



# 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

SPECIAL MEETING AGENDA  
FEBRUARY 23, 2017 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

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### **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):** *During oral communications, if you wish to address the Agency Board during this Special Meeting, under Government Code Section 54954.3(a), you may only address the Agency Board concerning any item that has been described in the notice for the Special Meeting.*

### **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 April 14, 2016 regular meeting and June 9, 2016 regular meeting

*RECOMMENDED ACTION: Approve as submitted.*

- 5.2 Consideration of the Statement of Investment Policy.

*RECOMMENDED ACTION: Approve as submitted.*

- 5.3 Consideration of Resolution No. PFA 2017-01 – A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE INDUSTRY PUBLIC FACILITIES AUTHORITY AND THE INDUSTRY PUBLIC UTILITIES COMMISSION ADOPTING A DEBT MANAGEMENT POLICY.

*RECOMMENDED ACTION: Adopt Resolution No. PFA 2017-01.*

- 5.4 Consideration of the Industry Public Facilities Authority's Annual Financial Report for year end June 30, 2016.

*RECOMMENDED ACTION: Approve the Financial Report.*

6. Adjournment.

*INDUSTRY PUBLIC FACILITIES AUTHORITY*

ITEM NO. 5.1

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INDUSTRY PUBLIC FACILITIES AUTHORITY  
REGULAR MEETING MINUTES  
CITY OF INDUSTRY, CALIFORNIA  
APRIL 14, 2016  
PAGE 1

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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 Chairman Mark D. Radecki at 11:18 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, Legal Counsel; and Cecelia Dunlap, Assistant Secretary.

**PUBLIC COMMENTS**

There were no public comments.

**CONSIDERATION OF THE MINUTES OF THE JANUARY 14, 2016 REGULAR MEETING**

MOTION BY VICE CHAIR MOSS, AND SECOND BY BOARD MEMBER CRUZ TO APPROVE THE MINUTES 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

**PRESENTATION AND DISCUSSION REGARDING THE INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS FOR THE FISCAL YEAR ENDED JUNE 30, 2015; AND THE AUDITOR'S COMMUNICATIONS WITH THE BOARD OF DIRECTORS FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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INDUSTRY PUBLIC FACILITIES AUTHORITY  
REGULAR MEETING MINUTES  
CITY OF INDUSTRY, CALIFORNIA  
APRIL 14, 2016  
PAGE 2

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MOTION BY VICE CHAIR MOSS, AND SECOND BY BOARD MEMBER RUGGLES TO RECEIVE AND FILE. 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**

There being no further business, the Industry Public Facilities Authority adjourned at 11:20 a.m.

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MARK D. RADECKI  
CHAIRMAN

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DIANE M. SCHLICHTING  
ASSISTANT SECRETARY

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INDUSTRY PUBLIC FACILITIES AUTHORITY  
REGULAR MEETING MINUTES  
CITY OF INDUSTRY, CALIFORNIA  
JUNE 9, 2016  
PAGE 1

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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 Chairman Mark D. Radecki at 10:09 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, Legal Counsel; Susan Paragas, City Controller; and Cecelia Dunlap, Assistant Secretary.

**PUBLIC COMMENTS**

There were no public comments.

**CONSIDERATION OF THE MINUTES OF THE FEBRUARY 11, 2016 REGULAR MEETING, AND FEBRUARY 23, 2016 SPECIAL MEETING**

MOTION BY VICE CHAIR MOSS, AND SECOND BY BOARD MEMBER CRUZ TO APPROVE THE MINUTES 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

**CONSIDERATION OF A FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH THE PUN GROUP, LLP, TO PROVIDE ANNUAL FINANCIAL STATEMENT AUDITS FOR THE YEARS ENDING JUNE 30, 2016 AND JUNE 30, 2017 WITH AN OPTION FOR TWO (2) ONE-YEAR EXTENSIONS FOR THE YEARS ENDING JUNE 30, 2018 AND JUNE 30, 2019**

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INDUSTRY PUBLIC FACILITIES AUTHORITY  
REGULAR MEETING MINUTES  
CITY OF INDUSTRY, CALIFORNIA  
JUNE 9, 2016  
PAGE 2

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Executive Director Philips provided a staff report to the Authority.

MOTION BY BOARD MEMBER CRUZ, AND SECOND BY VICE CHAIR MOSS TO APPROVE THE FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT. 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

**CONSIDERATION OF RESOLUTION NO. PFA 2016-02 – A RESOLUTION OF THE INDUSTRY PUBLIC FACILITIES AUTHORITY (“IPFA”) OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING AND ADOPTING THE FY 2016-17 PROPOSED IPFA BUDGET**

MOTION BY VICE CHAIR MOSS, AND SECOND BY BOARD MEMBER RUGGLES TO ADOPTED RESOLUTION NO. PFA 2016-02. 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**

There being no further business, the Industry Public Facilities Authority adjourned at 10:12 a.m.

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MARK D. RADECKI  
CHAIRMAN

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DIANE M. SCHLICHTING  
ASSISTANT SECRETARY

*INDUSTRY PUBLIC FACILITIES AUTHORITY*

ITEM NO. 5.2





# INDUSTRY PUBLIC FACILITIES AUTHORITY

P.O. BOX 3366 • CITY OF INDUSTRY • CALIFORNIA 91744  
(626) 333-2211 • Fax (626) 961-6795 • www.cityofindustry.org

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

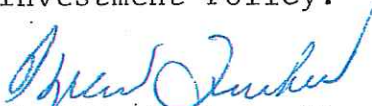
Paul J. Philips, Executive Director  
James M. Casso, General Counsel  
Phyllis Tucker, Treasurer  
Diane M. Schlichting, Assistant Secretary

January 1, 2017

TO: Paul J. Philips, Executive Director  
FROM: Phyllis Tucker, Treasurer  
SUBJECT: Statement of Investment Policy

Attached is a copy of the Statement of Investment Policy for the Industry Public Facilities Authority dated January 1, 2017, for all future investments, pursuant to Section 53601 and Section 53635 of the California Government Code.

My recommendation is that the Authority approve the Investment Policy.

  
Phyllis Tucker, Treasurer  
Industry Public Facilities Authority

c: City Council

Encl.-1



# INDUSTRY PUBLIC FACILITIES AUTHORITY

P.O. BOX 3366 • CITY OF INDUSTRY • CALIFORNIA 91744  
(626) 333-2211 • Fax (626) 961-6795 • www.cityofindustry.org

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

January 1, 2017

## STATEMENT OF INVESTMENT POLICY

Effective this date, the following is the Investment Policy of the Treasurer of the City of Industry Public Facilities Authority for all future investments.

