



CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

Chairman Mark D. Radecki
Vice Chair Cory C. Moss
Board Member Abraham N. Cruz
Board Member Roy Haber, III
Board Member Newell W. Ruggles

REGULAR MEETING AGENDA
APRIL 14, 2016 AT 9:00 A.M.*

(Immediately following the conclusion of the City Council Meeting)

Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California 91744

Addressing the Authority:

- ▶ **Agenda Items:** *Members of the public may address the Authority on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the Authority is asked to complete a Speaker's Card which can be found at the back of the room and at each 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 Authority.*
- ▶ **Public Comments (Non-Agenda Items):** *Anyone wishing to address the Authority 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 Authority from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the Authority is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called by the City Clerk and prior to the individual being heard by the Authority.*

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.*

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

5. **BOARD MATTERS**

5.1 Consideration of the minutes of the January 14, 2016 regular meeting

RECOMMENDED ACTION: Approve as submitted.

5.2 Presentation and discussion regarding the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters for the Year Ended June 30, 2015; and the Auditor's Communications with the Board of Directors for the Year Ended June 30, 2015

RECOMMENDED ACTION: Receive and file.

6. Adjournment.

INDUSTRY PUBLIC FACILITIES AUTHORITY

ITEM NO. 5.1

INDUSTRY PUBLIC FACILITIES AUTHORITY
REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JANUARY 14, 2016
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CALL TO ORDER

The Regular Meeting of the Industry Public Facilities Authority of the City of Industry, California, was called to order by President Mark D. Radecki at 11:08 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

ROLL CALL

PRESENT: Mark Radecki, Chairman
Cory C. Moss, Vice Chair
Abraham N. Cruz, Board Member
Newell Ruggles, Board Member

ABSENT: Roy Haber, Board Member

STAFF PRESENT: Paul J. Philips, Executive Director; James M. Casso, City Attorney; and Cecelia Dunlap, Deputy City Clerk.

PUBLIC COMMENTS

There were no public comments.

CONSIDERATION OF THE MINUTES OF THE OCTOBER 8, 2015 REGULAR MEETING

CONSIDERATION OF THE STATEMENT OF INVESTMENT POLICY

MOTION BY VICE CHAIR MOSS, AND SECOND BY BOARD MEMBER CRUZ TO APPROVE THE MINUTES AS SUBMITTED, AND APPROVE THE STATEMENT OF INVESTMENT POLICY AS SUBMITTED. MOTION CARRIED 4-0, BY THE FOLLOWING VOTE:

AYES:	BOARD MEMBERS:	CRUZ, RUGGLES, MOSS, RADECKI
NOES:	BOARD MEMBERS:	NONE
ABSENT:	BOARD MEMBERS:	HABER
ABSTAIN:	BOARD MEMBERS:	NONE

ADJOURNMENT

INDUSTRY PUBLIC FACILITIES AUTHORITY
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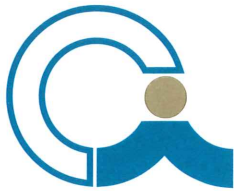
There being no further business, the Industry Public Facilities Authority adjourned at 11:09 a.m.

MARK D. RADECKI
CHAIRMAN

CECELIA DUNLAP
ASSISTANT SECRETARY

INDUSTRY PUBLIC FACILITIES AUTHORITY

ITEM NO. 5.2



INDUSTRY PUBLIC FACILITIES AUTHORITY

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Mark D. Radecki, Chairman
Cory C. Moss, Vice Chairman
Abraham N. Cruz, Board Member
Roy M. Haber, III, Board Member
Newell W. Ruggles, Board Member


Paul J. Philips, Executive Director
James M. Casso, General Counsel
Phyllis Tucker, Treasurer
Cecelia Dunlap, Assistant Secretary

STAFF REPORT

Date: April 6, 2016

To: Chairman and Members of the Board of Directors
Industry Public Facilities Authority

