Public Park and Recreation Area 105

Note 21 – Rental Properties 105

Note 22 – Lease Commitments 106

Note 23 – Excess of Expenditures Over Appropriations 107

Note 24 – Subsequent Events 107

Note 1 – Summary of Significant Accounting Policies

A. Description of the Reporting Agency

The City of Industry (referred to as the "City") is a municipal corporation governed by an elected five-member council of which the mayor is appointed by the members of the city council. The accompanying financial statements present the financial activities of the City, which is the primary government and the financial activities of its component units, which are entities for which the City is financially accountable. Although legally separate entities, blended component units are in substance, part of the City's operations and are reported as an integral part of the City's financial statements. Blended component units, which include the Civic-Recreational-Industrial Authority (referred to as "CRIA"), the Industry Public Utilities Commission (referred to as "IPUC"), and the Industry Public Facilities Authority (referred to as the "PFA") and the Industry Property and Housing Authority (referred to as the "Housing Authority"). The Successor Agency to the Industry Urban-Development Agency (referred to as the "SA to IUDA") is a fiduciary component unit.

B. Blended Component Units

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

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

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

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

C. Fiduciary Component Unit

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

Government-Wide Financial Statements

The City's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present the Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. These statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all economic resources including capital assets, infrastructure assets and long term liabilities, are included in the accompanying Statement of Net Position.

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

Amounts reported as program revenues include (1) charges to customers for goods and services provided, (2) operating grants and contributions and (3) capital grants and contributions. All other revenues not reported as program revenues are presented as general revenues.

Certain indirect costs are included in program expenses.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as expenditure.

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

Fund Financial Statements

The accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

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

Governmental Funds

Governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered measurable when the amounts can be estimated, or otherwise determined. Revenues are considered available if they are collected within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred, except for (1) accumulated unpaid vacation and other employee amounts are not accrued and (2) principal and interest on long-term debt are recognized when due.

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

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

Governmental funds are presented using the *"current financial resources"* measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources and committed, assigned, or unassigned amounts are considered to have been spent when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The City reports the following major governmental funds:

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Funds (Continued)

Debt Service Fund – The Debt Service Fund is 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.

The City reports the following non-major governmental funds:

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted for expenditures for specified purposes.

Proprietary Funds

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

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

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total Net Position. The City's proprietary funds include the Industry Hills Expo Center, IPUC, and the Housing Authority. These funds are presented on the accrual basis of accounting.

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 – This fund accounts for activities of providing water and limited electrical services to the public.

Industry Hills Expo Center – This fund accounts for space rentals for events and equestrian activities to the general public.

Industry Property and Housing Authority – This fund accounts for property and housing rental activity.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fiduciary Fund Types

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

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

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

E. Cash and Investments

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

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

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

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

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

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Accounts Receivable

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

H. Inventories

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

I. Prepaid Items

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

J. Property Held for Sale or Disposition

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

K. Capital Assets and Depreciation

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

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

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

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

L. Unearned Revenue and Unavailable Revenue

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

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Property Taxes

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

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

N. Bond Issuance Costs and Premiums/Discounts

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

O. Defined Benefit Pension Plan

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

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Compensated Absences

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

Q. Net Position

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

Net investment in capital assets – This component of net position consist of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition of these assets, net of unspent debt proceeds.

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

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

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

R. Fund Balance

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

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

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

Committed – committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the City imposes upon itself at its highest level of decision making authority (the City Council) through resolutions and that remain binding unless removed in the same manner. The City has $548,912,068 of committed fund balances at June 30, 2016.

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Fund Balance (Continued)

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.

S. Estimates

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

T. New Accounting Standard

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

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

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

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

Note 2 – Cash and Investments

At June 30, 2016, 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	$ 5,507,220	$ 1,172,161	$ 6,679,381
Investments	550,931,243	30,532,524	581,463,767
Restricted cash and investments:			
Cash	-	125,395	125,395
Investment		7,652,309	7,652,309
Investments with fiscal agent	600,889,771	518,719	601,408,490
Investments in IUDA bonds	574,905,000	-	574,905,000
Investments in City bonds	51,460,000	-	51,460,000
Total cash and investments	$ 1,783,693,234	$ 40,001,108	$ 1,823,694,342

At June 30, 2016, cash and investments consisted of the following:

Cash on hand	$ 23,353
Deposits with financial institution	6,781,423
Investments	1,215,481,076
Investments with fiscal agent	601,408,490
Total cash and investments	$ 1,823,694,342

A. Demand Deposits

The carrying amount of the City's cash deposits were $6,781,423 at June 30, 2016. Bank balances before reconciling items were $7,875,498 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, 2016, the City and SA to IUDA's deposits exceeded federally insured limits by $5,139,871 and $799,521, respectively; however, such amounts are secured by the financial institutions that hold such deposits for the City and SA to IUDA.

Note 2 – Cash and Investments (Continued)

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

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

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

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

C. Investments Authorized by Debt Agreements

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

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

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2016, 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, 2016:

	Measurement Input				
Investment Type	Level 1	Level 2	Level 3	N/A	Total
Investments - unrestricted:					
Commercial paper	$ -	$ 27,867,631	$ -	$ -	$ 27,867,631
Federal home loan notes	-	14,009,736	-	-	14,009,736
Treasury notes	453,837,194		-	-	453,837,194
LAIF	-	85,749,206	-	-	85,749,206
Investment - restricted:					
Money market funds	-	-	-	7,652,309	7,652,309
Investment held by fiscal agent:					
Treasury obligations money market funds	-	-	-	308,210,810	308,210,810
Money market funds	-	-	-	27,254,839	27,254,839
U.S. government sponsored enterprise mortgage backed securities	-	137,770,154	-	-	137,770,154
Corporate mortgage backed securities		10,944,589	-	-	10,944,589
Corporate asset backed securities	-	10,028,830	-	-	10,028,830
Foreign issued bonds/notes	-	42,722,245	-	-	42,722,245
Municipal bonds	-	2,927,884	-	-	2,927,884
Corporate bonds/notes	-	61,549,139	-	-	61,549,139
Investment in SA to IUDA bonds	-	-	-	574,905,000	574,905,000
Investment in City bonds	-	-	-	51,460,000	51,460,000
Total	$ 453,837,194	$ 393,569,414	$ -	$ 969,482,958	$ 1,816,889,566

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, 2016, the financial institutions that hold collateral for the City of Industry had satisfied this requirement.

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.

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Interest Rate Risk (Continue)

Investment Type	Amounts	Weighted Avergae Maturity (in month)
Investments - unrestricted:		
Commercial paper	$ 27,867,631	2.3
Federal home loan bank notes	14,009,736	5.1
Treasury obligations	453,837,194	4.6
LAIF	85,749,206	7.1
Investment - restricted:		
Money market funds	7,652,309	N/A
Investment held by fiscal agent:		
Treasury obligations money market funds	308,210,810	46.3
Money market funds	27,254,839	N/A
U.S. government sponsored enterprise mortgage backed securities	137,770,154	96.3
Corporate mortgage backed securities	10,944,589	20.9
Corporate asset backed securities	10,028,830	129.5
Foreign issued bonds/notes	42,722,245	85.8
Municipal bonds	2,927,884	59.8
Corporate bonds/notes	61,549,139	96.02
Investment in SA to IUDA bonds	574,905,000	55.5
Investment in City bonds	51,460,000	26.8
	$ 1,816,889,566	

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, 2016	Minimum Legal Rating	Aaa/P-1	AA/Aa - A/A	BBB/Baa - B/B	CCC/Caa - C/C	Not Rated
Investments - unrestricted:							
Commercial paper	$ 27,867,631	A	$ 27,867,631	$ -	$ -	$ -	$ -
Federal home loan notes	14,009,736	None	14,009,736	-	-	-	-
Treasury notes	453,837,194	None	453,837,194	-	-	-	-
LAIF	85,749,206	None	-	-	-	-	85,749,206
Investment - restricted:							
Money market funds	7,652,309	Aaa/P-1	7,652,309	-	-	-	-
Investment held by fiscal agent:							
Treasury obligations money market funds	308,210,810	None	308,210,810	-	-	-	-
Money market funds	27,254,839	None	12,443,599	-	-	-	14,811,240
U.S. government sponsored enterprise mortgage backed securities	137,770,154	None	137,770,154	-	-	-	-
Corporate mortgage backed securities	10,944,589	None	1,200,576	6,738,744	2,840,868	164,401	-
Corporate asset backed securities	10,028,830	None	751,298	4,471,130	4,806,402	-	-
Foreign issued bonds/notes	42,722,245	None	-	30,064,554	12,657,691	-	-
Municipal bonds	2,927,884	None	-	2,927,884	-	-	-
Corporate bonds/notes	61,549,139	None	-	16,507,916	44,702,122	339,101	-
Investment in SA to IUDA bonds	574,905,000	None	-	574,905,000	-	-	-
Investment in City bonds	51,460,000	None	-	-	-	-	51,460,000
Total	$ 1,816,889,566		$ 963,743,307	$ 635,615,228	$ 65,007,083	$ 503,502	$ 152,020,446

Concentration of Credit Risk

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

Note 2 – Cash and Investments (Continued)

F. State of California Local Agency Investment Fund

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2016 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

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

As of June 30, 2016, the City had $85,749,206 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The credit quality rating of LAIF is unrated as of June 30, 2016.

G. Investment in IUDA Bonds and City Bonds

As of June 30, 2016, the PFA has investments in IUDA bonds in the amounts totaled to $574,905,000 and City's 2015B Senior Sales Tax Revenue Refunding Bonds in amounts totaled to $51,460,000. The City intends to hold the investments until the maturity date. As a result, these investments are reported at the cost, instead of fair value.

Note 3 –Accrued Interest and Other Receivables

As of June 30, 2016, accrued interest and other receivables consist of the following:

	General Fund	Capital Projects Fund	Debt Service Funds	Total
City of Industry				
Accrued interest receivable	$ 1,828,342	$ 1,130	$ 5,541	$ 1,835,013
Sales tax receivable	9,695,156	-	-	9,695,156
Property tax receivable	156,554	-	-	156,554
Medical premium reimbursement	791,032	-	-	791,032
LACMTA	491,733	-	-	491,733
Other	1,031,142	-	676,970	1,708,112
Industry Public Facilities Authority				
Accrued interest receivable:				
Successor Agency bonds	-	-	21,968,387	21,968,387
City bonds	-	-	2,150,000	2,150,000
	$ 13,993,959	$ 1,130	$ 24,800,898	$ 38,795,987

Note 4 – Notes Receivable

As of June 30, 2016, notes receivable consist of the following:

	Governmental Activities	Fiduciary Fund
Notes receivable:		
City of La Puente	$ 843,148	$ -
Developer notes receivable - construction loans	-	11,203,387
Developer notes receivable - Nissan	-	4,258,605
Total notes receivable	$ 843,148	$ 15,461,992

A. City of La Puente Loan

In October 2015, The City entered into an agreement with the City of La Puente to mitigate of noise, traffic and railroad impact and for other public purposes. As part of the agreement, the City of Industry agreed to lend The City of La Puente, and La Puente agreed to borrow and repay to Industry, the loan in the amount of $5,952,908 for La Puente to use in constructing a sound wall along the north side of Valley Boulevard and the railroad tracks on the south side of Valley Boulevard along with other public improvements. The agreement was revised subsequently. Instead of lending the City of La Puente the entire $5,952,908 in advance for the project, the City will pay for the project costs and be reimbursed by the City of La Puente. The loan bears an annual interest of 0.33%. At June 30, 2016, outstanding balance of the loan was in the amount of $843,148.

B. Developer Notes Receivable - 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:

	Outstanding Balance at June 30, 2016	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	$ 5,235,745	$ 751,882	$ 4,483,863
Due June 2022, payable in monthly payments of $68,658 inlcuding interest at 4.00% per annum beginning July 2002	4,464,587	641,140	3,823,447
Due June 2022, payable in monthly payments of $22,441 including interest at 4.00% per annum beginning July 2002	1,503,055	215,847	1,287,208
Totals	$ 11,203,387	$ 1,608,869	$ 9,594,518

Note 4 – Notes Receivable (Continued)

B. Developer Notes Receivable - Construction Loan (Continued)

Total interest received on these loans during the year ended June 30, 2016, amounted to $471,438.

C. Developer Notes Receivable – Nissan Auto Mall

In May 2010, IUDA entered into an agreement with a Developer to redevelop certain real property located within the City of Industry, Redevelopment Plan for Project Area No. 1. In order to finance the property acquisition, IUDA provided the Developer with a loan of $4,500,000, of which $4,258,598 was outstanding as of June 30, 2016.

	Outstanding Balance at June 30, 2016	Principal Amounts due within one year	Principal Amounts due in more than one year
Due May 2022, payable in monthly payments of $25,069 and a final balloon payment of $3,427,959 inlcuding interest at 4.00% per annum beginning May 2012	$ 4,258,605	$ 132,906	$ 4,125,699

Total interest received on this loan during the year ended June 30, 2016, amounted to $173,128.

Note 5 – Industry Convalescent Hospital

During 1992, the City Council passed a resolution stating that periodic advances made to Industry Convalescent Hospital dba El Encanto Healthcare and habilitation Center in the past, as well as currently, will be treated as loans. The note is payable on demand with simple interest at 6% per annum on the unpaid balance. As of June 30, 2016 the unpaid note balance amounted to $20,060,000 and accrued interest amounted to $20,953,840. As the collectability of this note and accrued interest is uncertain, the loan amounts have been shown as General Fund expenditures in the financial statements; and the City will recognize the collections on the note receivable as revenue as the amounts are collected.

The Hospital leases property from SA to IUDA for $1 a year, which is renewed annually, and at the time of renewal the lease may be terminated or the lease payment renegotiated by SA to IUDA. During the year ended June 30, 2016, the City incurred expenses on behalf of the Hospital totaling $325,625 relating to contract labor, security and repairs and maintenance and capital asset additions.