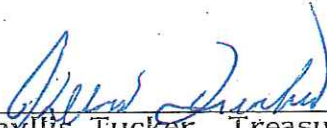
Monies in the treasury not required for the immediate necessities of the City of Industry Public Facilities Authority may be invested in the following investments as authorized and more fully described in Section 53601 and Section 53635 of the California Government Code:

- a. Securities of the U.S. Government, or its agencies
- b. Inactive public deposits; non-negotiable and/or non-transferable certificates of deposits
- c. Bankers acceptances
- d. Commercial paper
- e. Local Agency Investment Fund (State pool) deposits (Govt. Code Section 16429.1)
- f. Passbook savings account demand deposits
- g. Repurchase agreements
- h. Los Angeles County Investment Pool (Calif. Gov. Code Section 53684)

January 1, 2017

STATEMENT OF INVESTMENT POLICY - cont'd

- i. It is the Authority's policy not to utilize reverse repurchase agreements or shares of beneficial interest issued by diversified management companies (mutual funds), unless that fund is composed entirely of securities of the U.S. Government, or its agencies, and the use of such funds shall be restricted to sweep accounts. (Reverse repurchase agreements shall be permitted if they are assets of the Local Agency Investment Fund).

  
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Phyllis Tucker, Treasurer  
Public Facilities Authority

c: City Council

*INDUSTRY PUBLIC FACILITIES AUTHORITY*

ITEM NO. 5.3

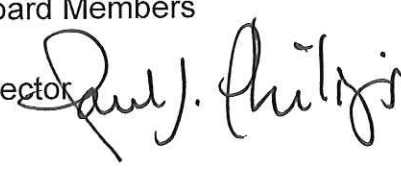



# CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

## MEMORANDUM

**TO:** Honorable Mayor and Council Members/Board Members

**FROM:** Paul J. Philips, City Manager/Executive Director 

**STAFF:** Susan Paragas, Director of Finance 

**DATE:** February 23, 2017

**SUBJECT:** Consideration of a Joint Resolution of the City Council of the City of Industry, the Successor Agency to the Industry Urban-Development Agency, the Public Facilities Authority, and the Industry Public Utilities Commission, Adopting a Debt Management Policy

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### BACKGROUND

Government Code Section 8855(i) requires any issuer of public debt to provide to the California Debt and Investment Advisory Commission ("CDIAC"), no later than 30 days prior to the sale of any debt issue, a report of the proposed issuance. Effective January 1, 2017, issuers must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt, and that the proposed debt issuance is consistent with those policies. The issuer's local debt management policies must include (A) through (E), below.

- A) The purposes for which the debt proceeds may be used.
- B) The types of debt that may be issued.
- C) The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
- D) Policy goals related to the issuer's planning goals and objectives.
- E) The internal control procedures that the issuer has implements, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

In essence, a debt management policy guides the debt issuance practices of state or local governments, including the issuance process, management of a debt portfolio, and adherence to various laws and regulations. A debt management policy helps improve the quality of decisions, articulate policy goals, provide guidelines for the structure of debt issuance, and demonstrate a commitment to long-term capital and financial planning.

Additionally, adherence to a debt management policy indicates to rating agencies and the capital markets, that a government is well managed, and therefore is likely to meet its debt obligations in a timely manner.

## **DISCUSSION**

The proposed Debt Management Policy ("Policy") sets forth debt management objectives for the City of Industry, the Successor Agency to the Industry Urban-Development Agency, the Industry Public Facilities Authority, the Industry Public Utilities Commission, and any other entity for which the City Council acts as legislative body, and the term "City" shall refer to each such entities.

The Policy, referred to as Exhibit A, establishes general parameters for issuing and administering debt. The purpose of the Policy is to assist the City in pursuit of the following important objectives:

- Minimize debt service and issuance costs
- Maintain access to cost effective borrowing
- Achieve the highest practical credit rating
- Ensure full and timely repayment of debt
- Maintain full and complete financial disclosure and reporting and
- Ensure compliance with applicable state and federal laws

The Policy has been written to include all elements required by CDIAC as well as best management practices expected by the pertinent credit markets and municipal bond industry. This Policy will assist the City in pursuing and maintaining quality credit ratings in addition to providing guidance to decision makers.

## **FISCAL IMPACT**

There is no fiscal impact with the approval of Resolution No. PFA 2017-01.

## **RECOMMENDED ACTION**

Staff recommends the City Council approve Resolution No. PFA 2017-01 adopting the Debt Management Policy.

### **ATTACHMENT:**

1. Resolution No. PFA 2017-01: Public Facilities Authority Adoption of Debt Management Policy
2. Exhibit A: City of Industry Debt Management Policy

*INDUSTRY PUBLIC FACILITIES AUTHORITY*

ITEM NO. 5.4



# INDUSTRY PUBLIC FACILITIES AUTHORITY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211

## MEMORANDUM

**TO:** Honorable Chairman Radecki and Board Members

**FROM:** Paul J. Philips, Executive Director 

**STAFF:** Susan Paragas, Director of Finance   
Dean Yamagata, City Contracted Accounting Services

**DATE:** February 23, 2017

**SUBJECT:** Industry Public Facilities Authority Year Ended June 30, 2016 Annual Financial Reports (Draft)

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### **BACKGROUND:**

Governmental entities issuing bonds generally have an obligation to meet specific continuing disclosure standards set forth in continuing disclosure agreements. When bonds are issued, the issuer, such as the Industry Public Facilities Authority ("Authority"), commits to provide certain annual financial information and material event notices to the public. These reports are filed electronically at the Electronic Municipal Market Access (EMMA) portal.

Continuing bond disclosures ("CBD") is submitted based on the agreements established when bonds are issued and are to be filed annually. CBD consists of important information about bonds that arises after the initial issuance of the bonds. The information generally reflects the financial health or operating condition of the entity over time. CBD includes financial information and operating data as well as the audited financial statements of the entity.

### **DISCUSSION:**

The Authority's independent auditors, The Pun Group, LLP, have completed their annual audit of the financial statements which include the financial activities for the year ended June 30, 2016. The financial statements received an unqualified (or clean) opinion.

The financial reports for the year ended June 30, 2016 are briefly described below:

#### **Annual Financial Report**

The annual financial statement is a comprehensive document reflecting the financial position of the Authority.



## **Continuing Annual Disclosure Report**

This Continuing Annual Disclosure Report ("Report") is filed pursuant to the Continuing Disclosure Certificates adopted by the Authority in connection with certain bonds issued by the Authority in accordance with Securities and Exchange Commission Rule 15c2-12.

The Report is filed in connection with the following bonds:

1. \$8,460,000 City of Industry Public Facilities Authority 2010 Refunding Lease Revenue Bonds
2. \$33,815,000 City of Industry Public Facilities Authority 2015 Taxable Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2)
3. \$239,525,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1)
4. \$7,140,000 City of Industry Public Facilities Authority 2015 Tax-Exempt Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2)
5. \$7,230,000 City of Industry Public Facilities Authority 2015 Tax-Exempt Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3)
6. \$249,770,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2)
7. \$37,425,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3)

### **FISCAL IMPACT:**

There is no fiscal impact as result of this action.

