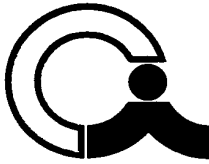
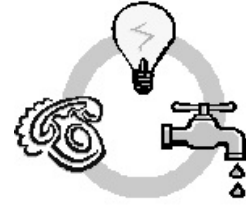


INDUSTRY PUBLIC UTILITIES COMMISSION CITY OF INDUSTRY

REGULAR MEETING AGENDA
JUNE 11, 2015 8:30 A.M.



President Tim Spohn
Commissioner Jeff Parriott
Commissioner John P. Ferrero
Commissioner Roy Haber, III
Commissioner Pat Marcellin



Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California

Addressing the Commission:

- ▶ **Agenda Items:** *Members of the public may address the Commission on any matter listed on the Agenda. Anyone wishing to speak to the Commission is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed form should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the Commission.*
- ▶ **Public Comments (Non-Agenda Items):** *Anyone wishing to address the Commission on an item not on the Agenda may do so during the "Public Comments" period. In order to conduct a timely meeting, there will be a three-minute time limit per person for the Public Comments portion of the Agenda. State law prohibits the Commission from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the Commission is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the Commission.*

Americans with Disabilities Act:

- ▶ *In compliance with the ADA, if you need special assistance to participate in any City meeting (including assisted listening devices), please contact the City Clerk's Office (626) 333-2211. Notification of at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

Agendas and other writings:

- ▶ *In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 9:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.*

-
1. Call to Order
 2. Flag Salute
 3. Roll Call
 4. Public Comments

5. **BOARD MATTERS**

5.1 Consideration of Register of Demands.

RECOMMENDED ACTION: Approve the Register of Demands and authorize the appropriate City Officials to pay the bills.

5.2 Consideration of the minutes of the April 9, 2015 regular meeting.

RECOMMENDED ACTION: Approve as submitted, with Commissioner Ferrero abstaining due to his absence from the meeting.

5.3 Consideration of a proposal submitted by Eadie and Payne, LLP to provide auditing services for the Industry Public Utilities Commission for the fiscal year 2015-2016.

RECOMMENDED ACTION: Approve the proposal.

5.4 Report from General Manager for the La Puente Valley County Water District.

6. Adjournment. Next regular meeting: Thursday, July 9, 2015 at 8:30 a.m.

INDUSTRY PUBLIC UTILITIES COMMISSION

ITEM NO. 5.1

Industry Public Utilities Commission
Authorization For Payment of Bills
Meeting of June 11, 2015

<u>FUND</u>	<u>DESCRIPTION</u>	<u>DISBURSEMENTS</u>
560	Industry Public Utilities	4,866.04
	TOTAL ALL FUNDS	4,866.04

<u>BANK</u>	<u>NAME</u>	<u>DISBURSEMENTS</u>
BOFA	Bank of America	4,866.04
	TOTAL ALL BANKS	4,866.04

**Industry Public Utilities Commission
Board Meeting
June 11, 2015**

Check	Date			Payee Name	Check Amount
IPUC.CHK - IPUC Water BofA Checking					
40231	06/11/2015			INDUSTRY PUBLIC UTILITIES	\$1,400.00
	Invoice	Date	Description	Amount	
	MAY-15	05/29/2015	REIMBURSE PAYROLL - MAY 2015	\$1,400.00	
40232	06/11/2015			ROWLAND WATER DISTRICT	\$3,466.04
	Invoice	Date	Description	Amount	
	I-04302015-A	05/04/2015	CONTRACT SVC - APRIL 2015	\$1,866.15	
	I-04302015-B	05/04/2015	CONTRACT SVC - APRIL 2015	\$1,599.89	

Checks	Status	Count	Transaction Amount
	Total	2	\$4,866.04

INDUSTRY PUBLIC UTILITIES COMMISSION

ITEM NO. 5.2

INDUSTRY PUBLIC UTILITIES COMMISSION
REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
APRIL 9, 2015
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CALL TO ORDER

The Regular Meeting of the Industry Public Utilities Commission of the City of Industry, California, was called to order by President Tim Spohn at 8:30 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

The flag salute was led by President Tim Spohn.