Note 6 – Prepaid Items

As of June 30, 2016, prepaid items consist of the following:

	Governmental Activities	Business-type Activities	Governmental Fund			Enterprise Fund
			General Fund	Debt Service Fund	Total	IPUC Fund
Prepaid bond insurance	$ 12,999,110	$ -	$ -	$ 11,279,810	$ 11,279,810	$ -
Prepaid escrow deposits	-	-	1,719,300	-	1,719,300	-
Other prepaid items	518,669	1,005,763	518,669	-	518,669	1,005,763
	$ 13,517,779	$ 1,005,763	$ 2,237,969	$ 11,279,810	$ 13,517,779	$ 1,005,763

Note 7 – Deposits Held by City of Industry Public Facilities Authority Bond Trustee for Debt Services

During the year ended June 30, 2016, the tax Override Debt Service Fund received $46,083,329 tax override revenues. In compliance with the PFA's 2015 bond indenture, the Tax Override Debt Services Fund deposited the tax override revenue received with the PFA's bond Trustee for debt service payments due in the year ending June 30, 2017. At June 30, 2016, deposit held by PFA bond trustee for debt services received from the Tax Override debt Services Fund totaled to $45,671,596. In addition, the SA to IUDA provided the remaining funds needed to be deposited with the PFA's bond trustee in the amount of $55,906,358. At June 30, 2016, total bond deposits received by PFA was in the amount of $101,577,954.

Note 8 – 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, 2016:

	Due from Other Funds		
	Governmental Fund	Proprietary Fund	
Due to Other Funds	General Fund	IPUC Enterprise Fund	Total
Governmental Funds:			
General Fund	$ -	$ 115,296	$ 115,296
Debt Service Funds	4,689,810	-	4,689,810
Other Governmental Funds	7,595	-	7,595
Proprietary Funds:			
IPUC Enterprise Fund	500,000	-	500,000
Fiduciary Fund	56,219	-	56,219
Totals	$ 5,253,624	$ 115,296	$ 5,368,920

Note 8 – Interfund Transactions (Continued)

A. Due to /from Other Funds (Continued)

The majority of the interfund balances were a result of routine interfund transactions due for reimbursement of expenditures. Debt Service Funds borrowed $4,689,810 from General Fund to make debt payments due to timing difference in receiving sales tax revenue and deposit with trustee. IPUC Enterprise Fund (Electric) also made short-term borrowing in the amount $500,000 from General Fund to finance its operations.

B. Advances to/from Other Funds

Advances to/from other funds consisted of the following at June 30, 2016:

	Advance to Other Funds
	Governmental Fund
Advance from Other Funds	General Fund
Governmental Fund:	
Debt Service Fund	$ 53,610,000
Totals	$ 53,610,000

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

As of June 30, 2016, total outstanding balance was in the amount of $53,610,000, which included principal in the amount of $51,460,000 and accrued interest in the amount of $2,150,000. Interest revenue for the City and interest expense for the PFA in the amount of $2,150,000 is eliminated in the Statement of Activities.

The repayment schedule for the advances is as following:

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

Note 8 – Interfund Transaction (Continued)

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, 2016, the remaining site lease prepayment to be amortized was in the amount of $ 5,224,012. See Note 11D for more information.

Lease revenue/expenditures paid from PFA to City on site lease prepayment between PFA and City was in the amount of $373,144 for the year ended June 30, 2016 Lease revenue/expenditures paid from City to PFA on lease-back between PFA and City was in the amount of $937,588 for the year ended June 30, 2016.

D. Transfers

Transfers in/out for the year ended June 30, 2016 is as following:

	Transfers In					
	Governmental Funds				Proprietary Fund	
Transfers Out	General Fund	Capital Projects Fund	Debt Service Funds	Other Governmental Funds	Expo Center Enterprise Fund	Total
Governmental Funds:						
General Fund	$ -	$ 3,682,502	$ 23,017,314	$ 920,080	$ -	$ 27,619,896
Capital Projects Fund	1,732,887	-	-	-	-	1,732,887
Debt Service Funds	490,336,655	250,699,071	-	-	-	741,035,726
Other Governmental Funds	108,217	-	-	-	582,000	690,217
Proprietary Funds:						
IPUC Enterprise Fund	11,962	-	-	-	-	11,962
Total transfers	$ 492,189,721	$ 254,381,573	$ 23,017,314	$ 920,080	$ 582,000	$ 771,090,688

General Fund made the following transfers:

- To the Capital Projects Fund in the amount of $3,682,502 for funding of the City's capital expenditures and project costs.
- $22,986,643 of the $23,017,314 transferred to Debt Service Funds was to transfer sales tax revenue to make sales tax revenue bond payments.
- $918,268 of the $920,080 transferred to other governmental funds was to subsidize the operation of the Civic-Recreational-Industrial Authority Capital Projects Fund.

Transfer from Capital Projects Fund to General Fund in the amount of $1,732,887 is mainly to reclassify expenditures incurred related to Lemon Project and City of La Puente Valley Blvd Sound Wall Projects.

Debt Service Fund made the following transfers:

- To the General Fund in the amount of $490,336,655 to transfer the proceeds from redemption of the investment in IUDA bonds.
- To the Capital Projects Fund in the amount of $250,699,071 to transfer remaining proceeds from issuance of 2015 Sales Tax Revenue Refunding Bonds, Series A and 2015 Sales Tax Revenue Bonds, Series B, to fund capital project in accordance with the bond indenture.

Transfer from other governmental fund (Civic-Recreational-Industrial Authority Capital Projects Fund) to Expo Center Enterprise Fund is to help the operation of the Expo Center.

Note 8 – Interfund Transactions (Continued)

E. Transfers to Successor Agency to Industry Urban Development Agency

The City Debt Service Fund transferred a net amount of $9,463,321 to the SA to IUDA during the year ended June 30, 2016 relates to the issuance of 2015 Tax Allocation Revenue Refunding Bonds Series 2015 A and B.

Note 9 – Capital Assets

A. Governmental Activities

Summary of changes in capital asset activity for the year ended June 30, 2016 is as follows:

Capital Assets	Balance July 1, 2015	Additions	Deletions	Reclassification	Balance June 30, 2016
Primary Government					
Governmental activities:					
Capital assets, not being depreciated					
Land	$ 51,335,846	$ 8,699,300	$ -	$ -	$ 60,035,146
Construction in progress	8,538,798	1,634,925		(3,145,320)	7,028,403
Total capital assets, not being depreciated	59,874,644	10,334,225	-	(3,145,320)	67,063,549
Capital assets, being depreciated					
Buildings and improvements	$ 118,220,676		$ (13,421)	$ 191,678	118,398,933
Machinery and equipment	1,916,190	-			1,916,190
Furniture and fixture	4,461,943	-			4,461,943
Infrastructure	141,980,260	-	(3,537,973)	2,953,642	141,395,929
Total capital assets, being depreciated	266,579,069	-	(3,551,394)	3,145,320	266,172,995
Less accumulated depreciation					
Buildings and improvements	(56,146,888)	(2,558,439)	$ -	-	(58,705,327)
Machinery and equipment	(1,464,195)	(173,381)	-	-	(1,637,576)
Furniture and fixture	(3,445,317)	(286,658)	-	-	(3,731,975)
Infrastructure	(58,656,612)	(3,711,315)	3,105,087	-	(59,262,840)
Total accumulated depreciation	(119,713,012)	(6,729,793)	3,105,087	-	(123,337,718)
Total capital assets, being depreciated, net	146,866,057	(6,729,793)	(446,307)	3,145,320	142,835,277
Total Governmental activities	$ 206,740,701	$ 3,604,432	$ (446,307)	$ -	$ 209,898,826

Depreciation expense was charged to the primary government in the governmental activities in the amount of $6,729,793 to the following function:

General government	$ 566,822
Support services	1,613,806
Community development	112,107
Community services	685,890
Public safety	1,679,093
Public works	2,072,075
Total depreciation expense	$ 6,729,793

Note 9 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital asset activity for the year ended June 30, 2016 is as follows:

Capital Assets	Balance July 1, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Business-type activities:					
Capital assets not being depreciated					
Land	$ 6,764,880	$ -	$ -	$ -	$ 6,764,880
Water rights	441,200	-	-	-	441,200
Source of supply-Water	441,687	-	-	-	441,687
Construction in Progress	270,468	390,123		(656,042)	4,549
Total capital assets, not being depreciated	7,918,235	390,123	-	(656,042)	7,652,316
Capital assets being depreciated					
Buildings and improvements	53,785,327	-	-	656,042	54,441,369
Equipment, furniture and fixtures	1,288,657	-	-	-	1,288,657
Infrastructure	294,622	-	-	-	294,622
Source of supply-Electric	4,053,806	-	-	-	4,053,806
Total capital assets, being depreciated	59,422,412	-	-	656,042	60,078,454
Less: accumulated depreciation					
Buildings and improvements	(16,403,977)	(1,426,353)	-	-	(17,830,330)
Equipment,furniture and fixture	(16,181,595)	(52,349)	-	-	(16,233,944)
Source of supply-Electric	(1,092,757)	(92,753)	-	-	(1,185,510)
Total accumulated depreciation	(33,678,329)	(1,571,455)	-	-	(35,249,784)
Total capital assets being depreciated, net	25,744,083	(1,571,455)	-	656,042	24,828,670
Total Business-type activities	$ 33,662,318	$ (1,181,332)	$ -	$ -	$ 32,480,986

Depreciation expenses for business activities in the amount of $1,571,455 were charged to the activities:

IPUC:	
Water	$ 628,271
Electric	92,753
CRIA Expo Center	751,277
IPHMA	99,154
Total depreciation expense	$ 1,571,455

Note 9 – 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, 2015	Additions	Retirement	Balance June 30, 2016
Capital assets not being depreciated:				
Land	$ 174,143,801	$ -	$ (17,060,000)	$ 157,083,801
Construction in progress	100,419,700	27,222,048	-	127,641,748
Total capital assets not being depreciated	274,563,501	27,222,048	(17,060,000)	284,725,549
Capital assets being depreciated				
Infrastructure	187,616,550	-	-	187,616,550
Buildings and improvements	15,221,946	-	-	15,221,946
Furniture and fixtures	676,222	-	-	676,222
Vehicles	33,312	-	-	33,312
Total capital assets being depreciated	203,548,030	-	-	203,548,030
Less: accumulated depreciation	(25,794,406)	-	-	(25,794,406)
Total capital assets being depreciated, net	177,753,624	-	-	177,753,624
Capital assets, net	$ 452,317,125	$ 27,222,048	$ (17,060,000)	$ 462,479,173

During the year ended June 30, 2016, the SA to IUDA sold thirteen properties for $33,143,654 and recognized a gain of $16,083,654.

Note 10 – Unearned Revenue from Reclaimed Water Sales

The City purchases 10,000 acres 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, 2016 total unearned revenue from the sale of reclaimed water to RWD and SGVWD was in the amount of $7,297,311.

Note 11 – Long-Term Liabilities

Summary of Changes in the Governmental Activities long-term liabilities for the year ended June 30, 2016 is as following:

	Balance July 1, 2015	Additions	Deletions	Defeased	Balance June 30, 2016	Due within one year	Due in more than one year
Governmental activities:							
Bonds payable:							
City of Industry:							
General obligation bonds	$ 115,425,000	-	$ (10,485,000)	$ -	$ 104,940,000	$ 10,865,000	$ 94,075,000
Sales tax revenue bonds	167,000,000	388,030,000	(2,095,000)	(130,335,000)	422,600,000	2,815,000	419,785,000
Public Facilities Authority:							
Tax allocation bonds	82,855,000	574,905,000	(82,855,000)	-	574,905,000	47,815,000	527,090,000
Lease revenue bonds	4,980,000	-	(750,000)	-	4,230,000	780,000	3,450,000
Subtotal	370,260,000	962,935,000	(96,185,000)	(130,335,000)	1,106,675,000	62,275,000	1,044,400,000
Deferred amounts:							
Unamortized premium/discounts	2,881,497	(6,301,710)	(685,546)	284,036	(3,821,723)	583,375	(4,405,098)
Total bonds payable	373,141,497	956,633,290	(96,870,546)	(130,050,964)	1,102,853,277	62,858,375	1,039,994,902
Net Pension liability	4,782,916	3,873,198	(2,319,658)	-	6,336,456	-	6,336,456
Compensated absences	142,842	-	(31,702)	-	111,140	-	111,140
Total long-term liabilities	$ 378,067,255	$ 960,506,488	$ (99,221,906)	$ (130,050,964)	$ 1,109,300,873	$ 62,858,375	$ 1,046,442,498

A. City of Industry General Obligation Bonds

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
General obligation bonds:					
2009 GO Refunding Bonds, Series A	$ 20,765,000	$ -	$ (3,805,000)	$ 16,960,000	$ 3,955,000
2009 GO Refunding Bonds, Series B	30,525,000	-	(4,580,000)	25,945,000	4,755,000
2010 GO Refunding Bonds	35,150,000	-	(2,100,000)	33,050,000	2,155,000
2014 GO Refunding Bonds	28,985,000	-	-	28,985,000	-
Total general obligation bonds	$ 115,425,000	$ -	$ (10,485,000)	$ 104,940,000	$ 10,865,000

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.

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

Year Ending June 30,	Principal	Interest	Total
2017	$ 3,955,000	$ 732,937	$ 4,687,937
2018	4,130,000	544,031	4,674,031
2019	4,330,000	335,500	4,665,500
2020	4,545,000	113,625	4,658,625
	$ 16,960,000	$ 1,726,093	$ 18,686,093

Note 11 – 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.