### **RECOMMENDED ACTION:**

Approve, receive and file the annual financial reports:

- 1) Annual Audited Financial Statements For The Year Ended June 30, 2016
- 2) Continuing Annual Disclosure Report

### **ATTACHMENTS:**

- A. Authority Audited Financial Statement, Year Ended June 30, 2016
- B. Continuing Bond Disclosure Report

**City of Industry  
Public Facilities Authority  
(A Component Unit of the City of Industry)**

City of Industry, California

**Financial Statements and  
Independent Auditors' Report**

*For the Year Ended June 30, 2016*

DRAFT 2-13-2017

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**For the Year Ended June 30, 2016**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on Financial Statements

We have audited the accompanying 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, 2016, and the related notes to the financial statements, which collectively comprise the PFA'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 and the Debt Service Fund of the PFA as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
of the City of Industry Public Facilities Authority  
City of Industry, California  
Page 2

***Other Matters***

***Required Supplementary Information***

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PFA's basic financial statements. The Schedules of Long-Term Debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated **NEED DATE**, on our consideration of the PFA'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 PFA's internal control over financial reporting and compliance.

Santa Ana, California  
**NEED DATE**

DRAFT 2-13-2017

**BASIC FINANCIAL STATEMENTS**



DRAFT 2-13-2017

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**DRAFT 2-13-2017**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

DRAFT 2-13-2017

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**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Statement of Net Position**  
**June 30, 2016**

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Investment in IUDA bonds, current	\$ 47,815,000
Accrued interest	24,118,387
Prepaid items, current	808,619
Site lease prepayment, current	373,144
Total current assets	73,115,150
Noncurrent assets:	
Prepaid items, noncurrent	6,518,133
Site lease prepayment, noncurrent	4,850,868
Investments with fiscal agent, restricted	106,462,224
Investment in IUDA bonds, noncurrent	527,090,000
Investment in City bonds, noncurrent	51,460,000
Total noncurrent assets	696,381,225
Total assets	769,496,375
<b>LIABILITIES</b>	
Accrued interest payable	24,189,982
Bond payment deposits	101,577,957
Long-term liabilities:	
Due within one year	48,708,858
Due in more than one year	582,426,351
Total liabilities	756,903,148
<b>NET POSITION</b>	
Restricted for debt service	4,884,267
Unrestricted	7,708,960
Total net position	\$ 12,593,227

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Statement of Activities**  
For the Year Ended June 30, 2016

	Expenses	Net (Expense) Revenue and Changes in Net Position
		Net Governmental Activities
<b>Governmental Activities:</b>		
General administration	\$ 886,013	\$ (886,013)
Interest expense	32,705,635	(32,705,635)
Total governmental activities	\$ 33,591,648	(33,591,648)
 General revenues and transfers:		
Investment Income		24,874,549
Lease income		937,588
Transfer in from City and SA to IUDA		21,947,449
Total general revenues and transfers		47,759,586
 Change in net position		14,167,938
 <b>Net Position:</b>		
Beginning of year		(1,574,711)
End of year		\$ 12,593,227

DRAFT 2-13-2017

**FUND FINANCIAL STATEMENTS**

**DRAFT 2-13-2017**

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**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

DRAFT 2-13-2017



**DRAFT 2-13-2017**

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**City of Industry  
Public Facilities Authority  
(A Component Unit of the City of Industry)  
Balance Sheet  
Governmental Fund  
June 30, 2016**

		Debt Service
<b>ASSETS</b>		
Investments with fiscal agent, restricted	\$	106,462,224
Investments in SA to IUDA and City bonds		626,365,000
Accrued interest receivable		24,118,387
Prepaid items		7,326,752
Site lease prepayment		5,224,012
Total assets	\$	<u>769,496,375</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Advance from the City	\$	2,150,000
Bond payment deposits from SA to IUDA		101,577,957
Total liabilities		<u>103,727,957</u>
<b>FUND BALANCES:</b>		
Restricted for debt service		4,884,267
Committed for debt service		660,884,151
Total fund balances		<u>665,768,418</u>
Total liabilities and fund balance	\$	<u>769,496,375</u>

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**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2016**

Total fund balance for the governmental fund	<u>\$ 665,768,418</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Accrued interest payable on outstanding bonds payable do not require the use of current financial resources, and accordingly, are not reported as expenditures in the governmental funds.	<u>(22,039,982)</u>
Long-term liabilities applicable to the Authority'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 includes the following liabilities:	
City loan, due in more than one year	(51,460,000)
Tax allocation revenue bonds, due within one year	(47,815,000)
Tax allocation revenue bonds, due in more than one year	(527,090,000)
Refunding lease revenue bonds, due within one year	(780,000)
Refunding lease revenue bonds, due in more than one year	(3,450,000)
Issuance discount (premium) - current portion	(113,858)
Issuance discount (premium) - long-term	(426,351)
	<u>(631,135,209)</u>
Total net position of governmental activities	<u><u>\$ 12,593,227</u></u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2016**

	Debt Service
<b>REVENUES:</b>	
Interest income	\$ 24,512,299
Lease income	937,588
Other income - call premium on redemption of IUDA bonds	362,250
Total revenues	25,812,137
<b>EXPENDITURES:</b>	
Current:	
General administration	388,235
Debt Service:	
Interest payments	2,337,588
Principal payments	750,000
Bond issuance costs	8,290,704
Total expenditures	11,766,527
<b>REVENUES OVER EXPENDITURES</b>	14,045,610
<b>OTHER FINANCING SOURCES (USES):</b>	
Transfers in from City of Industry	11,091
Transfers in from SA to IUDA	21,936,358
Issuance of City Loan	51,460,000
Redemption of 2007 Tax Allocation Revenue Bonds	(84,107,297)
Issuance of 2015 bonds	575,623,360
Total transfers and other financing sources (uses)	564,923,512
Net change in fund balance	578,969,122
<b>FUND BALANCE:</b>	
Beginning of year	86,799,296
End of year	\$ 665,768,418

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2016**

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Net change in fund balance - governmental fund	\$ 578,969,122
Amounts reported for governmental activities in the statement of activities are different because:	
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.	
Proceeds from bonds issued and premiums on bonds	(575,623,360)
Proceeds from the City Loan	(51,460,000)
Principal payments	750,000
Redemption of 2007 Tax Allocation Revenue Bonds	84,107,297
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:	
Change in accrued interest payable, including interest expense on redeemed debt	(22,264,794)
Net change of bond premium/discount	187,451
Loss on redemption of bonds	(497,778)
Change in net position of governmental activities	\$ 14,167,938

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**City of Industry  
Public Facilities Authority  
(A Component Unit of the City of Industry)  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies**

**A. Description of the Reporting Entity**

The City of Industry Public Facilities Authority (the “PFA”) was created in 1990 by a joint exercise of power agreement and amended in 2005 between the City of Industry (the “City”) and the Industrial Urban Development Authority of the City of Industry (the “IUDA”). The agreement was made pursuant to the provisions of Article 1 through 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, Sections 6500, et seq.