Prepared by: Dean Yamagata – Frazer, LLP

Via: Susan Paragas, Controller 

Subject: Industry Public Facilities Authority Year Ended June 30, 2015
Annual Communication Reports

RECOMMENDATION

Receive and file

Background:

The Authority's independent auditors, The Pun Group, LLP, have completed their annual audit of the Authority's financial statements for the year ended June 30, 2015. As part of their audit they have reviewed the Authority's internal accounting controls and have issued the following reports:

- 1) Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters For The Year Ended June 30, 2015 – Exhibit A
- 2) Auditor's Communications with the Board of Directors For The Year Ended June 30, 2015 – Exhibit B

Discussion & Analysis:

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

No material weaknesses in internal controls were noted.

The Auditor's Communications with the Board of Directors

Statement of Auditing Standards (SAS) No. 114 requires more and documented communications between the auditors and the Board of Directors. This letter provides an opportunity for the auditors to report on any difficulties or major concerns discovered during the audit and to further define their role. They provide commentary on management's responsibilities for accounting policies and estimates that no significant difficulties were encountered in performing the audit, and no disagreements occurred with management.

They point out that management has corrected all known misstatements and none of the misstatements were material either individually or in the aggregate.

Fiscal Impact

There is no fiscal impact as result of this action.

Exhibit A

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters For The Year Ended June 30, 2015**



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

To the Board of Directors
of the City of Industry Public Facilities Authority
City of Industry, California

We have audited, in accordance with the 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, the financial statements of the governmental activities and the Debt Service Fund of the City of Industry Public Facilities Authority (the "PFA"), a component unit of the City of Industry, California (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the PFA's basic financial statements, and have issued our report thereon dated February 19, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PFA's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PFA's internal control. Accordingly, we do not express an opinion on the effectiveness of the PFA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PFA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
of the City of Industry Public Facilities Authority
City of Industry, California
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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The PwC Group, LLP

Santa Ana, California
February 19, 2016

Exhibit B

Auditor's Communications with the Board of Directors For The Year Ended June 30, 2015



February 19, 2016

To the Board of Directors
of the City of Industry Public Facilities Authority
City of Industry, California

We have audited the financial statements of the governmental activities and the Debt Service Fund of the City of Industry Public Facilities Authority (the "PFA"), a component unit of the City of Industry, California (the "City"), for the year ended June 30, 2015, and have issued our report thereon dated February 19, 2016. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated September 24, 2015, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the PFA. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we also performed tests of the PFA's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Our responsibility is to plan and perform the audits to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

We have been engaged to report on the Schedule of Long-Term Debt, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of this supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included 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. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriations 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.

We performed the audit according to the planned scope and timing previously communicated to you.

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Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the PFA are described in Note 1 to the financial statements.

New Accounting Standards

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*). This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies 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. This statement became effective for periods beginning after June 15, 2014 and did not have a significant impact on the PFA's financial statements for year ended June 30, 2015.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the PFA's financial statements for year ended June 30, 2015.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement became effective for periods beginning after June 15, 2014 and did not have a significant impact on the PFA's financial statements for year ended June 30, 2015.

No other new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the PFA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the PFA's financial statements were:

- Management's estimate of the investment fair market value is based on market price of US Treasury Obligation provided by bond trustee, and based on par value of the investment in IUDA Subordinate Lien Tax Bonds. We evaluated the key factors and assumptions used to develop the investment fair market value in determining that it is reasonable in relation to the financial statements taken as a whole.

To the Board of Directors
of the City of Industry Public Facilities Authority
City of Industry, California
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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 2 – Summary of Significant Accounting Policies
- Note 3 – Cash and Investments
- Note 5 – Bonds Payable
- Note 7 – Related Parties Transactions
- Note 8 – Subsequent Event

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 19, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Board of Directors
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City of Industry, California
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Other Matters

We were engaged to report on the Schedule of Long-Term Debt, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the PFA and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

The PFA Group, LLP

Santa Ana, California