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

Year Ending June 30,	Principal	Interest	Total
2017	$ 4,755,000	$ 1,031,851	$ 5,786,851
2018	4,975,000	819,713	5,794,713
2019	5,180,000	610,400	5,790,400
2020	5,395,000	379,250	5,774,250
2021	5,640,000	127,800	5,767,800
	$ 25,945,000	$ 2,969,014	$ 28,914,014

2010 General Obligation Refunding Bonds

On August 31, 2010, the City issued $43,340,000 of General Obligation Refunding Bonds (the "2010 GO Refunding Bonds"). Proceeds from the 2010 GO Refunding Bonds were used to refund the $27,245,000 2004 GO Refunding Bonds, Series A, and the $29,015,000 2004 GO Refunding Bonds, Series B. The bonds were fully redeemed in full 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 rage 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
2017	$ 2,155,000	$ 1,462,150	$ 3,617,150
2018	2,240,000	1,374,250	3,614,250
2019	2,330,000	1,282,850	3,612,850
2020	2,430,000	1,175,500	3,605,500
2021	2,550,000	1,051,000	3,601,000
2022-2026	14,750,000	3,211,550	17,961,550
2027-2030	6,595,000	563,403	7,158,403
	$ 33,050,000	$ 10,120,703	$ 43,170,703

Note 11 – 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.

Principal ranges from $4,470,000 to $6,395,000 maturing annually through July 1, 2024. The bonds bear interests at rates rage 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
2017	$ -	$ 832,964	$ 832,964
2018	-	832,964	832,964
2019	-	832,964	832,964
2020	-	832,964	832,964
2021	4,470,000	777,089	5,247,089
2022-2025	24,515,000	1,506,243	26,021,243
	$ 28,985,000	$ 5,615,188	$ 34,600,188

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, 2016 on the bonds amounted to $125,370,998. 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, 2016, total monies received to pay for these bonds amounted to $61,321,368. Principal and interest paid on the bonds during the year ended June 30, 2016 amounted to $14,979,334.

B. City of Industry Sales Tax Revenue Bonds

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Sales tax revenue bonds:					
2005 Sales Tax Revenue Bonds	$ 72,735,000	$ -	$ (72,735,000)	$ -	$ -
2008 Sales Tax Revenue Bonds	57,600,000	-	(57,600,000)	-	-
2010 Sales Tax Revenue Bonds	36,665,000	-	(2,095,000)	34,570,000	2,215,000
2015 Sales Tax Revenue Refunding Bonds, Series A	-	336,570,000	-	336,570,000	600,000
2015 Sales Tax Revenue Bonds, Series B	-	51,460,000	-	51,460,000	-
Total sales tax revenue bonds	$ 167,000,000	$ 388,030,000	$ (132,430,000)	$ 422,600,000	$ 2,815,000

Note 11 – Long - Term Liabilities (Continued)

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

2005 Taxable Sales Tax Revenue Bonds

In April 2005, the City issued $113,420,000 of Taxable Sales Tax Revenue Bonds. The net proceeds of approximately $102,200,000 from the issuance were deposited into the Redevelopment Revolving Fund, which constitutes a loan to IUDA; IUDA or its successor is then obligated to repay these loans through available tax increment revenues.

Principal ranges from $5,055,000 to $8,485,000 maturing annually through January 1, 2026. The bonds bear interests at rates rage from 5.100% to 5.500%, due semiannually on January 1 and July 1. The 2005 Sales Tax Revenue Bonds were current refunded by 2015 Sales Tax Revenue Refunding Bonds, Series A, during the year ended June 30, 2016.

2008 Taxable Sales Tax Revenue Bonds

During April 2008, the City issued $77,540,000 of Taxable Sales Tax Revenue Bonds. The net proceeds of approximately $69,900,000 from the issuance were deposited into the Redevelopment Revolving Fund, which constitutes a loan to IUDA; IUDA or its successor is then obligated to repay these loans through available tax increment revenues.

Principal ranges from $3,770,000 to $6,095,000 maturing annually through January 1, 2027. The bonds bear interests at rates rage from 4.000% to 5.250%, due semiannually on January 1 and July 1. The 2008 Sales Tax Revenue Bonds were current refunded by 2015 Sales Tax Revenue Refunding Bonds, Series A, during the year ended June 30, 2016.

2010 Taxable Sales Tax Revenue Bonds

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

Principal ranges from $2,095,000 to $4,385,000 maturing annually through January 1, 2027. The bonds bear interests at rates rage 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
2017	$ 2,215,000	$ 2,524,020	$ 4,739,020
2018	2,345,000	2,391,120	4,736,120
2019	2,495,000	2,242,212	4,737,212
2020	2,660,000	2,077,542	4,737,542
2021	2,840,000	1,897,992	4,737,992
2022-2026	17,630,000	6,063,088	23,693,088
2027	4,385,000	350,800	4,735,800
	$ 34,570,000	$ 17,546,774	$ 52,116,774

Note 11 – 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 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 $600,000 to $21,875,000 maturing annually through January 1, 2051. The bonds bear interests at rates rage from 1.460% to 5.125%, due semiannually on January 1 and July 1.

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 600,000	$ 17,656,645	$ 18,256,645
2018	1,890,000	16,373,695	18,263,695
2019	1,920,000	16,338,162	18,258,162
2020	1,960,000	16,297,363	18,257,363
2021	2,010,000	16,248,362	18,258,362
2022-2026	11,010,000	80,287,513	91,297,513
2027-2031	33,340,000	76,909,606	110,249,606
2032-2036	47,140,000	67,851,313	114,991,313
2037-2041	60,195,000	54,792,400	114,987,400
2042-2046	77,285,000	37,703,600	114,988,600
2047-2051	99,220,000	15,762,962	114,982,962
	$ 336,570,000	$ 416,221,621	$ 752,791,621

2015 Taxable Sales Tax Revenue Refunding Bonds, Series B

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

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

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

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, 2016 on the bonds amounted to $952,259,341. 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, 2016, total sales tax revenues received to pay for these bonds amounted to $31,545,596. Principal and interest paid on the bonds during the year ended June 30, 2016 amounted to $8,003,479.

Note 11 – Long - Term Liabilities (Continued)

C. Public Facilities Authority Tax Allocation Revenue Bonds

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

2007 Tax Allocation Revenue Bonds

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

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

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

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

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

Note 11 – 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 rage from 1.764% to 4.344%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

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

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

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

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

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

Note 11 – 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, principal ranges from $6,965,000 to $48,825,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 1.914% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

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

2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A

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

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

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

Note 11 – 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)

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

For Series A, principal ranges from $505,000 to $985,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

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

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

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

Revenue pledged

All of the 2015 Tax Allocation Refunding Bonds described in Note 11C are secured and payable in the following order of priority: 1) pledged tax revenue through ownership to local obligation bonds, 2) investment income with respect to the funds and accounts established under the indenture, and 3) certain override revenues until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2016 amounted to $716,947,922.

Note 11 – Long – Term Liabilities (Continued)

D. Public Facilities Authority Lease Revenue Refunding Bonds

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

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 $780,000 to $915,000 maturing annually through August 1, 2020. The bonds bear interests at rates rage from 4.000% to 4.250%, due semiannually on February 1 and August 1. Debt service requirement to maturity is as follows:

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

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.

Note 11 – Long - Term Liabilities (Continued)

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

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

The term of both leases 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
2017	$ 373,144
2018	373,144
2019	373,144
2020	373,144
2021	373,144
Thereafter	3,358,292

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

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

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

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, 2016, compensated absences totaled to $111,140, which will be liquidated by the General Fund.

Note 12 – Successor Agency Bonds Payable

Summary of changes in the Successor Agency to IUDA's bonds payables for the year ended June 30, 2016 is as following:

	Balance July 1, 2015	Additions	Defeased	Balance June 30, 2016	Due Within One Year	Due in more than one year
Project Area 1:						
2002 Tax Allocation Refunding Bonds, Series B	$ 79,660,000	$ -	$ (79,660,000)	$ -	$ -	$ -
2003 Tax Allocation Bonds, Series A	34,725,000	-	(34,725,000)	-	-	-
2003 Tax Allocation Bonds, Series B	16,275,000	-	(16,275,000)	-	-	-
2003 Subordinate Lien Tax Allocation Refunding Bonds	45,630,000	-	(45,630,000)	-	-	-
2005 Subordinate Lien Tax Allocation Refunding Bonds	47,900,000	-	(47,900,000)	-	-	-
2007 Subordinate Lien Tax Allocation Refunding Bonds	11,900,000	-	(11,900,000)	-	-	-
2008 Subordinate Lien Tax Allocation Refunding Bonds	24,727,000	-	(24,727,000)	-	-	-
2015 Tax Allocation Revenue Refunding Bonds, Series A	-	239,525,000	-	239,525,000	32,000,000	207,525,000
Total Project Area 1	260,817,000	239,525,000	(260,817,000)	239,525,000	32,000,000	207,525,000
Project Area 2:						
2002 Tax Allocation Refunding Bonds, Series B	8,980,000	-	(8,980,000)	-	-	-
2003 Tax Allocation Bonds	22,505,000		(22,505,000)	-	-	-
2003 Subordinate Lien Tax Allocation Refunding Bonds	58,725,634	-	(58,725,634)	-	-	-
2005 Subordinate Lien Tax Allocation Refunding Bonds	11,860,000	-	(11,860,000)	-	-	-
2008 Subordinate Lien Tax Allocation Refunding Bonds	26,870,000	-	(26,870,000)	-	-	-
2010 Subordinate Lien Tax AllocationRefunding Bonds	33,680,000	-	(33,680,000)	-	-	-
2015 Tax Allocation Revenue Refunding Bonds, Series A	-	7,140,000	-	7,140,000	495,000	6,645,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	-	249,770,000	-	249,770,000	10,245,000	239,525,000
2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A	-	33,815,000	-	33,815,000	1,975,000	31,840,000
Total Project Area 2	162,620,634	290,725,000	(162,620,634)	290,725,000	12,715,000	278,010,000

(Continued)

Note 12 – Successor Agency Bonds Payable (Continued)

Summary of changes in the Successor Agency to IUDA's bonds payables for the year ended June 30, 2016 is as following:

	Balance July 1, 2015	Additions	Defeased	Balance June 30, 2016	Due Within One Year	Due in more than one year
Project Area 3:						
2002 Tax Allocation Refunding Bonds, Series B	9,055,000	-	(9,055,000)	-	-	-
2003 Tax Allocation Bonds	25,245,000	-	(25,245,000)	-	-	-
2003 Subordinate Lien Tax Allocation Refunding Bonds	4,065,000	-	(4,065,000)	-	-	-
2008 Subordinate Lien Tax Allocation Refunding Bonds	5,120,289	-	(5,120,289)	-	-	-
2015 Tax Allocation Revenue Refunding Bonds, Series A	-	7,230,000	-	7,230,000	505,000	6,725,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	-	37,425,000	-	37,425,000	2,595,000	34,830,000
Total Project Area 3	43,485,289	44,655,000	(43,485,289)	44,655,000	3,100,000	41,555,000
Total tax allocation bonds	466,922,923	574,905,000	(466,922,923)	574,905,000	47,815,000	527,090,000
Deferred amounts:						
Unamortized premium/discounts	392,685	718,359	(577,403)	533,641	111,571	422,070
Total bonds payable	$ 467,315,608	$ 575,623,359	$ (467,500,326)	$ 575,438,641	$ 47,926,571	$ 527,512,070

2002 Tax Allocation Refunding Bonds

On April 16, 2002, IUDA issued $197,000,000 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2002 Tax Allocation Bonds, Series B. IUDA used the proceeds to purchase U.S. government securities to advance refund the 1992 and 1997 Series Bonds. The bonds are payable from and secured by a pledge and a first lien on the tax increment revenues from Project Area No. 1.

On August 15, 2002, IUDA issued $17,270,000 and $17,455,000 of Industry-Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 and 3 2002 Tax Allocation Refunding Bonds to advance refund $18,010,000 and $19,780,000 of outstanding 1992 Tax Allocation Refunding Bonds, respectively.

In February 2007, IUDA redeemed the 2002 IUDA Tax Allocation Bonds (Project No. 1) and sold the bonds to PFA. The payments made by IUDA for the 2002 IUDA TA Bonds would be used to secure the payments of PFA's $169,695,000 Tax Allocation Revenue Bond ("2007 PFA TAR Bonds").

Principal and interest payments are made by SA to IUDA to PFA for the payment of the 2002 IUDA TA Bonds (Project No. 1). PFA then uses those monies to make principal and interest payments on the 2007 PFA TA Bonds. Any surplus funds received by PFA are returned to SA to IUDA.

On July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series A for all 3 project areas 2 to advance refund all outstanding 2002 Tax Allocation Refunding Bonds.

Note 12 – Successor Agency Bonds Payable (Continued)

2003 Tax Allocation Bonds, Series A (Taxable)

On December 29, 2003, IUDA issued several bond issues to advance refund the 1995 Subordinate Tax Allocation Refunding Bonds for all three project areas, the taxable bonds that were issued were Project No. 1 $78,720,000 2003 Tax Allocation Bonds Series A, Project No. 2 $39,730,000 2003 Tax Allocation Bonds, and Project No. 3 $44,585,000 2003 Tax Allocation Bonds.

As part of the aforementioned bond issuances the IUDA and City entered into a loan agreement in order to enhance the security of the IUDA bonds and thereby reduce the overall borrowing costs. The City agreed to loan IUDA $14,019,840 to secure the aforementioned IUDA bonds and to provide an additional source of funding for the bonds. IUDA agreed to repay all advances with interest at 8% per annum. In accordance with the loan agreement, the City deposited with U.S. Bank (the "Trustee") $14,019,840, hereinafter referred to as the "Loan Fund". The monies are held in trust for the benefit of the City and the bond owners. IUDA has assigned all of its rights to these proceeds to the Trustee as security for the bonds and their owners. As of July 1, 2015, the City has advanced all the monies in the Loan Fund to IUDA. These monies are deposited with U.S. Bank as trustee and have been recorded on the accompanying financial statements as "Investments with fiscal agent – restricted" in the amount of $14,421,307 and a liability due to the City in the fiduciary fund. Upon the payment or discharge of all the outstanding bonds all amounts then held in the Loan fund will be transferred to the City.