PFA exists and acts as a separate entity. The governing board of PFA consists of a commission of five members; all members of the City Council.

PFA was established for the purpose of establishing a vehicle to reduce local borrowing costs, and accelerate construction, repair and maintenance of needed public capital improvements. PFA was also established to borrow money for the purpose of financing the acquisition and construction of public capital improvements. PFA has the power to issue bonds, notes or other evidences of indebtedness, and to expend their proceeds.

The PFA is a component unit and an integral part of the City and accordingly has also been included in the basic financial statements of the City issued as of June 30 of each year. Financial statements for PFA and the City may be obtained from the Finance Department located at 15625 East Stafford Street, City of Industry, California.

**B. Financial Statement Presentation, Basis of Accounting and Measurement Focus**

The component unit financial statements of PFA have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applicable to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for PFA.

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 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 liabilities in the government-wide financial statements, rather than as financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.



**City of Industry  
Public Facilities Authority  
(A Component Unit of City of Industry)  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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

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

Fund Financial Statements

The accounts of PFA are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements are presented after the government-wide financial statements.

Governmental Funds

In the fund financial statements, 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. Measurable means that 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. Exceptions to this general rule include principal and interest on long-term debt which are recognized when due.

In the fund financial statements, 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 a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Debt Service Fund

PFA's major fund type is the Debt Service Fund, which is used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs.

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2016**

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

**C. Cash and Investments**

Investments in inactive public deposits, securities and short-term obligations are stated at cost or amortized cost, which approximates market. The carrying amounts of investments approximate their fair values based on current rates of interest for instruments with similar characteristics. Investments in municipal bonds are stated at amortized cost. Cash deposits are reported at their carrying amount, which reasonably estimates fair value. Short-term investments are reported at cost, which approximates fair value. Investments that exceed more than one year in maturity and are traded on a national exchange are valued at fair value.

Investments in fiscal agent are restricted for the use of debt service.

**D. 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.

**E. Bond Issuance Costs and Premiums/Discounts**

Bond premiums and discounts in the government-wide 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 an outflow of resources in the period incurred on the statement of changes in net position. In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, at the time the bonds are issued. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**F. Net Position**

Net Position, the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources, is classified as restricted and unrestricted. Restricted net position represents constraints on resources that are restricted by external creditors, grantors, contributors, laws or regulations of other governments. Unrestricted net position is amounts which do not meet the definition of restricted net position.

**City of Industry  
Public Facilities Authority  
(A Component Unit of the City of Industry)  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016**

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

**G. 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 PFA imposes upon itself at its highest level of decision making authority (the Board of Directors) through board resolution and that remain binding unless removed in the same manner.

Assigned – assigned fund balances are amounts that are constrained by PFA'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 Board of Directors is authorized for this purpose. PFA has no assigned fund balances at June 30, 2016.

Unassigned – this category represents fund balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes. PFA has no unassigned fund balances at June 30, 2016.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources as 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.

**H. Estimates**

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

**I. 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 PFA's investment portfolio, except for the additional disclosure regarding to the measurement input as discussed in Note 2 of the PFA's financial statements for the year ended June 30, 2016.

**City of Industry  
Public Facilities Authority  
(A Component Unit of the City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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

**I. New Accounting Standard (Continued)**

*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 PFA'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 PFA'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. This statement did not have a significant impact on the PFA's financial statements for the year ended June 30, 2016.

**Note 2 – Investments**

Investments as of June 30, 2016 consisted of the following:

Investments with fiscal agent	\$ 106,462,224
Investments in SA to IUDA bonds	574,905,000
Investments in City bonds	51,460,000
<b>Total cash and investments</b>	<b>\$ 732,827,224</b>

Investments with fiscal agents are restricted for future bond principal and interest payments. As of June 30, 2016 PFA's carrying value of these funds amounted to \$106,462,224.

**City of Industry  
Public Facilities Authority  
(A Component Unit of the City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

**Note 2 – Investments (Continued)****A. Investments Authorized by the Authority's Investment Policy**

Under provision of PFA's Investment policy, and in accordance with Section 53601 and Section 53635 of the California Government Code, PFA may invest in the following types of investments:

Securities of the U.S. Government, or its agencies  
Bankers Acceptance  
Commercial paper rated A-1 by Standard & Poor's Corporation or Moody's Investor Service  
Local Agency Investment Fund (State Pool) deposits  
Repurchase agreements  
Inactive public deposits; non-negotiable and/or non-transferable certificates of deposits  
Savings accounts  
Los Angeles County Investment Pool

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

**B. Investments Authorized by Debt Agreements**

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or PFA's investment policy. The table below identifies the investment types that are authorized for investments held by 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

**City of Industry  
Public Facilities Authority  
(A Component Unit of the City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

**Note 2 – Investments (Continued)****C. Investment in Successor Agency to Industry Urban-Development Agency and City of Industry Bonds**

The PFA intends to hold the investments in SA to IUDA bonds and City bonds through maturity. Accordingly, these investments are reported at amortized cost instead of fair value.

**D. Risk Disclosures**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. The PFA manages its exposure to interest rate risk by purchasing short-term investments and/or 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. PFA's long-term investments in the Successor Agency to Industry Urban-Development Agency ("SA to IUDA") and the City bonds have set interest rates between 1.764% and 7.750% over the life of the bonds.

Investment Type	Amounts	Weighted Average Maturity (in month)
Investments - unrestricted:		
SA to IUDA bonds	\$ 574,905,000	55.5
City bonds	51,460,000	26.8
Investment held by fiscal agent:		
Money market funds	106,462,224	N/A
	<u>\$ 732,827,224</u>	

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.

Investment Type	Total as of June 30, 2016	Minimum Legal Rating	Aaa/P-1	AA/Aa - A/A	Not Rated
Investments - unrestricted:					
SA to IUDA bonds	\$ 574,905,000	N/A	-	574,905,000	-
City bonds	51,460,000	N/A	-	-	51,460,000
Investment held by fiscal agent:					
Money market funds	106,462,224	Aaa/P-1	106,462,224	-	-
<b>Total</b>	<u>\$ 732,827,224</u>		<u>\$106,462,224</u>	<u>\$574,905,000</u>	<u>\$ 51,460,000</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 2 – Investments (Continued)****D. Risk Disclosures (Continued)**Concentration of Credit Risk

The investment policy of PFA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of total PFA's investments are as follows:

Issuer	Investment Type	Amount
Successor Agency to Industry		
Urban-Development Agency	Municipal bonds	\$ 574,905,000
City of Industry	Municipal bonds	51,460,000

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and PFA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. PFA's investments in SA to IUDA and City bonds are held by the trustee and are discussed in further detail under Note 3.

**Note 3 – Investment in IUDA bonds**

The following schedule represents the future payments to be paid by the SA to the IUDA on the 2015A and 2015B SA to IUDA Bonds and by the City on the 2015 Sales Tax Revenue Subordinate Bonds, Series B.