ROLL CALL

PRESENT: Tim Spohn, President
Roy Haber, Commissioner
Pat Marcellin, Commissioner
Jeff Parriott, Commissioner

ABSENT: John P. Ferrero, Commissioner

MOTION BY COMMISSIONER HABER, AND SECOND BY COMMISSIONER MARCELLIN TO GRANT COMMISSIONER FERRERO AN EXCUSED ABSENCE. MOTION CARRIED 4-0, WITH COMMISSIONER FERRERO ABSENT.

STAFF PRESENT: Kevin Radecki, Executive Director; Michele Vadon, General Counsel; John Ballas, Engineer; and Cecelia Dunlap, Assistant Secretary.

PUBLIC COMMENTS

There were no public comments.

CONSIDERATION OF REGISTER OF DEMANDS

MOTION BY COMMISSIONER PARRIOTT, AND SECOND BY COMMISSIONER HABER TO APPROVE THE REGISTER OF DEMANDS AND AUTHORIZE THE APPROPRIATE CITY OFFICIALS TO PAY THE BILLS. MOTION CARRIED 4-0, WITH COMMISSIONER FERRERO ABSENT.

CONSIDERATION OF THE MINUTES OF THE FEBRUARY 12, 2015 REGULAR MEETING

MOTION BY COMMISSIONER PARIOTT, AND SECOND BY COMMISSIONER HABER

INDUSTRY PUBLIC UTILITIES COMMISSION
REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
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TO APPROVE THE MINUTES AS SUBMITTED. MOTION CARRIED 4-0, WITH COMMISSIONER FERRERO ABSENT.

REPORT FROM GENERAL MANAGER FOR THE LA PUENTE VALLEY COUNTY WATER DISTRICT

General Manager Galindo presented a report to the Commission on the Recycled Water System.

A general discussion regarding the several different options for the construction of a Recycled Water System to serve portions of the City of Industry followed Mr. Galindo's presentation.

No action was taken on the matter.

PRESENTATION OF THE CITY'S ELECTRIC UTILITY OPERATIONS, CUSTOMER SAVINGS, OPERATING PROFIT, NEW CUSTOMER ADDITIONS, AND SOLAR IMPLEMENTATION FOR FISCAL YEAR 2014-2015

President Spohn stated that the Commission would take a recess until the conclusion of the City Council meeting.

The Commission recessed at 8:58 a.m.

President Spohn reconvened the meeting at 10:21 a.m. All members of the Commission were present except Commissioner Ferrero who was absent.

Mr. Richard Mrlik, President of Intertie, provided a presentation to the Commission regarding future renewable energy projects, a copy of which is on file with the Assistant Secretary.

ADJOURNMENT

There being no further business, the Industry Public Utilities Commission adjourned.

TIM SPOHN, PRESIDENT

INDUSTRY PUBLIC UTILITIES COMMISSION
REGULAR MEETING MINUTES
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CECELIA DUNLAP,
ASSISTANT SECRETARY

INDUSTRY PUBLIC UTILITIES COMMISSION

ITEM NO. 5.3

MEMORANDUM

To: Board of Directors
 Industry Public Utilities Commission

Through: Audit Committee

From: Dean Yamagata – Contracted Finance Manager

Date: May 29, 2015

Subject: Auditing Firm Selection and Recommendation

In accordance with the financial policies the City of Industry, the finance department has solicited bid proposals from four (4) accounting firms to perform the year end audit of the financial statements of the Industry Public Utilities Commission as of June 30, 2015.

Three (3) accounting firms submitted bids and one (1) accounting firm chose not to submit a bid. The following table summarizes each fee proposal and a comparison to the prior year's billings.