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1, 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 and 3) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 3 to advance refund the 2003 Tax Allocation Bonds in the three project areas. The refunding also provided funds needed to repay the City loan to IUDA outstanding at July 1, 2015 in the amount of $14,421,307.

2003 Tax Allocation Bonds, Series B

On December 30, 2003, IUDA issued $68,090,000 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds, Series B, with an average interest rate of 3.785%. The bonds were issued to finance the completion, extension and construction of projects contained in the Redevelopment Plan. A portion of the Bond proceeds were used to fund a reserve for the Bonds and to pay costs associated with the Bond issuance.

In November 2009, IUDA partially redeemed the $68,090,000 2003 Tax Allocation Bonds, Series B. The partial redemption amounted to $27,170,000 and the remaining principal balance amounted to $26,470,000.

On July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series A to advance refund the 2003 Tax Allocation Revenue Refunding Bonds, Series B.

2003 Subordinate Lien Tax Allocation Refunding Bonds

On December 30, 2003, IUDA and the City entered into the "Bond Exchange Agreement". IUDA incurred debt to the City in the amount of approximately $213,200,000 including accrued interest of $17,654,981 from loans from the City's Redevelopment Revolving Fund. In December 2003, the IUDA issued and exchanged the following bonds for cancellation of the indebtedness to the City: Project No. 1 $83,785,692 2003 Subordinate Lien Tax Allocation Refunding Bonds, Project No. 2 $119,719,962 2003 Subordinate Lien Tax Allocation Refunding Bonds, and Project No. 3 $9,726,529 2003 Subordinate Lien Tax Allocation Refunding Bonds.

Note 12 – Successor Agency Bonds Payable (Continued)

2003 Subordinate Lien Tax Allocation Refunding Bonds (Continued)

On November 25, 2014 the Successor Agency to the Industry Urban-Development Agency redeemed $15,516,634 in principal of the Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2003 Subordinate Lien Tax Allocation Refunding Bonds for a total amount of $51,592,265. Included in this amount was $29,445,691 of compounded interest redeemed and $6,629,940 in redemption premium. The $51,592,265 was paid using funds from the City's Agency Tax Override Fund.

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1, 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B and 2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A for Project Areas No. 2 and 3) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 3 to advance refund the 2003 Subordinate Lien Tax Allocation Refunding Bonds in the three project areas.

2005 Subordinate Lien Tax Allocation Refunding Bonds

On April 20, 2005, the City and IUDA entered into the "2005 Revolving Fund Loan Agreement". The City issued its 2005 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of $113,420,000 and deposited the net proceeds of approximately $102,200,000 from this issue into the Redevelopment Revolving Fund which constitutes a loan to IUDA. In April 2005, IUDA issued and exchanged the following bonds for cancellation of the indebtedness to the City: Project No. 1 $71,868,838 2005 Subordinate Lien Tax Allocation Refunding Bonds, Project No. 2 $17,788,304 2005 Subordinate Lien Tax Allocation Refunding Bonds and Project No. 3 $12,574,490 2005 Subordinate Lien Tax Allocation Refunding Bonds.

In March 2009, IUDA redeemed the $12,574,490 2005 Subordinate Lien Tax Allocation Refunding Bond of Project No. 3.

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1 and 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 to advance refund the 2005 Subordinate Lien Tax Allocation Refunding Bonds in the two project areas.

2007 Subordinate Lien Tax Allocation Refunding Bonds

On February 1, 2007, IUDA issued $16,038,958 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2007 Subordinate Lien Taxable Tax Allocation Refunding Bonds with an average interest rate of 8.00%. The bonds were sold to the City in exchange for the cancellation of the 2006 Revolving Fund Loan with principal and interest amounts of $15,000,000 and $1,038,958, respectively.

On July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series A to advance refund all outstanding 2002 Tax Allocation Bonds, Series B, 2003 Tax Allocation Bonds Series A and B and 2007 Subordinate Lien Tax Allocation Refunding Bonds.

2008 Subordinate Lien Tax Allocation Refunding Bonds

On April 1, 2008, IUDA and City entered into the "2008 Revolving Fund Loan Agreement". The City issued its 2008 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of $77,540,000 and deposited the net proceeds of approximately $69,900,000 from this issue into the Redevelopment Revolving Fund which constitutes a loan to IUDA. In April 2008, IUDA issued and exchanged the following bonds for cancellation of the indebtedness to the City: $33,673,437 2008 Project No.1 Subordinate Lien Tax Allocation Refunding Bonds with average interest rate of 8.25%; $31,083,173 2008 Project No. 2 Subordinate Lien Tax Allocation Refunding Bonds with average interest rate of 5.75%; $5,120,288 2008 Project No. 3 Subordinate Lien Tax Allocation Refunding Bonds with average interest of 10%.

Note 12 – Successor Agency Bonds Payable (Continued)

2008 Subordinate Lien Tax Allocation Refunding Bonds (Continued)

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1, 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 and 3) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 3 to advance refund the 2008 Subordinate Lien Tax Allocation Refunding Bonds in the three project areas.

2010 Subordinate Lien Tax Allocation Refunding Bonds (Taxable)

IUDA and the City, on April 20, 2010, entered into the "2010 Revolving Fund Loan Agreement." The City issued its 2010 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of $45,380,000 and deposited the net proceeds of approximately $40,000,000 from this issue into the Redevelopment Revolving Fund, which constitutes the 2010 Redevelopment Revolving Fund Loan, a loan to IUDA. In April 2010, IUDA issued the 2010 Subordinate Lien Tax Allocation Refunding Bonds (Taxable) to the City in the amount of $40,000,000 and the City had then agreed to accept the bonds for cancellation of the 2010 Redevelopment Revolving Fund loan.

On July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 to advance refund the 2010 Subordinate Lien Tax Allocation Refunding Bonds.

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 rage from 1.764% to 4.344%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

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

Note 12 – Successor Agency Bonds Payables (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 $495,000 to $975,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

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

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

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

2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A

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

Note 12 – Successor Agency Bonds Payable (Continued)

2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A (Continued)

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

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

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

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

For Series A, principal ranges from $505,000 to $985,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

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

Note 12 – Successor Agency Bonds Payable (Continued)

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

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

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

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

Revenue Pledged

All of the bonds described in this note are secured by a pledge of all future payments from the RPTTF fund until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2016 amounted to $714,947,920. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2016, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to $63,022,467, which the SA received $55,906,357 after deductions.

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

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

Note 12 – Successor Agency Bonds Payable (Continued)

Revenue Pledged (Continued)

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

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

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

RPTTF Funds	$	63,022,467
Less:		
Administrative expenses		(1,021,244)
Pass through payments		(6,094,866)
Net RPTTF Funds	$	55,906,357

At June 30, 2016 the PFA owns 100 percent of the outstanding bonds of the SA to the IUDA.

Note 13 – Defined Benefit Pension Plan

The following is the summary of net pension liabilities and related deferred outflows and inflows of resources as of June 30, 2016:

Deferred outflows of resources:		
Pension contribution after measurement date	$	227,017
Differences between expected and actual experience		21,337
Adjustment due to differences in proportions		218,928
Total deferred outflows of resources	$	467,282
Net pension liabilities:		
Net pension liabilities	$	6,336,456
Total net pension liabilities	$	6,336,456
Deferred inflows of resources:		
Changes of assumptions	$	201,867
Difference in projected and actual earnings on pension investments		101,198
Employer contributions in excess/(under) proportionate contributions		514,710
Total deferred inflows of resources	$	817,775

Note 13 – Defined Benefit Pension Plan (Continued)

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, 2014 (valuation date), the following employees were covered by the benefit terms:

	Plans		
	Classic	Second Tier	PEPRA
Active employees	17	1	1
Transferred and terminated employees	8	0	0
Retired employees and beneficiaries	27	0	0
Total	52	1	1

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

Note 13 – Defined Benefit Pension Plans (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Contributions

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

For the measurement period ended June 30, 2015, the contribution rates were as follows:

Plans	Active Employee Contribution Rate	Employer Contribution Rate
Classic	8.000%	18.858%
Second Tier	7.000%	9.905%
PEPRA	6.900%	6.250%

Note 13 – Defined Benefit Pension Plans (Continued)

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

Actuarial Methods and Assumption Used to Determine Total Pension Liability

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

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

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

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

Change of Assumption

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

Discount Rate

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

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

Note 13 – Defined Benefit Pension Plans (Continued)

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

Discount Rate (Continued)

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table in the following page reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	100.00%		

[1] An expected inflation of 2.5% used

[2] An expected inflation of 3.0% used

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

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

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1% (6.65%)	**Current Discount Rate (7.65%)**	**Discount Rate + 1% (8.65%)**
$ 10,626,679	$ 6,336,456	$ 2,794,379

Note 13 – Defined Benefit Pension Plans (Continued)

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

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, 2014 (Valuation Date)	$ 28,182,456	$ 23,399,540	$ 4,782,916
Balance at June 30, 2015 (Measurement Date)	27,808,601	21,472,145	6,336,456
Net changes from July 1, 2014 to June 30, 2015	$ (373,855)	$ (1,927,395)	$ 1,553,540

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, 2014). 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, 2015). 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, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2014-15).

(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).

Note 13 – Defined Benefit Pension Plans (Continued)

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

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

Deferred outflows of resources, 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, 2014	0.07687%
June 30, 2015	0.09232%
Change - Increase (Decrease)	0.01545%

For the year ended June 30, 2016, the City recognized pension expense in the amount of $650,779.

The Expected Average Remaining Service Lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the June 30, 2015 measurement period is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired).

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	$ 227,017	$ -
Difference between expected and actual experience	21,337	-
Adjustment due to differences in proportions	218,928	-
Changes of assumptions	-	(201,867)
Net difference between projected and actual earnings on pension plan investments	-	(101,198)
Employer contributions in excess/(under) proportionated contributions	-	(514,710)
Total	$ 467,282	$ (817,775)

Note 13 – Defined Benefit Pension Plans (Continued)

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

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

Deferred outflows of resources related to pensions resulting from the City's contributions made subsequent to the measurement date in the amount of $227,017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2017	$ (263,397)
2018	(254,196)
2019	(189,275)
2020	129,358
2021	-
Thereafter	-
	$ (577,510)

Note 14 - Deferred Compensation Plan

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

Investments are managed by the plan's trustee under one of several investment options, or a combination thereof. The choice of the investment option(s) is made by the participants. Plan assets are held in trust for the exclusive benefit of participant and their beneficiaries; and therefore, are not included in the accompanying financial statements. As of June 30, 2016, the plan had investments in the amount of $1,385,452.

Note 15 – Other Post Employment Benefits ("OPEB")

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

Note 15 – Other Post Employment Benefits (OPEB) (Continued)

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* requires governments to account for other post-employment benefits, primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis.

The effect is the recognition of an actuarially required contribution as an expense on the government-wide statement of activities when a future retiree earns their post-employment benefit rather than when they use their post-employment benefit.

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

A. Funding Policy

As of June 30, 2016, there were twenty-eight individuals receiving post-retirement benefits from the City. The City prefunded all its OPEB contribution based on its actuarial accrued liability as of July 1, 2015 through the California Public Employees' Retirement System California Employer's Retiree Benefit Trust Fund (the PERS CERBT fund). For the year ended June 30, 2016, the City and its component units paid $791,033 for the retirees on a pay-as-you-go basis and will receive reimbursement in the amount of $791,033.

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

The City and component units' annual OPEB expense is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period of thirty years.

The annual required contribution is calculated as following:

Normal cost	$	385,451
Increase in normal cost due to increase in payroll		72,118
Residual UAAL amortization		(235)
Total ARC	$	457,334

The City's OPEB cost and the related information for the year ended June 30, 2016 is as following:

ARC	$	457,334
Interest on net position obligation		(119,886)
Amortization adjustment		116,045
Annual OPEB Cost		453,493
Contribution made		(791,033)
Contribution reimbursement		791,033
Changes in Net OPEB (Asset)		453,493
Net OPEB (Asset):		
Beginning of year		(1,665,081)
End of year	$	(1,211,588)

Note 15 – Other Post Employment Benefits (OPEB) (Continued)

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

The City's annual OPEB costs, the percentage of annual OPEB cost contributed, and the net OPEB obligation/(asset) for the three years ended June 30, 2016 are as following:

Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2014	$ 1,283,097	$ 354,097	27.60%	$ (8,185,842)
June 30, 2015	1,189,017	11,039,940	928.49%	1,665,081
June 30, 2016	453,493	-	0.00%	(1,211,588)

C. Funded Status and Funding Progress

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

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

D. Actuarial Methods and Assumptions

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

Note 16 – 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, 2016, there are $214,038 in pending liability claims and litigation outstanding against the City and its component units. Based on information presently available, the City believes that there are substantial defenses to such litigation and disputes and that, in any event, the ultimate liability, if any, resulting there from will not have a material effect on the financial position of the City and its component units.

Note 17 – Commitments and Contingencies

A. 1995 and 2000 General Obligation Bonds

The City has determined that some of the proceeds from the 1995 and 2000 General Obligations bonds were not spent in accordance with the bond indenture. The City has entered into the voluntary correction program with the Internal Revenue Service to correct this matter. The City and the Internal Revenue Service are at the early stages of the review of this matter and the ultimate resolution as to the amount of the penalty and other steps to correct this matter cannot be determined at this point. No liability has been provided for in the accompanying financial statements at June 30, 2016

B. Housing Authority of the County of Los Angeles

The City was involved as a defendant in a legal dispute with the Housing Authority of the County of Los Angeles ("Housing Authority"). Pursuant to the provisions of Government code section 65584.3 ("the 1992 Agreement"), the City's redevelopment agency was required to set aside 20 percent of tax revenues for low income housing, transferred to the Housing Authority as an enforceable obligation. The passage of Assembly Bill 1X 26 in June 2011 eliminated the set-aside obligation for low-income housing, and payments from redevelopment agencies were now limited to enforceable obligations. On December 22, 2016, California Court of Appeal for the Third District (Sacramento) issued a decision affirming that the set-aside amount was not an enforceable obligation and that, unless appealed to the State Supreme Court, the matter is concluded. No liability has been provided for in the accompanying financial statements at June 30, 2016.