Year Ended June 30,	Interest	Principal	Total
2017	\$ 37,269,240	\$ 47,815,000	\$ 85,084,240
2018	24,744,784	60,480,000	85,224,784
2019	23,221,077	62,020,000	85,241,077
2020	21,309,140	63,915,000	85,224,140
2021	19,139,589	66,075,000	85,214,589
2022-2026	52,877,592	269,335,000	322,212,592
2027-2031	17,506,864	14,450,000	31,956,864
2032-2036	15,376,316	5,655,000	21,031,316
2037-2041	12,967,064	8,065,000	21,032,064
2042-2046	9,394,550	11,640,000	21,034,550
2047-2051	4,127,650	16,915,000	21,042,650
Totals	\$ 237,933,866	\$ 626,365,000	\$ 864,298,866

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 4 – Bond Payment Deposits**

In compliance with the PFA's 2015 bond indenture, the City's deposited the tax override revenue received during the year with the PFA's bond Trustee for debt service payments due in the year ending June 30, 2017. In addition, the SA to IUDA and the refunding of SA to IUDA debt provided the remaining funds needed to be deposited with the PFA's bond trustee. At June 30, 2016, total bond deposits received by PFA was in the amount of \$101,577,957.

**Note 5 – Long-Term Liabilities**

Summary of changes in long-term liabilities is as follows:

	Balance July 1, 2015	Additions	Deletions	Defeased	Balance June 30, 2016	Due within one year	Due in more than one year
<b>Governmental activities:</b>							
Bonds payable:							
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	87,835,000	574,905,000	(750,000)	(82,855,000)	579,135,000	48,595,000	530,540,000
Deferred amounts:							
Unamortized premium/discounts	(114,903)	718,360	(187,451)	124,203	540,209	113,858	426,351
Total bonds payable	87,720,097	575,623,360	(937,451)	(82,730,797)	579,675,209	48,708,858	530,966,351
City of Industry Loan	-	51,460,000	-	-	51,460,000	-	51,460,000
Total long-term liabilities	\$ 87,720,097	\$ 627,083,360	\$ (937,451)	\$ (82,730,797)	\$ 631,135,209	\$ 48,708,858	\$ 582,426,351

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

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
<b>Tax allocation revenue bonds:</b>					
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



**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of City of Industry)  
**Notes to Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)**

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

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. As of the result of early redemption, the City reported loss on redemption in the amount of \$ 497,778.

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

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

Principal ranges from \$6,835,000 to \$39,090,000 maturing annually through January 1, 2025. The bonds bear interests at rates range from 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
	<u>\$ 239,525,000</u>	<u>\$ 36,161,048</u>	<u>\$ 275,686,048</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)****A. Public Facilities Authority Tax Allocation Revenue Bonds (Continued)**2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 2)

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

For Series A, principal ranges from \$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
	<u>\$ 7,140,000</u>	<u>\$ 2,112,750</u>	<u>\$ 9,252,750</u>

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
	<u>\$ 249,770,000</u>	<u>\$ 78,780,928</u>	<u>\$ 328,550,928</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)**

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

2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A

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

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
	<u>\$ 33,815,000</u>	<u>\$ 11,128,531</u>	<u>\$ 44,943,531</u>

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

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

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.

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)****A. Public Facilities Authority Tax Allocation Revenue Bonds (Continued)**2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 3) (Continued)

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
	<u>\$ 7,230,000</u>	<u>\$ 2,138,500</u>	<u>\$ 9,368,500</u>

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
	<u>\$ 37,425,000</u>	<u>\$ 11,721,165</u>	<u>\$ 49,146,165</u>

Revenue pledged

All of the 2015 Tax Allocation Refunding Bonds 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.

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

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

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)**

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

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 \$7,500,000 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 range from 4.000% to 4.250%, due semiannually on February 1 and August 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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
	<u>\$ 4,230,000</u>	<u>\$ 450,746</u>	<u>\$ 4,680,746</u>

In order to secure payments of the bond principal and interest, PFA then leased back the property to the City in which the City is then obligated to pay semi-annual lease payments as rental payments for the leased back properties. PFA has assigned its right to receive the lease payments to U.S. Bank Trust National Association as trustee for the holders of the Refunding Lease Revenue Bonds.

The term of both leases will cease on the date on which all the outstanding principal and interest payments of the 2010 Refunding Lease Revenue Bonds are paid in full or a provision has been made for such payment, but not later than August 1, 2030.

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)****B. Public Facilities Authority Lease Revenue Refunding Bonds (Continued)**2010 Lease Revenue Refunding Bonds and City Certificates of Participation (Continued)

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

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

**C. Loans from the City of Industry**

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 rates from 2.750% to 7.750% 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 payable to the City 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.

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
	<u>\$ 51,460,000</u>	<u>\$ 95,890,946</u>	<u>\$ 147,350,946</u>

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 5 – Self-Insurance Plan**

The City of Industry has established a Self-Insurance Plan (the "Plan") to pay for liability claims against the City and PFA. The Plan is administered by an insurance committee which is responsible for approving all claims of \$25,000 or less and for making a provision for having sufficient funds available to pay approved claims and legal and investigative expenses. The insurance committee has given this authority to the City Manager. Potential liabilities of claims in excess of \$250,000, up to \$10,000,000, are covered by excess liability insurance policies. June 30, 2016, there are no pending liability claims outstanding against PFA.

**Note 6 – Transfers to/from Other Funds**

During the year ended June 30, 2016, PFA received net transfers of \$21,947,499 from the City of Industry's Tax Override Fund and the SA to IUDA in connection with the 2015 bond issuance.

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**SUPPLEMENTARY INFORMATION**



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**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt**  
**\$8,460,000 2010 Refunding Lease Revenue Bonds**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
8/1/2016	\$ 780,000	4.000%	\$ 86,294	\$ 866,294	\$ -
2/1/2017	-	4.000%	70,694	70,694	936,988
8/1/2017	810,000	4.000%	70,694	880,694	-
2/1/2018	-	4.000%	54,494	54,494	935,188
8/1/2018	845,000	4.000%	54,494	899,494	-
2/1/2019	-	4.125%	37,594	37,594	937,088
8/1/2019	880,000	4.125%	37,594	917,594	-
2/1/2020	-	4.250%	19,444	19,444	937,038
8/1/2020	915,000	4.250%	19,444	934,444	934,444
	<u>\$ 4,230,000</u>		<u>\$ 450,746</u>	<u>\$ 4,680,746</u>	<u>\$ 4,680,746</u>