							Eadie & Payne, LLP			
							Actual Hours and Actual Fee			
Eadie & Payne, LLP		Lance, Soll & Lunghard, LLP			The Pun Group		6/30/2014		6/30/2013	
Hours	Fee	Hours	Fee		Hours	Fee	Hours	Fee	Hours	Fee
	1,880						72.30	8,498	72.89	8,910

Eadie & Payne, LLP have been the auditors of the City of Industry for the prior seven years and are knowledgeable of the City activities and processes. We believe that it will be more efficient and will take less time of City personnel to retain the firm that has prior knowledge of the City. The Audit Committee has met on May 29, 2015 and has reviewed the engagement letter and has approved the selection of Eadie & Payne, LLP to provide auditing services to the Industry Public Utilities Commission.

Recommended Action

Approve the retention of Eadie & Payne, LLP as the auditors for the Industry Public Utilities Commission.



expect quality.

**CERTIFIED
PUBLIC
ACCOUNTANTS
& BUSINESS
ADVISORS**

April 13, 2015

Board of Directors
Industry Public Utilities Commission
15625 East Stafford Street
City of Industry, CA 91744

Dear Members of the Board:

We are pleased to confirm our understanding of the services we are to provide to the Industry Public Utilities Commission (IPUC) for the year ended June 30, 2015. We will audit the financial statements of the proprietary funds of the IPUC, which will be included in the basic financial statements of the City of Industry as of and for the year ended on June 30, 2015.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the information referred to in the first paragraph when considered in relation to the financial statements of the City of Industry, taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of accounting records of IPUC, and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Redlands Office
Ontario Office

1839 W. Redlands Blvd., Redlands, CA 92373
4200 Cancours, Suite 360, Ontario, CA 91764

T. (909) 793-2406
T. (909) 466-5252

F. (909) 792-3516
F. (909) 466-5250

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of IPUC's compliance with provisions of applicable laws, regulations, contracts, agreements and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Management Responsibilities

Management is responsible for the financial statements as well as all representation contained therein. You agree to assume all management responsibilities for any non-audit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, grantors, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, or attestation engagements performance audits or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and the timing and format for providing that information.

Audit Administration, Fees, and Other

Eadie and Payne, LLP meets the independence requirements contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and Rules 101 and 102 of the American Institute of CPAs Code of Professional Conduct with respect to the audit of IPUC for the year ended June 30, 2015.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers. Work provided by third-party service providers that we use in serving your account will be covered by the firm's professional liability insurance.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to IPUC; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, we understand that copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Eadie and Payne LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Eadie and Payne LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period required by law or regulation. If we are aware that an awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party (ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Based on our discussions, we expect to begin interim fieldwork and building up permanent file at a mutually convenient date in July or August 2015; we expect to carry out the final fieldwork at mutually convenient dates in October and November 2015, and issue our reports no later than end of November 2015.

Our fees for these services will be at the hourly rates in our contract plus out-of-pocket costs (such as postage, travel, telephone, etc.) will not exceed \$1,880. Our hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. A late charge of one percent per month will be assessed on all balances remaining unpaid after thirty days. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. If other services are determined to be necessary by City personnel, we will perform these services to the extent and cost agreed to mutually. Payments for services are due when rendered, and interim billings may be submitted as work progresses and expenses are incurred.

Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 45 days of the invoice date, at our election, we will stop all work until your account is brought current, or we will withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

If a dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter or comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2013 peer review accompanies this letter.

We appreciate the opportunity to be of service to the Industry Public Utilities Commission and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign one copy and return it to us.

Very truly yours,

EADIE AND PAYNE, LLP


Eden C. Casareno

Accepted by the Industry Public Utilities Commission

Signature: _____

Title: _____

Date: _____

System Review Report

To the Partners of Eadie & Payne, LLP
& the California Society of CPAs Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP (the firm) in effect for the year ended April 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP, in effect for the year ended April 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Eadie & Payne, LLP has received a rating of *pass*.

Postlethwaite & Netterville

Donaldsonville, Louisiana
August 7, 2013