C. Los Angeles Regional Water Quality Control Board

On October 27, 2015, the Los Angels Regional Water Quality Control Board (the "Regional Board") issued Administrative Civil Liability Complaint R4-2015-0207 ("Complaint") to the City proposing $5,758,792 in administrative civil liabilities alleging that unpermitted grading activities resulted in unauthorized discharge of dredged and/or fill material in the Eastern Fork of the San Gabriel River in May 2012. The Regional Board and the City entered into settlement agreement in October 2016 to the imposition of administrative civil liability in the amount of $5 million. Of that amount, the City agreed and paid $2.5 million in December 2016 and the amount is reported as settlement payable in the accompanying financial statements. 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.

Note 18 – Transactions with Related Parties

A company that provides auto body and towing services to the City is a related party to a board member of CRIA and a member of the City Council. For the year ended June 30, 2016, total expenses amounted to $34,233.

A company that provides contracted management services for the Homestead Museum for the City employs the former Mayor Pro Tem. A company that provides engineering services to the City employs a member of the City council. Total expenses amounted to $1,086,800.

Companies that provide trash collection and recyclable collection services to the City are related parties to former member of the Planning Commission through family ownership. Total trash collections and recyclable collection services expenses amounted to $14,617,395 and $159, respectively, for the year ended June 30, 2016.

A company that provides landscaping services to the City is a related party to certain council members and a member of the Planning Commission. Total landscaping expenses amounted to $2,188,110 for the year ended June 30, 2016 and accounts payable at June 30, 2016 amounted to $170,977.

Note 19 – Low and Moderate Income Housing

In December of 1992, pursuant to the authority of Government Code 65584.3, IUDA entered into an agreement with the City and the Housing Authority of the County of Los Angeles ("HACoLA"). Under this agreement, IUDA agreed to pay HACoLA each fiscal year an amount equal to 20 percent of tax increment revenues accruing to IUDA for such fiscal year (the "HACoLA Payment").

The HACoLA Payments for fiscal year 2011-12 and fiscal year 2012-13 are listed on the Successor Agency's Recognized Obligation Payment Schedule ("ROPS"). However, the DOF has denied these ROPS items, arguing that the HACoLA Payments were no longer enforceable obligations after the dissolution of IUDA pursuant to AB X1 26.

The Matter was the subject of a pending lawsuit, *Southern California Association of Non-Profit Housing v. State of California Department of Finance et al.* (Sacramento County Superior Court Case No. 34-2012-80001355; Court of Appeal Case No. C075705). In November 2013, the Superior Court of the State of California for the County of Sacramento entered judgment in favor of DOF, finding that the HACoLA Payments were no longer enforceable obligations. Petitioner, a non-profit housing association, has appealed the judgment. The opening brief on appeal was filed in November 2014. On December 22, 2016, the Court of Appeal for the Third District (Sacramento) issued an unpublished decision affirming the trial court's determination that the 20% set aside is not an enforceable obligation. Unless there is an appeal to the State Supreme Court, this matter is concluded.

Note 20 – Industry Hills Regional Public Park and Recreation Area

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

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

Note 21 – 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, 2016 amounted to $10,577,986. Rental income of $752,573 is reported in the Governmental Fund financial statements, $175,007 in the Enterprise Fund (IPHMA) financial statements, and $9,650,406 in the Fiduciary Fund financial statements.

Note 21 – Rental Properties (Continued)

Future minimum rental income payments based on terms in effect at June 30, 2016 are as follows:

Year Ending June 30,	Amount
2017	$ 7,773,289
2018	7,966,813
2019	7,991,701
2020	7,643,609
2021	8,044,569
2022-2026	40,379,111
2027-2031	36,943,191
2032-2036	37,055,650
Thereafter	197,792,633

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 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 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 22 – 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
2017	$ 42,631
2018	42,631
2019	20,468
2020	2,187

Note 23 – Excess of Expenditures Over Appropriations

During the year ended June 30, 2016, the General Fund experienced budgetary expenditures that were in excess of appropriations related to general increase of expenditures in many departments.

Excess of expenditures over appropriations occurred in the General Fund during the year end June 30, 2016 as follows:

	Final Budget	Expenditures	Variance
Legislative	$ 269,000	$ 682,050	$ (413,050)
Support services	7,169,050	8,429,092	(1,260,042)
Community development	642,200	864,366	(222,166)
Public safety	8,468,500	8,610,354	(141,854)
Public work	10,656,700	13,176,829	(2,520,129)
Capital outlay	-	8,927,978	(8,927,978)

The budget overage in the legislative department was mainly due to $416,560 in golden handshake arrangement and workers compensation settlement.

The budget overage in the support service department was mainly due to 1) $724,928 in professional service not budgeted for and $778,877 for group and medical insurance.

The budget overage in the community development department was mainly due to $283,182 overage in professional service.

The budget overage in the public safety department was mainly due to $129,535 in general law and traffic enforcement.

The budget overage in the public works department was mainly due to $627,859 overage in property maintenance and and $2,500,000 settlement with the Los Angeles Regional Water Quality Control Board.

The budget overage in capital outlay is due to purchase of properties in the amount of $8,927,978 not budgeted for.

Note 24 – Subsequent Events

On August 12, 2016, S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), withdrew its long-term rating on the City's outstanding 2009 General Obligation Refunding Bonds (the "2009 GO Bonds"), its outstanding 2009 General Obligation Refunding Bonds, Series B (the "2009B GO Bonds"), its outstanding 2010 General Obligation Refunding Bonds (the "2010 GO Bonds") and its outstanding General Obligation Refunding Bonds, Series 2014 (Federally Taxable) (the "2014 GO Bonds," and, together with the 2009 GO Bonds, the 2009B GO Bonds and the 2010 GO bonds, the "GO Bonds"). Prior to withdrawing the ratings, S&P lowered the ratings on the GO Bonds to "BBB-"from "AA."

On August 12, 2016, S&P withdrew its long-term rating on the outstanding City of Industry Public Facilities Authority (the "Authority") 2010 Refunding Lease Revenue Bonds (the "Lease Revenue Bonds"). Prior to withdrawing the rating, S&P lowered the rating on the Lease Revenue Bonds to "BB+" from "AA-."

Note 24 – Subsequent Events (Continued)

On August 12, 2016, S&P placed its long-term ratings on the City's outstanding 2010 Taxable Sales Tax Revenue Bonds (the "2010 Sales Tax Bonds") and its outstanding Senior Sales Tax Revenue Refunding Bonds, Series 2015A (Taxable) (the "2015 Sales Tax Bonds," and, together with the 2010 Sales Tax Bonds, the "Sales Tax Bonds") on Creditwatch with negative implications.

On August 12, 2016, S&P placed its long-term ratings on the City of Industry Public Facilities Authority's outstanding Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No.1) (Taxable) (the "2015A Project No.1 Bonds"), its outstanding Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) (the "2015A Project No. 2 Bonds"), its outstanding Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) (the "2015B Project No. 2 Bonds"), its outstanding Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) (the "2015A Project No. 3 Bonds") and its outstanding Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) (the "2015B Project No. 3 Bonds" and together with the 2015A Project No. 1 Bonds, the 2015A Project No. 2 Bonds, the 2015B Project No. 2 Bonds and the 2015A Project No. 3 Bonds, the "Tax Allocation Revenue Bonds") on Creditwatch with negative implications.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

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City of Industry
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund Revenues
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
TAXES				
Sales tax	$ 10,290,000	$ 29,823,345	$ 31,545,596	$ 1,722,251
Tax increment pass through payments	400,000	400,000	477,518	77,518
Franchise tax	1,828,000	1,828,000	1,659,375	(168,625)
Documentary transfer tax	194,000	194,000	165,938	(28,062)
Transient occupancy tax	1,074,000	1,074,000	1,051,994	(22,006)
Property tax	1,726,000	1,726,000	2,317,174	591,174
PSAF/COPS	106,000	106,000	122,386	16,386
Total taxes	15,618,000	35,151,345	37,339,981	2,188,636
LICENSES AND PERMITS				
Salvage fees and licenses	229,000	229,000	206,360	(22,640)
Building permits, Inspection fees and plans	761,000	761,000	1,251,438	490,438
Refuse collection	1,578,500	1,578,500	1,564,263	(14,237)
Motor vehicles license fees	52,000	52,000	67,182	15,182
Total licenses and permits	2,620,500	2,620,500	3,089,243	468,743
FINES AND FORFEITURES				
Vehicle impound and storage fees	27,000	27,000	14,550	(12,450)
Bin impound fees	10,000	10,000	4,800	(5,200)
Fines and forfeitures	409,000	409,000	209,042	(199,958)
Parking citations	93,000	93,000	109,876	16,876
Total Fines & Forfeitures	539,000	539,000	338,268	(200,732)
REVENUE FROM USE OF MONEY AND PROPERTY				
Interest income	8,562,000	8,562,000	9,203,737	641,737
Rental income	716,000	716,000	752,573	36,573
Change in fair market value of investments	-	-	2,175,761	2,175,761
Other income	638,000	637,150	474,667	(162,483)
Total revenue from use of money and property	9,916,000	9,915,150	12,606,738	2,691,588
Total general fund revenues	28,693,500	48,225,995	53,374,230	5,148,235
OTHER FINANCING SOURCES (USES)				
Transfers in	23,605,761	493,389,337	492,189,721	(1,199,616)
Transfers out	(38,651,700)	(63,812,212)	(27,619,896)	36,192,316
Bond redemption	-	-	(14,421,307)	(14,421,307)
Total other financing sources (uses)	$ (15,045,939)	$ 429,577,125	$ 450,148,518	$ 20,571,393

City of Industry
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund Expenditures
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
LEGISLATIVE				
City council:				
Salaries	$ 119,000	$ 119,000	$ 114,401	$ 4,599
Termination benefits	-	-	192,000	(192,000)
Services and supplies:				
Office supplies	-	-	360	(360)
Travel and meetings	6,000	6,000	5,853	147
Telephone	3,000	3,000	2,982	18
Dues and subscriptions	21,000	21,000	20,604	396
Totals - City council	149,000	149,000	336,200	(187,200)
City clerk:				
Salaries	84,000	84,000	92,250	(8,250)
Worker compensition	-	-	224,560	(224,560)
Services and supplies:				
Office supplies	2,000	2,000	1,042	958
Travel and meetings	2,000	2,000	5,100	(3,100)
Vehicle expense	-	-	775	(775)
Advertising and printing	21,000	21,000	11,754	9,246
Election expense	-	-	41	(41)
Dues and subscriptions	10,000	10,000	10,288	(288)
Miscellaneous	1,000	1,000	40	960
Totals- City clerk	120,000	120,000	345,850	(225,850)
Totals - Legislative	269,000	269,000	682,050	(413,050)
GENERAL ADMINISTRATION				
City attorney:				
Services and supplies:				
Legal services	2,211,000	1,721,000	1,145,536	575,464
Totals - City attorney	2,211,000	1,721,000	1,145,536	575,464

(Continued)

City of Industry
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund Expenditures (Continued)
For the Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
GENERAL ADMINISTRATION (Continued)				
City manager:				
Salaries	320,800	791,000	841,320	(50,320)
Salaries reimbursement from SA to IUDA	(139,000)	(139,000)	(177,386)	38,386
Services and supplies:				
Professional services	182,000	132,000	204,236	(72,236)
Office supplies	2,600	2,600	2,052	548
Travel and meetings	7,000	7,000	13,754	(6,754)
Vehicle expense	5,000	300	38	262
Dues and subscriptions	71,000	71,000	75,814	(4,814)
Telephone	700	700	519	181
Miscellaneous	1,000	1,000	226	774
Legal	117,000	-	155	(155)
Legislative expenses	69,400	304,400	280,180	24,220
Totals - City manager	637,500	1,171,000	1,240,908	(69,908)
Human resources:				
Salaries and benefits	243,000	243,000	258,663	(15,663)
Salaries reimbursement from SA to IUDA	(23,400)	(23,400)	(23,436)	36
Services and supplies:				
Travel expenses	100	100	-	100
Office supplies	100	100	1,850	(1,750)
Printing and photographs	600	600	368	232
Dues and subscriptions	2,000	2,000	-	2,000
Rental equipment	3,400	3,400	3,436	(36)
Repairs and maintenance	400	400	1,117	(717)
Telephone	100	100	56	44
Professional services	-	-	37,100	(37,100)
Totals - Human Resources	226,300	226,300	279,154	(15,754)
Successor Agency Administration:				
Services and supplies:				
Professional services	-	-	13,042	(13,042)
Legal	-	-	-	-
Office supplies	-	-	-	-
Property taxes and assessments	-	-	4,008	(4,008)
Dues and subscriptions	-	-	-	-
Miscellaneous	-	-	3,200	(3,200)
Miscellaneous engineering	-	-	-	-
Totals - IUDA Administration	-	-	20,250	(20,250)
Totals - General Administration	3,074,800	3,118,300	2,685,848	432,452

(Continued)