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**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Tax Allocation Revenue Bonds, Series 2015A (Taxable)**  
**Civic-Recreational-Industrial Redevelopment Project No. 1**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	1.764%	\$ 7,232,015	\$ 7,232,015	\$ -
1/1/2017	32,000,000	1.764%	3,616,008	35,616,008	42,848,023
7/1/2017	-	2.203%	3,333,768	3,333,768	-
1/1/2018	36,180,000	2.203%	3,333,767	39,513,767	42,847,535
7/1/2018	-	2.789%	2,935,245	2,935,245	-
1/1/2019	36,945,000	2.789%	2,935,245	39,880,245	42,815,490
7/1/2019	-	3.139%	2,420,047	2,420,047	-
1/1/2020	37,925,000	3.139%	2,420,047	40,345,047	42,765,094
7/1/2020	-	3.471%	1,824,814	1,824,814	-
1/1/2021	39,090,000	3.471%	1,824,814	40,914,814	42,739,628
7/1/2021	-	3.821%	1,146,407	1,146,407	-
1/1/2022	30,740,000	3.821%	1,146,407	31,886,407	33,032,814
7/1/2022	-	4.044%	559,119	559,119	-
1/1/2023	9,705,000	4.044%	559,119	10,264,119	10,823,238
7/1/2023	-	4.244%	362,884	362,884	-
1/1/2024	10,105,000	4.244%	362,884	10,467,884	10,830,768
7/1/2024	6,835,000	4.344%	148,458	6,983,458	6,983,458
	<u>\$ 239,525,000</u>		<u>\$ 36,161,048</u>	<u>\$ 275,686,048</u>	<u>\$ 275,686,048</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Tax Allocation Revenue Bonds, Series 2015A (Taxable)**  
**Transportation-Distribution-Industrial Redevelopment Project No. 2**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	5.000%	\$ 357,000	\$ 357,000	\$ -
1/1/2017	495,000	5.000%	178,500	673,500	1,030,500
7/1/2017	-	5.000%	166,125	166,125	-
1/1/2018	700,000	5.000%	166,125	866,125	1,032,250
7/1/2018	-	5.000%	148,625	148,625	-
1/1/2019	735,000	5.000%	148,625	888,625	1,032,250
7/1/2019	-	5.000%	130,250	130,250	-
1/1/2020	770,000	5.000%	130,250	900,250	1,030,500
7/1/2020	-	5.000%	111,000	111,000	-
1/1/2021	805,000	5.000%	111,000	916,000	1,027,000
7/1/2021	-	5.000%	90,875	90,875	-
1/1/2022	845,000	5.000%	90,875	935,875	1,026,750
7/1/2022	-	5.000%	69,750	69,750	-
1/1/2023	885,000	5.000%	69,750	954,750	1,024,500
7/1/2023	-	5.000%	47,625	47,625	-
1/1/2024	930,000	5.000%	47,625	977,625	1,025,250
7/1/2024	-	5.000%	24,375	24,375	-
1/1/2025	975,000	5.000%	24,375	999,375	1,023,750
	<u>\$ 7,140,000</u>		<u>\$ 2,112,750</u>	<u>\$ 9,252,750</u>	<u>\$ 9,252,750</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Tax Allocation Revenue Bonds, Series 2015B (Tax-Exempt)**  
**Transportation-Distribution-Industrial Redevelopment Project No. 2**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	1.914%	\$ 10,532,153	\$ 10,532,153	\$ -
1/1/2017	10,245,000	1.914%	5,266,077	15,511,077	26,043,230
7/1/2017	-	2.453%	5,168,032	5,168,032	-
1/1/2018	16,040,000	2.453%	5,168,032	21,208,032	26,376,064
7/1/2018	-	3.039%	4,971,301	4,971,301	-
1/1/2019	16,420,000	3.039%	4,971,302	21,391,302	26,362,603
7/1/2019	-	3.389%	4,721,799	4,721,799	-
1/1/2020	16,905,000	3.389%	4,721,800	21,626,800	26,348,599
7/1/2020	-	4.121%	4,435,345	4,435,345	-
1/1/2021	17,490,000	4.121%	4,435,344	21,925,344	26,360,689
7/1/2021	-	4.121%	4,074,963	4,074,963	-
1/1/2022	22,550,000	4.121%	4,074,963	26,624,963	30,699,926
7/1/2022	-	4.294%	3,610,320	3,610,320	-
1/1/2023	46,855,000	4.294%	3,610,320	50,465,320	54,075,640
7/1/2023	-	5.044%	2,604,344	2,604,344	-
1/1/2024	48,825,000	5.044%	2,604,343	51,429,343	54,033,687
7/1/2024	-	5.044%	1,372,977	1,372,977	-
1/1/2025	40,405,000	5.044%	1,372,977	41,777,977	43,150,954
7/1/2025	-	5.044%	353,962	353,962	-
1/1/2026	6,965,000	5.044%	353,963	7,318,963	7,672,925
7/1/2026	-	5.044%	178,306	178,306	-
1/1/2027	7,070,000	5.044%	178,305	7,248,305	7,426,611
	<u>\$ 249,770,000</u>		<u>\$ 78,780,928</u>	<u>\$ 328,550,928</u>	<u>\$ 328,550,928</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015A (Taxable)**  
**Transportation-Distribution-Industrial Redevelopment Project No. 2**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	2.500%	\$ 1,911,863	\$ 1,911,863	\$ -
1/1/2017	1,975,000	2.500%	955,931	2,930,931	4,842,794
7/1/2017	-	5.750%	915,400	915,400	-
1/1/2018	3,255,000	5.750%	915,400	4,170,400	5,085,800
7/1/2018	-	5.750%	821,818	821,818	-
1/1/2019	3,350,000	5.750%	821,819	4,171,819	4,993,637
7/1/2019	-	5.750%	725,507	725,507	-
1/1/2020	3,590,000	5.750%	725,506	4,315,506	5,041,013
7/1/2020	-	5.750%	622,293	622,293	-
1/1/2021	3,805,000	5.750%	622,294	4,427,294	5,049,587
7/1/2021	-	5.750%	512,900	512,900	-
1/1/2022	5,695,000	5.750%	512,900	6,207,900	6,720,800
7/1/2022	-	5.750%	349,169	349,169	-
1/1/2023	5,770,000	5.750%	349,169	6,119,169	6,468,338
7/1/2023	-	5.750%	183,281	183,281	-
1/1/2024	6,375,000	5.750%	183,281	6,558,281	6,741,562
	<u>\$ 33,815,000</u>		<u>\$ 11,128,531</u>	<u>\$ 44,943,531</u>	<u>\$ 44,943,531</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Tax Allocation Revenue Bonds, Series 2015A (Taxable)**  
**Transportation-Distribution-Industrial Redevelopment Project No. 3**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	5.000%	\$ 361,500	\$ 361,500	\$ -
1/1/2017	505,000	5.000%	180,750	685,750	1,047,250
7/1/2017	-	5.000%	168,125	168,125	-
1/1/2018	710,000	5.000%	168,125	878,125	1,046,250
7/1/2018	-	5.000%	150,375	150,375	-
1/1/2019	740,000	5.000%	150,375	890,375	1,040,750
7/1/2019	-	5.000%	131,875	131,875	-
1/1/2020	780,000	5.000%	131,875	911,875	1,043,750
7/1/2020	-	5.000%	112,375	112,375	-
1/1/2021	815,000	5.000%	112,375	927,375	1,039,750
7/1/2021	-	5.000%	92,000	92,000	-
1/1/2022	855,000	5.000%	92,000	947,000	1,039,000
7/1/2022	-	5.000%	70,625	70,625	-
1/1/2023	900,000	5.000%	70,625	970,625	1,041,250
7/1/2023	-	5.000%	48,125	48,125	-
1/1/2024	940,000	5.000%	48,125	988,125	1,036,250
7/1/2024	-	5.000%	24,625	24,625	-
1/1/2025	985,000	5.000%	24,625	1,009,625	1,034,250
	<u>\$ 7,230,000</u>		<u>\$ 2,138,500</u>	<u>\$ 9,368,500</u>	<u>\$ 9,368,500</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Tax Allocation Revenue Bonds, Series 2015B (Tax-Exempt)**  
**Transportation-Distribution-Industrial Redevelopment Project No. 3**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	1.914%	\$ 1,573,855	\$ 1,573,855	\$ -
1/1/2017	2,595,000	1.914%	786,928	3,381,928	4,955,783
7/1/2017	-	2.000%	762,094	762,093	-
1/1/2018	3,110,000	2.000%	762,093	3,872,093	4,634,187
7/1/2018	-	3.000%	730,994	730,993	-
1/1/2019	3,325,000	3.000%	730,993	4,058,993	4,786,987
7/1/2019	-	3.000%	681,119	681,118	-
1/1/2020	3,425,000	3.000%	681,118	4,106,118	4,787,237
7/1/2020	-	5.044%	629,744	629,743	-
1/1/2021	3,530,000	5.044%	629,743	4,159,743	4,789,487
7/1/2021	-	5.044%	540,717	540,717	-
1/1/2022	3,435,000	5.044%	540,717	3,975,717	4,516,434
7/1/2022	-	5.044%	454,086	454,086	-
1/1/2023	3,605,000	5.044%	454,086	4,059,086	4,513,172
7/1/2023	-	5.044%	363,168	363,168	-
1/1/2024	3,795,000	5.044%	363,168	4,158,168	4,521,336
7/1/2024	-	5.044%	267,458	267,458	-
1/1/2025	3,990,000	5.044%	267,458	4,257,458	4,524,916
7/1/2025	-	5.044%	166,830	166,830	-
1/1/2026	3,285,000	5.044%	166,830	3,451,830	3,618,661
7/1/2026	-	5.044%	83,983	83,983	-
1/1/2027	3,330,000	5.044%	83,983	3,413,983	3,497,965
	<u>\$ 37,425,000</u>		<u>\$ 11,721,165</u>	<u>\$ 49,146,164</u>	<u>\$ 49,146,164</u>



**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**City of Industry Loan**  
**For the Year Ended June 30, 2016**

Date	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	-

(Continued)

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**City of Industry Loan (Continued)**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
2/1/2037	\$ 1,390,000	7.500%	\$ 1,408,944	\$ 2,798,944	\$ 4,207,888
8/1/2037	-	7.500%	1,356,819	1,356,819	-
2/1/2038	1,490,000	7.500%	1,356,819	2,846,819	4,203,638
8/1/2038	-	7.500%	1,300,944	1,300,944	-
2/1/2039	1,605,000	7.500%	1,300,944	2,905,944	4,206,888
8/1/2039	-	7.500%	1,240,756	1,240,756	-
2/1/2040	1,725,000	7.500%	1,240,756	2,965,756	4,206,512
8/1/2040	-	7.500%	1,176,069	1,176,069	-
2/1/2041	1,855,000	7.500%	1,176,069	3,031,069	4,207,138
8/1/2041	-	7.750%	1,106,506	1,106,506	-
2/1/2042	1,995,000	7.750%	1,106,506	3,101,506	4,208,012
8/1/2042	-	7.750%	1,029,200	1,029,200	-
2/1/2043	2,150,000	7.750%	1,029,200	3,179,200	4,208,400
8/1/2043	-	7.750%	945,888	945,888	-
2/1/2044	2,315,000	7.750%	945,888	3,260,888	4,206,776
8/1/2044	-	7.750%	856,181	856,181	-
2/1/2045	2,495,000	7.750%	856,181	3,351,181	4,207,362
8/1/2045	-	7.750%	759,500	759,500	-
2/1/2046	2,685,000	7.750%	759,500	3,444,500	4,204,000
8/1/2046	-	7.750%	655,456	655,456	-
2/1/2047	2,900,000	7.750%	655,456	3,555,456	4,210,912
8/1/2047	-	7.750%	543,081	543,081	-
2/1/2048	3,120,000	7.750%	543,081	3,663,081	4,206,162
8/1/2048	-	7.750%	422,181	422,181	-
2/1/2049	3,365,000	7.750%	422,181	3,787,181	4,209,362
8/1/2049	-	7.750%	291,788	291,788	-
2/1/2050	3,625,000	7.750%	291,788	3,916,788	4,208,576
8/1/2050	-	7.750%	151,319	151,319	-
2/1/2051	3,905,000	7.750%	151,319	4,056,319	4,207,638
	<u>\$ 51,460,000</u>		<u>\$ 95,890,946</u>	<u>\$ 147,350,946</u>	<u>\$ 147,350,946</u>

(Concluded)

**CONTINUING ANNUAL DISCLOSURE REPORT****RELATING TO:****Public Facilities Bonds**

1. \$8,460,000 City of Industry Public Facilities Authority 2010 Refunding Lease Revenue Bonds.
2. \$33,815,000 City of Industry Public Facilities Authority 2015 Taxable Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2).
3. \$239,525,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1).
4. \$7,140,000 City of Industry Public Facilities Authority 2015 Tax-Exempt Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2).
5. \$7,230,000 City of Industry Public Facilities Authority 2015 Tax-Exempt Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3).
6. \$249,770,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2).
7. \$37,425,000 City of Industry Public Facilities Authority 2015 Taxable Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3).

**I. INTRODUCTION**

This Continuing Annual Disclosure Report is filed pursuant to the Continuing Disclosure Certificates adopted by the Public Facilities Authority, California (the "PFA") in connection with the following captioned series of bonds (the "Bonds"), respectively, in accordance with Securities and Exchange Commission Rule 15c2-12.

**II. CONTENT OF CONTINUING ANNUAL DISCLOSURE REPORT****A. Audited Financial Statements**

The Audited Financial Statements of the Public Facilities Authority for Fiscal Year 2015-2016 have been filed on the Electronic Municipal Market Access ("EMMA") web portal.

### B. Assessed Valuation

The following sets forth the historical and current assessed valuations of the City of Industry for the fiscal years shown.