City of Industry
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund Expenditures (Continued)
For the Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
SUPPORT SERVICES				
Central services:				
Salaries	114,000	114,000	113,861	139
Services and supplies:				
Professional services	449,000	493,000	674,966	(181,966)
Office supplies	46,000	46,000	39,008	6,992
Repairs and maintenance	15,000	15,000	114,575	(99,575)
Equipment rentals	34,000	34,000	29,801	4,199
Printing and photographs	9,000	9,000	4,256	4,744
Storage expense	42,000	42,000	28,000	14,000
Travel and meetings	4,000	4,000	1,412	2,588
Vehicle expenses	23,000	23,000	12,495	10,505
Advertising and printing	4,000	4,000	-	4,000
Dues and subscription	6,000	6,000	4,539	1,461
Computer services	296,000	296,000	341,751	(45,751)
Building maintenance	123,000	123,000	129,004	(6,004)
Telephone	18,000	18,000	20,244	(2,244)
Utilities	74,000	74,000	66,190	7,810
Miscellaneous	29,000	29,000	25,338	3,662
Refuse disposal - residents	39,000	39,000	26,001	12,999
Totals - Central services	1,325,000	1,369,000	1,631,441	(262,441)
City treasurer:				
Salaries	298,000	298,000	297,268	732
Salaries reimbursement from SA to IUDA	(122,000)	(122,000)	(121,930)	(70)
Office supplies	-	-	29	(29)
Dues and Subscriptions	1,000	1,000	789	211
Professional services	-	-	950	(950)
Repairs and maintenance	-	-	140	(140)
Totals - City treasurer	177,000	177,000	177,246	(246)
Finance department:				
Salaries	-	-	83,972	83,972
Services and supplies:				
Office supplies	1,000	1,000	154	846
Repairs and maintenance	15,000	15,000	22,468	(7,468)
Travel and meetings	-	-	275	(275)
Dues and subscriptions	-	-	390	(390)
Accounting	863,000	763,000	861,350	(98,350)
Professional Services	518,000	518,000	505,540	12,460
Totals - Finance department	1,397,000	1,297,000	1,474,149	(9,205)

(Continued)

City of Industry
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund Expenditures (Continued)
For the Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
SUPPORT SERVICES (Continued)				
Non-departmental:				
Services and supplies:				
Insurance and bonds	317,000	317,000	279,265	37,735
Employees insurance	132,000	150,000	156,034	(6,034)
Group and medical insurance	1,861,000	1,957,000	2,735,877	(778,877)
PERS	524,000	689,000	661,479	27,521
Expense reimbursement from SA to IUDA	(260,000)	(260,000)	(228,266)	(31,734)
Miscellaneous	2,000	2,000	3,136	(1,136)
Tuition reimbursement	20,000	20,000	22,647	(2,647)
Taxes and assessments	209,000	209,000	213,947	(4,947)
Payroll taxes	40,000	53,000	41,077	11,923
Professional services	-	194,350	219,388	(25,038)
Insurance claims	26,000	26,000	55,380	(29,380)
Parking citation	31,000	31,000	48,704	(17,704)
Lease obligation	937,700	937,700	937,588	112
Total Non-departmental	3,839,700	4,326,050	5,146,256	(820,206)
Totals - Support Services	6,738,700	7,169,050	8,429,092	(1,260,042)
COMMUNITY DEVELOPMENT				
Engineering:				
Salaries	180,500	218,900	178,579	40,321
Salaries reimbursement from SA to IUDA	(55,000)	(55,000)	(41,863)	(13,137)
Miscellaneous engineering	33,000	30,000	7,562	22,438
Totals - Engineering	158,500	193,900	144,278	49,622
Planning:				
Salaries	343,000	343,000	337,777	5,223
Services and supplies:				
Offices supplies	1,000	1,000	44	956
Repairs and maintenance	-	-	5	(5)
Printing and photographs	-	-	66	(66)
Travel and meetings	2,000	2,000	65	1,935
Legal advertising/printing	4,000	4,000	5,414	(1,414)
Dues and subscription	4,000	4,000	425	3,575
Telephone	1,000	1,000	428	572
Miscellaneous	1,000	1,000	6,626	(5,626)
Filing fees	27,000	27,000	20,756	6,244
Professional services	194,000	65,300	348,482	(283,182)
Totals- Planning	577,000	448,300	720,088	(271,788)
Totals - Community Development	735,500	642,200	864,366	(222,166)

(Continued)

City of Industry
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund Expenditures (Continued)
For the Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
COMMUNITY SERVICES				
Community promotion:				
Services and supplies:				
Community promotion	1,530,000	1,595,000	1,572,350	22,650
Housing grant	75,000	75,000	-	75,000
Telephone	1,000	1,000	238	762
Totals - Community promotion	1,606,000	1,671,000	1,572,588	98,412
El Encanto Hospital:				
Services and supplies:				
Professional fees	1,000	1,000	6,281	(5,281)
Repairs and maintenance	33,000	33,000	40,648	(7,648)
Property maintenance	242,000	242,000	206,294	35,706
Security	67,000	67,000	61,766	5,234
Capital outlay	11,000	11,000	10,636	364
Totals - El Encanto Hospital	354,000	354,000	325,625	28,375
Workman Temple Homestead Museum:				
Services and supplies:				
Professional services	19,000	19,000	2,568	16,432
Museum agreement	1,114,000	1,114,000	1,068,465	45,535
Utilities	38,000	38,000	32,033	5,967
Property maintenance	532,000	532,000	366,595	165,405
General engineering	6,000	6,000	17,629	(11,629)
Janitorial services	12,000	12,000	9,250	2,750
Vehicle expenses	2,000	2,000	174	1,826
Miscellaneous	91,000	91,000	82,802	8,198
Capital outlay	11,000	11,000	18,335	(7,335)
Totals - Workman Temple Museum	1,825,000	1,825,000	1,597,851	227,149
Tres Hermanos:				
Services and supplies:				
Telephone	1,000	1,000	603	397
Dues and Subscriptions	-	-	3,590	(3,590)
Utilities	5,000	5,000	6,376	(1,376)
Vehicle expenses	-	-	1,432	(1,432)
Security	124,000	124,000	114,740	9,260
Property maintenance	15,000	15,000	4,204	10,796
Expense reimbursement from SA to IUDA	(131,200)	(131,200)	(104,760)	(26,440)
Totals - Tres Hermanos	13,800	13,800	26,185	(12,385)
Totals - Community Services	3,798,800	3,863,800	3,522,249	341,551

(Continued)

City of Industry
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund Expenditures (Continued)
For the Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
PUBLIC SAFETY				
Law enforcement:				
Services and supplies:				
Printing and photography	-	-	172	(172)
Professional services	1,000	1,000	2,100	(1,100)
Vehicle expenses	18,000	18,000	2,491	15,509
Telephone	4,000	4,000	3,664	336
Miscellaneous	-	-	13,764	(13,764)
General law and traffic enforcement	8,155,000	8,155,000	8,284,535	(129,535)
Other law enforcement	13,500	13,500	-	13,500
Animal control	38,000	38,000	30,230	7,770
Security	239,000	239,000	273,398	(34,398)
Totals - Public Safety	8,468,500	8,468,500	8,610,354	(141,854)
PUBLIC WORKS				
Community facilities and ground				
Services and supplies:				
Professional services	614,000	966,000	964,083	1,917
Repairs and maintenance	14,700	14,700	50,199	(35,499)
Equipment rentals	-	-	1,116	(1,116)
Vehicle expenses	56,000	56,000	80,621	(24,621)
Travel and meetings	-	-	30	(30)
Telephone	56,000	20,000	16,450	3,550
General engineering	1,410,700	1,410,700	1,341,997	68,703
Miscellaneous	28,200	28,200	56,419	(28,219)
Utilities	548,000	548,000	458,946	89,054
Property maintenance	4,081,000	4,091,000	4,201,159	(110,159)
Expense reimbursement from SA to IUDA	(1,181,600)	(519,700)	(560,991)	41,291
Printing and photography	10,000	10,000	5,060	4,940
Security	743,000	743,000	709,440	33,560
Settlement expense	-	-	2,500,000	(2,500,000)
Totals - Community facilities	6,380,000	7,367,900	9,824,529	(2,456,629)
Public Works Administration:				
Salaries	110,000	110,000	77,475	32,525
Salaries reimbursement from SA to IUDA	(44,000)	(44,000)	(31,145)	(12,855)
Services and supplies:				
Professional services	-	10,000	10,000	-
Dues and subscriptions	2,800	2,800	1,289	1,511
Streets and roads	3,615,000	3,210,000	3,294,681	(84,681)
Totals - Public Works	3,683,800	3,288,800	3,352,300	(63,500)
Totals - Public Works	10,063,800	10,656,700	13,176,829	(2,520,129)
Capital projects:				
Capital outlay				
Real estate purchases	-	-	8,927,978	(8,927,978)
Total Capital projects	-	-	8,927,978	(8,927,978)
Total expenditures	$ 33,149,100	$ 34,187,550	$ 46,898,766	$ (12,711,216)

(Concluded)

City of Industry
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

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.

Summary of Expenditures Budget to Actual

Below is a summary of expenditures compared to budget of the General Fund for the year ended June 30, 2016:

General Fund Budget to Actual Comparison

	Original Budget	Final Budget	Actual	Variance
Current:				
Legislative	$ 269,000	$ 269,000	$ 682,050	$ (413,050)
General administration	3,074,800	3,118,300	2,685,848	432,452
Support services	6,738,700	7,169,050	8,429,092	(1,260,042)
Community development	735,500	642,200	864,366	(222,166)
Community services	3,798,800	3,863,800	3,522,249	341,551
Public safety	8,468,500	8,468,500	8,610,354	(141,854)
Public works	10,063,800	10,656,700	13,176,829	(2,520,129)
Capital outlay	-	-	8,927,978	(8,927,978)
Total expenditures	$ 33,149,100	$ 34,187,550	$ 46,898,766	$ (12,711,216)

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, 2016

Last Ten Fiscal Years

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

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

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

City of Industry
Required Supplementary Information (Unaudited)
Schedule of City's Contributions
For the Year Ended June 30, 2016

Last Ten Fiscal Years

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

	2015-16	2014-15	2013-14[1]
Actuarially Determined Contribution	$ 227,017	$ 255,850	$ 303,098
Contribution in Relation to the Actuarially Determined Contribution	(227,017)	(255,850)	(303,098)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered-Employee Payroll[2,3]	$ 2,047,910	$ 1,988,262	$ 1,779,595
Contributions as a Percentage of Covered-Employee Payroll	11.09%	12.87%	17.21%

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

[2] Covered-Employee Payroll represented above is based on pensionable earnings.

[4] Payroll from prior year $1,988,262 was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

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

City of Industry
Required Supplementary Information (Unaudited)
Schedule of Funding Progress
For the Year Ended June 30, 2016

Other Post Employment Benefit Plan

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

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SUPPLEMENTARY INFORMATION

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DEBT SERVICE FUNDS

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City of Industry
Combining Balance Sheet
Debt Service Funds
June 30, 2016

	City of Industry		Industry Public Facilities Authority	
	Debt Service	Tax Override	Debt Service	Totals
ASSETS				
Cash	$ 99,953	$ 854	$ -	$ 100,807
Investments	3,862,888	926	-	3,863,814
Investments with fiscal agent - restricted	51,907,541	-	106,462,224	158,369,765
Investments in IUDA bonds	-	-	626,365,000	626,365,000
Accrued interest	-	-	24,118,387	24,118,387
Other receivables	193,075	489,436	-	682,511
Prepaid items	3,953,058	-	7,326,752	11,279,810
Site lease prepayment	-	-	5,224,012	5,224,012
Deposit held by bond trustee for debt services	-	45,671,596	-	45,671,596
Total assets	$ 60,016,515	$ 46,162,812	$ 769,496,375	$ 875,675,702
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 9,524	$ -	$ -	$ 9,524
Bond payment deposits	-	-	101,577,954	101,577,954
Due to other funds	4,689,810	-	-	4,689,810
Advance from other funds	-	-	53,610,000	53,610,000
Total liabilities	4,699,334	-	155,187,954	159,887,288
FUND BALANCES				
Restricted	55,317,181	46,162,812	4,884,267	106,364,260
Committed	-	-	609,424,154	609,424,154
Total fund balances	55,317,181	46,162,812	614,308,421	715,788,414
Total liabilities and fund balances:	$ 60,016,515	$ 46,162,812	$ 769,496,375	$ 875,675,702

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds
For the Year Ended June 30, 2016

	City of Industry		Industry Public Facilities Authority	
	Debt Service	Tax Override	Debt Service	Totals
REVENUES:				
Property taxes	$ 12,920,865	$ 46,083,329	$ -	$ 59,004,194
Revenues from use of money and property:				
Interest income	83,539	1,127	-	84,666
Interest income - Successor Agency to Industry Urban-Development Agency	119,888	-	24,512,299	24,632,187
Investment redemption premium	55,159,456	-	362,250	55,521,706
Rental income from City of Industry	-	-	937,588	937,588
Total revenues	68,283,748	46,084,456	25,812,137	140,180,341
EXPENDITURES:				
Current:				
General administration	23,468	-	388,232	411,700
Debt service:				
Principal retirement - long-term debt	12,580,000	-	750,000	13,330,000
Interest	10,402,812	-	2,337,588	12,740,400
Bond issuance costs	2,967,648	-	8,290,704	11,258,352
Total expenditures	25,973,928	-	11,766,524	37,740,452
REVENUES OVER (UNDER) EXPENDITURES	42,309,820	46,084,456	14,045,613	102,439,889
OTHER FINANCING SOURCES (USES):				
Transfers in	23,006,223	-	16,091	23,022,314
Transfers out	(741,035,726)	-	(5,000)	(741,040,726)
Transfers from Successor Agency	-	-	21,936,358	21,936,358
Transfers to Successor Agency	-	(31,399,679)	-	(31,399,679)
Redemption of Sales Tax Bonds	(134,430,034)	-	-	(134,430,034)
Redemption of PFA 2007 Bonds	-	-	(84,107,297)	(84,107,297)
Proceeds from issuance of Sales Tax bonds	381,009,931	-	-	381,009,931
Proceeds from issuance of Authority bonds	-	-	575,623,360	575,623,360
Proceeds from loan pay-off	14,421,307	-	-	14,421,307
Total other financing sources (uses)	(457,028,299)	(31,399,679)	513,463,512	25,035,534
Change in fund balances	(414,718,479)	14,684,777	527,509,125	127,475,423
FUND BALANCES:				
Beginning of year	470,035,660	31,478,035	86,799,296	588,312,991
End of year	$ 55,317,181	$ 46,162,812	$ 614,308,421	$ 715,788,414

NONMAJOR GOVERNMENTAL FUNDS

City of Industry
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	City of Industry Special Revenue Funds			
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax
ASSETS				
Cash	$ -	$ -	$ 178,244	$ 15,831
Investments	-	-	5,625,045	-
Accounts receivable	17,903	-	-	-
Total assets	$ 17,903	$ -	$ 5,803,289	$ 15,831
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ -	$ 4,323,560	$ -
Due to other funds	-	-	662	6,933
Total liabilities	-	-	4,324,222	6,933
FUND BALANCES				
Restricted for public transportation and roads	17,903	-	1,479,067	8,898
Committed for capital projects	-	-	-	-
Total fund balances	17,903	-	1,479,067	8,898
Total liabilities and fund balances	$ 17,903	$ -	$ 5,803,289	$ 15,831

City of Industry
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	City of Industry Special Revenue Funds	Civic - Recreational - Industrial Authority	
	AQMD Grant	Capital Projects Fund	Totals
ASSETS			
Cash	$ -	$ 23,261	$ 217,336
Investments	-	146,209	5,771,254
Accounts receivable	-	456	18,359
Total assets	$ -	$ 169,926.00	$ 6,006,949.00
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 42,852	$ 4,366,412
Due to other funds	-	-	7,595
Total liabilities	-	42,852	4,374,007
FUND BALANCES			
Restricted for public transportation and roads	-	-	1,505,868
Committed for capital projects	-	127,074	127,074
Total fund balances	-	127,074	1,632,942
Total liabilities and fund balances	$ -	$ 169,926	$ 6,006,949

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	City of Industry Special Revenue Funds			
	State Gas Tax	Measure R Local Return	Proposition A - Sales Tax	Proposition C - Sales Tax
REVENUES:				
Taxes	$ 12,726	$ 4,921	$ 8,259	$ 6,933
Grant income	-	-	-	-
Revenues from use of money and property	-	-	10,649	9
Total revenues	12,726	4,921	18,908	6,942
EXPENDITURES:				
Current:				
General administration	-	-	-	-
Public safety	-	-	4,414,239	-
Public works	14,538	4,921	-	6,933
Capital outlay	-	-	360,745	-
Total expenditures	14,538	4,921	4,774,984	6,933
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,812)	-	(4,756,076)	9
OTHER FINANCING SOURCES (USES):				
Transfer in	1,812	-	-	-
Transfers out	-	-	(353)	-
Total other financing sources (uses)	1,812	-	(353)	-
Changes in fund balances	-	-	(4,756,429)	9
FUND BALANCES:				
Beginning of year	17,903	-	6,235,496	8,889
End of year	$ 17,903	$ -	$ 1,479,067	$ 8,898

City of Industry
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	City of Industry Special Revenue Funds	Civic - Recreational - Industrial Authority	
	AQMD Grant	Capital Projects Fund	Totals
REVENUES:			
Taxes	$ -	$ -	$ 32,839
Grant income	101,884	-	101,884
Revenues from use of money and property	-	623	11,281
Total revenues	101,884	623	146,004
EXPENDITURES:			
Current:			
General administration	5,797	277,952	283,749
Public safety	-	-	4,414,239
Public works	-	-	26,392
Capital outlay	-	72,075	432,820
Total expenditures	5,797	350,027	5,157,200
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	96,087	(349,404)	(5,011,196)
OTHER FINANCING SOURCES (USES):			
Transfer in	-	918,268	920,080
Transfers out	(107,864)	(582,000)	(690,217)
Total other financing sources (uses)	(107,864)	336,268	229,863
Changes in fund balances	(11,777)	(13,136)	(4,781,333)
FUND BALANCES:			
Beginning of year	11,777	140,210	6,414,275
End of year	$ -	$ 127,074	$ 1,632,942

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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Taxes	$ 21,000	$ 21,000	$ 12,726	$ (8,274)
Total revenues	21,000	21,000	12,726	(8,274)
EXPENDITURES:				
Current:				
Public works	21,000	21,000	14,538	6,462
Total expenditures	21,000	21,000	14,538	6,462
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,812)	(1,812)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	1,812	1,812
Total other financing sources (uses)	-	-	1,812	1,812
CHANGES IN FUND BALANCES	$ -	$ -	-	$ -
FUND BALANCE:				
Beginning of year			17,903	
End of year			$ 17,903	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Measure R Local Return Special Revenue Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Taxes	$ 5,000	$ 5,000	$ 4,921	$ (79)
Revenues from use of money and property	100	100	-	(100)
Total revenues	5,100	5,100	4,921	(179)
EXPENDITURES:				
Current:				
Public works	5,000	5,000	4,921	79
Total expenditures	5,000	5,000	4,921	79
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100	100	-	(100)
NET CHANGES IN FUND BALANCES	$ 100	$ 100	-	$ (100)
FUND BALANCE:				
Beginning of year			-	
End of year			$ -	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Proposition A Sales Tax Special Revenue Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Taxes	$ 8,000	$ 8,000	$ 8,259	$ 259
Revenues from use of money and property	6,700	6,700	10,649	3,949
Total revenues	14,700	14,700	18,908	4,208
EXPENDITURES:				
Current:				
Public safety	4,618,000	4,618,000	4,414,239	203,761
Capital outlay	-	-	360,745	(360,745)
Total expenditures	4,618,000	4,618,000	4,774,984	(156,984)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,603,300)	(4,603,300)	(4,756,076)	(152,776)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(353)	(353)
Total other financing sources (uses)	-	-	(353)	(353)
NET CHANGES IN FUND BALANCES	$ (4,603,300)	$ (4,603,300)	(4,756,429)	$ (153,129)
FUND BALANCE:				
Beginning of year			6,235,496	
End of year			$ 1,479,067	

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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Taxes	$ 7,200	$ 7,200	$ 6,933	$ (267)
Revenues from use of money and property	10	10	9	(1)
Total revenues	7,210	7,210	6,942	(268)
EXPENDITURES:				
Current:				
Public works	-	-	6,933	(6,933)
Total expenditures	-	-	6,933	(6,933)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,210	7,210	9	(7,201)
NET CHANGES IN FUND BALANCES	$ 7,210	$ 7,210	9	$ (7,201)
FUND BALANCE:				
Beginning of year			8,889	
End of year			$ 8,898	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
AQMD Grant Special Revenue Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Grant income	$ -	$ -	$ 101,884	$ 101,884
Total revenues	-	-	101,884	101,884
EXPENDITURES:				
Current:				
General administration	41,500	41,500	5,797	35,703
Total expenditures	41,500	41,500	5,797	35,703
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(41,500)	(41,500)	96,087	137,587
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	(107,864)	(107,864)
Total other financing sources (uses)	-	-	(107,864)	(107,864)
NET CHANGES IN FUND BALANCES	$ (41,500)	$ (41,500)	(11,777)	$ 29,723
FUND BALANCE:				
Beginning of year			11,777	
End of year			$ -	

City of Industry
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Civic Recreation Industrial Authority Capital Project Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Revenues from use of money and property	$ 420	$ 420	$ 623	$ 203
Total revenues	420	420	623	203
EXPENDITURES:				
Current:				
General administration	500,500	430,300	277,952	152,348
Capital outlay	-	-	72,075	(72,075)
Total expenditures	500,500	430,300	350,027	80,273
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(500,080)	(429,880)	(349,404)	80,476
OTHER FINANCING SOURCES (USES):				
Transfer in	1,082,500	1,012,300	918,268	(94,032)
Transfers out	-	-	(582,000)	(582,000)
Total other financing sources (uses)	1,082,500	1,012,300	336,268	(676,032)
NET CHANGES IN FUND BALANCES	$ 582,420	$ 582,420	(13,136)	$ (595,556)
FUND BALANCE:				
Beginning of year			140,210	
End of year			$ 127,074	

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INDUSTRY PUBLIC UTILITIES COMMISSION ENTERPRISE FUNDS

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City of Industry
Combining Statement of Net Position
Industry Public Utilities Commission Enterprise Funds
June 30, 2016

	City of Industry Industry Public Utilities Commission		
	Water	Electric	Total
ASSETS			
Current assets:			
Cash	$ 1,163,159	$ 1,726,539	$ 2,889,698
Investments	5,179,587	3,741,893	8,921,480
Accounts receivable, net	455,106	672,125	1,127,231
Inventory of materials and supplies	10,000	-	10,000
Prepaid items	505,763	500,000	1,005,763
Due from other funds	-	115,296	115,296
Total current assets	7,313,615	6,755,853	14,069,468
Noncurrent assets:			
Capital assets:			
Capital assets not being depreciated	922,936		922,936
Capital assets being depreciated,net	10,015,168	3,058,418	13,073,586
Capital assets, net	10,938,104	3,058,418	13,996,522
Total noncurrent assets	10,938,104	3,058,418	13,996,522
Total assets	18,251,719	9,814,271	28,065,990
LIABILITIES			
Current liabilities:			
Accounts payable	247,986	576,055	824,041
Deposits	145,505	-	145,505
Due to other funds	-	500,000	500,000
Unearned revenue from reclaimed water sales	7,297,311	-	7,297,311
Total current liabilities	7,690,802	1,076,055	8,766,857
Total liabilities	7,690,802	1,076,055	8,766,857
NET POSITION			
Investment in capital assets	10,938,104	3,058,418	13,996,522
Unrestricted (deficit)	(377,187)	5,679,798	5,302,611
Total net position	$ 10,560,917	$ 8,738,216	$ 19,299,133

City of Industry
Combining Statement of Revenues, Expenses, and Changes in Fund Position
Industry Public Utilities Commission Enterprise Funds
For the Year Ended June 30, 2016

	City of Industry Industry Public Utilities Commission		
	Water	Electric	Total
OPERATING REVENUES:			
Water sales and service	$ 3,135,957	$ -	$ 3,135,957
Electric and solar energy sales	-	5,489,629	5,489,629
Total operating revenues	3,135,957	5,489,629	8,625,586
OPERATING EXPENSES:			
Purchased water	25,085	-	25,085
Purchased electricity	-	2,457,690	2,457,690
General administration	2,007,667	1,115,305	3,122,972
Depreciation	628,271	92,753	721,024
Total operating expenses	2,661,023	3,665,748	6,326,771
OPERATING INCOME	474,934	1,823,881	2,298,815
NONOPERATING REVENUES:			
Investment income	21,962	(128)	21,834
Other revenues	49,306	115,296	164,602
Total nonoperating revenue	71,268	115,168	186,436
Changes in net position before transfers	546,202	1,939,049	2,485,251
TRANSFERS:			
Transfer out	-	(11,962)	(11,962)
Total transfers	-	(11,962)	(11,962)
Changes in net position	546,202	1,927,087	2,473,289
NET POSITION:			
Beginning of year	10,014,715	6,811,129	16,825,844
End of year	$ 10,560,917	$ 8,738,216	$ 19,299,133

City of Industry
Combining Statement of Cash Flows
Industry Public Utilities Commission Enterprise Funds
For the Year Ended June 30, 2016

	City of Industry Industry Public Utilities Commission		
	Water	Electric	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 2,480,617	$ 5,368,887	$ 7,849,504
Receipts from other funds	(14,854)	-	(14,854)
Payments to suppliers and employees	(2,891,936)	(3,817,751)	(6,709,687)
Payments to other funds	-	(117,771)	(117,771)
Other income	49,306	115,296	164,602
Net cash provided by (used in) operating activities	(376,867)	1,548,661	1,171,794
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	-	(11,962)	(11,962)
Net cash used in noncapital and related financing activities	-	(11,962)	(11,962)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	-	(3,750,000)	(3,750,000)
Proceeds from investment maturities	-	1,839,000	1,839,000
Interest received	3,400	10,350	13,750
Net cash provided by (used in) investing activities	3,400	(1,900,650)	(1,897,250)
Net decrease in cash and cash equivalents	(373,467)	(363,951)	(737,418)
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,536,626	2,090,490	3,627,116
End of year	$ 1,163,159	$ 1,726,539	$ 2,889,698
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income	$ 474,934	$ 1,823,881	$ 2,298,815
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	628,271	92,753	721,024
Other revenues	49,306	115,296	164,602
(Increase) decrease in accounts receivables	(105,052)	(120,742)	(225,794)
(Increase) decrease in prepaid items	(493,707)	(500,000)	(993,707)
(Increase) decrease in due from other funds	-	(115,296)	(115,296)
Increase (decrease) in accounts payable	(365,477)	(244,756)	(610,233)
Increase (decrease) in customer deposits	(38,345)	-	(38,345)
Increase (decrease) in due to other funds	(14,854)	497,525	482,671
Increase (decrease) in unearned revenues	(511,943)	-	(511,943)
Net cash provided by (used in) operating activities	$ (376,867)	$ 1,548,661	$ 1,171,794

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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, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Assessment Districts				
ASSETS				
Cash	$ 329,434	$ 494,470	$ (507,674)	$ 316,230
Investments	1,499,445	134,697	-	1,634,142
Cash with fiscal agent	518,719	-	-	518,719
Other receivables	-	10,262	-	10,262
Total assets	$ 2,347,598	$ 639,429	$ (507,674)	$ 2,479,353
LIABILITIES				
Due to City of Industry	$ 144	$ -	$ (144)	$ -
Due to bond holders	2,347,454	639,429	(507,530)	2,479,353
Total liabilities	$ 2,347,598	$ 639,429	$ (507,674)	$ 2,479,353

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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, 2016

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	$ 3,955,000	3.125%	$ 410,781	$ 4,365,781	
1/1/2017	-	3.375%	322,156	322,156	$ 4,687,937
7/1/2017	4,130,000	3.375%	322,156	4,452,156	
1/1/2018	-	3.600%	221,875	221,875	4,674,031
7/1/2018	4,330,000	3.600%	221,875	4,551,875	
1/1/2019	-	3.800%	113,625	113,625	4,665,500
7/1/2019	4,545,000	3.800%	113,625	4,658,625	4,658,625
	$ 16,960,000		$ 1,726,093	$ 18,686,093	$ 18,686,093

City of Industry
Schedule of Long-Term Debt (Continued)
$50,975,000 General Ogligation Refunding Bonds, Series B, Issue of 2009 - Maturity Schedule
For the Year Ended June 30, 2016

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	$ 4,755,000	5.000%	$ 571,088	$ 5,326,088	
1/1/2017	-	4.250%	460,763	460,763	$ 5,786,851
7/1/2017	4,975,000	4.250%	460,763	5,435,763	
1/1/2018	-	4.375%	358,950	358,950	5,794,713
7/1/2018	5,180,000	4.375%	358,950	5,538,950	
1/1/2019	-	4.500%	251,450	251,450	5,790,400
7/1/2019	5,395,000	4.500%	251,450	5,646,450	
1/1/2020	-	4.500%	127,800	127,800	5,774,250
7/1/2020	5,640,000	4.500%	127,800	5,767,800	5,767,800
	$ 25,945,000		$ 2,969,014	$ 28,914,014	$ 28,914,014

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, 2016

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	$ 2,155,000	4.000%	$ 752,625	$ 2,907,625	
1/1/2017	-	4.000%	709,525	709,525	$ 3,617,150
7/1/2017	2,240,000	4.000%	709,525	2,949,525	
1/1/2018	-	4.000%	664,725	664,725	3,614,250
7/1/2018	2,330,000	4.000%	664,725	2,994,725	
1/1/2019	-	4.000%	618,125	618,125	3,612,850
7/1/2019	2,430,000	5.000%	618,125	3,048,125	
1/1/2020	-	5.000%	557,375	557,375	3,605,500
7/1/2020	2,550,000	5.000%	557,375	3,107,375	
1/1/2021	-	5.000%	493,625	493,625	3,601,000
7/1/2021	2,675,000	4.500%	493,625	3,168,625	
1/1/2022	-	4.500%	431,200	431,200	3,599,825
7/1/2022	2,800,000	5.000%	431,200	3,231,200	
1/1/2023	-	5.000%	361,200	361,200	3,592,400
7/1/2023	2,940,000	5.000%	361,200	3,301,200	
1/1/2024	-	5.000%	287,700	287,700	3,588,900
7/1/2024	3,095,000	5.000%	287,700	3,382,700	
1/1/2025	-	5.000%	210,325	210,325	3,593,025
7/1/2025	3,240,000	4.500%	210,325	3,450,325	
1/1/2026	-	4.500%	137,075	137,075	3,587,400
7/1/2026	1,550,000	4.250%	137,075	1,687,075	
1/1/2027	-	4.250%	104,138	104,138	1,791,213
7/1/2027	1,615,000	4.000%	104,138	1,719,138	
1/1/2028	-	4.000%	71,838	71,838	1,790,976
7/1/2028	1,680,000	4.125%	71,838	1,751,838	
1/1/2029	-	4.125%	37,188	37,188	1,789,026
7/1/2029	1,750,000	4.250%	37,188	1,787,188	1,787,188
	$ 33,050,000		$ 10,120,703	$ 43,170,703	$ 43,170,703

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, 2016

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	$ -	2.500%	$ 416,482	$ 416,482	
1/1/2017	-	2.500%	416,482	416,482	$ 832,964
7/1/2017	-	2.500%	416,482	416,482	
1/1/2018	-	2.500%	416,482	416,482	832,964
7/1/2018	-	2.500%	416,482	416,482	
1/1/2019	-	2.500%	416,482	416,482	832,964
7/1/2019	-	2.500%	416,482	416,482	
1/1/2020	-	2.500%	416,482	416,482	832,964
7/1/2020	4,470,000	2.500%	416,482	4,886,482	
1/1/2021	-	2.750%	360,607	360,607	5,247,089
7/1/2021	5,875,000	2.750%	360,607	6,235,607	
1/1/2022	-	2.875%	279,825	279,825	6,515,432
7/1/2022	6,035,000	2.875%	279,825	6,314,825	
1/1/2023	-	3.000%	193,072	193,072	6,507,897
7/1/2023	6,210,000	3.000%	193,072	6,403,072	
1/1/2024	-	3.125%	99,921	99,921	6,502,993
7/1/2024	6,395,000	3.125%	99,921	6,494,921	6,494,921
	$ 28,985,000		$ 5,615,188	$ 34,600,188	$ 34,600,188

City of Industry
Schedule of Long-Term Debt (Continued)
$45,380,000 Taxable Sales Tax Revenue Bonds, Issue of 2010 - Maturity Schedule
For the Year Ended June 30, 2016

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	$ -	6.000%	$ 1,262,010	$ 1,262,010	
1/1/2017	2,215,000	6.000%	1,262,010	3,477,010	$ 4,739,020
7/1/2017	-	6.000%	1,195,560	1,195,560	
1/1/2018	2,345,000	6.000%	1,195,560	3,540,560	4,736,120
7/1/2018	-	6.600%	1,121,106	1,121,106	
1/1/2019	2,495,000	6.600%	1,121,106	3,616,106	4,737,212
7/1/2019	-	6.750%	1,038,771	1,038,771	
1/1/2020	2,660,000	6.750%	1,038,771	3,698,771	4,737,542
7/1/2020	-	7.000%	948,996	948,996	
1/1/2021	2,840,000	7.000%	948,996	3,788,996	4,737,992
7/1/2021	-	7.250%	849,596	849,596	
1/1/2022	3,040,000	7.250%	849,596	3,889,596	4,739,192
7/1/2022	-	7.400%	739,396	739,396	
1/1/2023	3,260,000	7.400%	739,396	3,999,396	4,738,792
7/1/2023	-	7.600%	618,776	618,776	
1/1/2024	3,500,000	7.600%	618,776	4,118,776	4,737,552
7/1/2024	-	7.850%	485,776	485,776	
1/1/2025	3,765,000	7.850%	485,776	4,250,776	4,736,552
7/1/2025	-	8.000%	338,000	338,000	
1/1/2026	4,065,000	8.000%	338,000	4,403,000	4,741,000
7/1/2026	-	8.000%	175,400	175,400	
1/1/2027	4,385,000	8.000%	175,400	4,560,400	4,735,800
	$ 34,570,000		$ 17,546,774	$ 52,116,774	$ 52,116,774

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, 2016

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	$ -	1.460%	$ 9,465,418	$ 9,465,418	
1/1/2017	600,000	1.460%	8,191,227	8,791,227	$ 18,256,645
7/1/2017	-	1.880%	8,186,847	8,186,847	
1/1/2018	1,890,000	1.880%	8,186,847	10,076,847	18,263,695
7/1/2018	-	2.125%	8,169,081	8,169,081	
1/1/2019	1,920,000	2.125%	8,169,081	10,089,081	18,258,163
7/1/2019	-	2.500%	8,148,681	8,148,681	
1/1/2020	1,960,000	2.500%	8,148,681	10,108,681	18,257,363
7/1/2020	-	2.750%	8,124,181	8,124,181	
1/1/2021	2,010,000	2.750%	8,124,181	10,134,181	18,258,363
7/1/2021	-	3.000%	8,096,544	8,096,544	
1/1/2022	2,065,000	3.000%	8,096,544	10,161,544	18,258,088
7/1/2022	-	3.250%	8,065,569	8,065,569	
1/1/2023	2,130,000	3.250%	8,065,569	10,195,569	18,261,138
7/1/2023	-	3.250%	8,030,956	8,030,956	
1/1/2024	2,200,000	3.250%	8,030,956	10,230,956	18,261,913
7/1/2024	-	3.500%	7,995,206	7,995,206	
1/1/2025	2,270,000	3.500%	7,995,206	10,265,206	18,260,413
7/1/2025	-	3.625%	7,955,481	7,955,481	
1/1/2026	2,345,000	3.625%	7,955,481	10,300,481	18,255,963
7/1/2026	-	4.000%	7,912,978	7,912,978	
1/1/2027	2,435,000	4.000%	7,912,978	10,347,978	18,260,956
7/1/2027	-	4.000%	7,864,278	7,864,278	
1/1/2028	7,270,000	4.000%	7,864,278	15,134,278	22,998,556
7/1/2028	-	4.125%	7,718,878	7,718,878	
1/1/2029	7,560,000	4.125%	7,718,878	15,278,878	22,997,756
7/1/2029	-	4.250%	7,562,953	7,562,953	
1/1/2030	7,870,000	4.250%	7,562,953	15,432,953	22,995,906
7/1/2030	-	4.625%	7,395,716	7,395,716	
1/1/2031	8,205,000	4.625%	7,395,716	15,600,716	22,996,431
7/1/2031	-	4.625%	7,205,975	7,205,975	
1/1/2032	8,585,000	4.625%	7,205,975	15,790,975	22,996,950
7/1/2032	-	4.625%	7,007,447	7,007,447	
1/1/2033	8,985,000	4.625%	7,007,447	15,992,447	22,999,894
7/1/2033	-	4.625%	6,799,669	6,799,669	
1/1/2034	9,400,000	4.625%	6,799,669	16,199,669	22,999,338
7/1/2034	-	5.125%	6,582,294	6,582,294	
1/1/2035	9,835,000	5.125%	6,582,294	16,417,294	22,999,588
7/1/2035	-	5.125%	6,330,272	6,330,272	
1/1/2036	10,335,000	5.125%	6,330,272	16,665,272	22,995,544
7/1/2036	-	5.125%	6,065,438	6,065,438	
1/1/2037	10,865,000	5.125%	6,065,438	16,930,438	22,995,875
7/1/2037	-	5.125%	5,787,022	5,787,022	
1/1/2038	11,425,000	5.125%	5,787,022	17,212,022	22,999,044
7/1/2038	-	5.125%	5,494,256	5,494,256	
1/1/2039	12,010,000	5.125%	5,494,256	17,504,256	22,998,513
7/1/2039	-	5.125%	5,186,500	5,186,500	
1/1/2040	12,625,000	5.125%	5,186,500	17,811,500	22,998,000
7/1/2040	-	5.125%	4,862,984	4,862,984	
1/1/2041	13,270,000	5.125%	4,862,984	18,132,984	22,995,969
7/1/2041	-	5.125%	4,522,941	4,522,941	
1/1/2042	13,950,000	5.125%	4,522,941	18,472,941	22,995,881
7/1/2042	-	5.125%	4,165,472	4,165,472	

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, 2016

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
1/1/2043	14,665,000	5.125%	4,165,472	18,830,472	22,995,944
7/1/2043	-	5.125%	3,789,681	3,789,681	
1/1/2044	15,420,000	5.125%	3,789,681	19,209,681	22,999,363
7/1/2044	-	5.125%	3,394,544	3,394,544	
1/1/2045	16,210,000	5.125%	3,394,544	19,604,544	22,999,088
7/1/2045	-	5.125%	2,979,163	2,979,163	
1/1/2046	17,040,000	5.125%	2,979,163	20,019,163	22,998,325
7/1/2046	-	5.125%	2,542,513	2,542,513	
1/1/2047	17,910,000	5.125%	2,542,513	20,452,513	22,995,025
7/1/2047	-	5.125%	2,083,569	2,083,569	
1/1/2048	18,830,000	5.125%	2,083,569	20,913,569	22,997,138
7/1/2048	-	5.125%	1,601,050	1,601,050	
1/1/2049	19,795,000	5.125%	1,601,050	21,396,050	22,997,100
7/1/2049	-	5.125%	1,093,803	1,093,803	
1/1/2050	20,810,000	5.125%	1,093,803	21,903,803	22,997,606
7/1/2050	-	5.125%	560,547	560,547	
1/1/2051	21,875,000	5.125%	560,547	22,435,547	22,996,094
	$ 336,570,000		$ 416,221,621	$ 752,791,621	$ 752,791,621

City of Industry
Schedule of Long-Term Debt (Continued)
$51,456,000 Taxable Sale Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule
For the Year Ended June 30, 2016

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

City of Industry
Schedule of Long-Term Debt (Continued)
$51,456,000 Taxable Sale Tax Revenue Refunding Bonds, Series 2015B - Maturity Schedule
For the Year Ended June 30, 2016

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
2/1/2043	2,150,000	7.750%	1,029,200	3,179,200	4,208,400
8/1/2043	-	7.750%	945,888	945,888	
2/1/2044	2,315,000	7.750%	945,888	3,260,888	4,206,776
8/1/2044	-	7.750%	856,181	856,181	
2/1/2045	2,495,000	7.750%	856,181	3,351,181	4,207,362
8/1/2045	-	7.750%	759,500	759,500	
2/1/2046	2,685,000	7.750%	759,500	3,444,500	4,204,000
8/1/2046	-	7.750%	655,456	655,456	
2/1/2047	2,900,000	7.750%	655,456	3,555,456	4,210,912
8/1/2047	-	7.750%	543,081	543,081	
2/1/2048	3,120,000	7.750%	543,081	3,663,081	4,206,162
8/1/2048	-	7.750%	422,181	422,181	
2/1/2049	3,365,000	7.750%	422,181	3,787,181	4,209,362
8/1/2049	-	7.750%	291,788	291,788	
2/1/2050	3,625,000	7.750%	291,788	3,916,788	4,208,576
8/1/2050	-	7.750%	151,319	151,319	
2/1/2051	3,905,000	7.750%	151,319	4,056,319	4,207,638
	$ 51,460,000		$ 95,890,946	$ 147,350,946	$ 147,350,946