<b>Annual Assessed Values</b>				
<u>Fiscal Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Gross Assessed</u>
2016	\$ 2,672,438,880	\$ 4,394,952,266	\$ 836,331,205	\$ 7,903,722,351

Source: L. A. County Assessor

### C. Top Property Owners/Taxpayers

The ten largest local secured taxpayers including assessed valuation of the top ten properties in the City, as shown on the tax rolls for Fiscal Year 2015-2016 are shown in the table below.

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
Walnut Creek Energy Llc	Utility	\$ 544,200,000	7.00%
Industry East Land Llc	Industrial	218,086,762	2.80%
Fairway Subs Llc	Industrial	211,501,747	2.72%
White Wave Foods Inc	Unsecured	113,629,593	1.46%
Jcc California Properties Llc	Commercial	113,511,628	1.46%
opicana Manufacturing Co Inc	Industrial	103,881,007	1.34%
Newage Phm Llc	Commercial	100,000,000	1.29%
operties Lp Lessor Quinn Gro	Industrial	87,805,436	1.13%
Quemetco West Llc	Industrial	81,122,114	1.04%
Alta Dena Certified Dairy Inc	Unsecured	80,280,970	1.03%
	Top 10 total	<u>1,654,019,257</u>	
	City Total net Value	<u>\$7,777,622,516</u>	

Source: L. A. County Assessor

**D. Secured Tax Charges and Delinquencies**

The following table sets forth information showing the total secured property tax levy and actual amounts collected for the fiscal year 2015-2016.

**CITY OF INDUSTRY  
Secured Tax Charges and Collections**

<u>Fiscal Year</u>	<u>Secured Tax Charge</u> <sup>(1) (2)</sup>	<u>Amount Collected June 30</u> <sup>(2)</sup>	<u>Percentage Collected June 30</u>
2015-16	\$ 50,747,718	\$ 50,442,289	99.36 %

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Source: City of Industry.

(1) Excludes redevelopment agency impounds.

(2) Amounts are rounded

**E. Aggregate Principle Amount of Long-term Debt Payable**

The following information showing the aggregate principal amount of long-term bonds, leases and other obligations of the City which are payable out of the General Fund of the City, as of the close of the most recent completed fiscal year.

<u>Long-Term Debt Payable</u>	<u>Amount at June 30, 2016</u>
Net Pension Liability:	\$ 6,338,123
Compensated Absences:	111,140
Sales Tax Bonds Short Term Portion:	27,312,325
Sales Tax Bonds Long Term Portion:	924,947,016
Total:	<u>\$ 958,708,604</u>

## F. Summary of Revenues, Expenditures, and changes in Fund Balances

The following table sets forth information concerning the actual revenues, expenditures and beginning and ending fund balances relating to the General Fund of the City for the most recent completed fiscal year.

	<u>2016</u>
<b>Revenues</b>	
Taxes	\$ 37,339,981
Licenses and Permits	3,089,243
Fine, Forfeitures and Penalties	338,268
Revenues from use of money and property	12,606,733
Total Revenues	<u>53,374,225</u>
<b>Expenditures</b>	
Legislative	265,490
General Administration	2,683,899
Support Services	8,427,202
Community Development	864,366
Community Services	3,522,249
Public Safety	8,610,354
Public Works	10,720,507
Capital Projects	8,884,300
Total Expenditures	<u>43,978,367</u>
Excess of Revenue Over Expenditures	<u>9,395,858</u>
Other Financing Sources (Uses)	
Transfers in from other governmental funds	492,184,759
Transfers in from enterprise and fiduciary funds	11,022
Pay-off of loan from Successor Agency in refunding	(14,421,307)
Settlement claims	(416,560)
Transfers out to other governmental funds	(27,626,896)
Total other financing sources (uses)	<u>449,731,018</u>
Net changes in fund balance	<u>459,126,876</u>
FUND BALANCES, beginning of year	<u>332,067,187</u>
FUND BALANCES, end of year	<u>\$ 791,194,063</u>

**G. Aggregate Annual Debt Service for Public Facilities Authority Series 2015 bonds**

The following table sets forth information concerning the aggregate annual debt service for the bonds for the fiscal years ended as follows.

<b>YEAR ENDING JUNE 30,</b>	<b>INTEREST</b>	<b>PRINCIPAL</b>	<b>TOTAL</b>
2017	\$ 32,952,579	\$ 47,815,000	\$ 80,767,579
2018	21,027,086	59,995,000	81,022,086
2019	19,516,718	61,515,000	81,031,718
2020	17,621,192	63,395,000	81,016,192
2021	15,471,142	65,535,000	81,006,142
2022-2026	34,929,628	266,250,000	301,179,628
2027-2031	524,576	10,400,000	10,924,576
Totals	\$ <u>142,042,921</u>	\$ <u>574,905,000</u>	\$ <u>716,947,921</u>

**H. Actual amount received by the Trustee from the Local Obligations for deposit in the Local Obligations Account of the Revenue Fund held under the Indenture**

The following table sets forth information concerning the actual amount received by the Trustee from the Local Obligations for deposit in the Local Obligations Account of the Revenue Fund held under the Indenture for the fiscal year ended June 30, 2016.

<b>Fiscal Year</b>	<b>Project 1</b>	<b>Project 2</b>	<b>Project 3</b>
2015-2016	\$ 39,934,959	\$ 9,968,366	\$ 6,003,033

**I. Actual amount of Override Settlement Allocation received by the Trustee for deposit in the Override Account of the Revenue Fund held under the Indenture**

The following table sets forth information concerning the actual amount of Override Settlement Allocation received by the Trustee for deposit in the Override Account of the Revenue Fund held under the Indenture for the fiscal year ended June 30, 2016.

<b>Fiscal Year</b>	<b>City TD 1 Override</b>	<b>Project Area No. 1 Override</b>	<b>Project Area No. 2 Override</b>	<b>Project Area No. 3 Override</b>	<b>Project Area No. 4 Override</b>	<b>Total Override Allocation to City</b>
2015-2016	\$ -	\$ 33,014,980	\$ 8,464,610	\$ 4,902,505	\$ -	\$ 46,382,094

**J. Actual amount received by the Trustee from transfers from Project Areas Nos. 1 and 3 for deposit in the Revenue Fund.**

<u>Fiscal Year</u>	<u>Amount</u>
2015-2016	\$ 34,935,186

**K. Actual amount received by the Trustee from transfers from Project Areas Nos. 2 and 3 for deposit in the Revenue Fund**

<u>Fiscal Year</u>	<u>Amount</u>
2015-2016	\$ 4,863,401

**L. Actual amount received by the Trustee from transfers from Project Areas Nos. 1 and 2 for deposit in the Revenue Fund**

<u>Fiscal Year</u>	<u>Amount</u>
2015-2016	\$ -

**M. Actual amount of Total Revenue received by the Trustee for deposit in the Revenue Fund**

The following table sets forth information concerning the actual amount of Total Revenue received by the Trustee for deposit in the Revenue Fund for the fiscal year ended June 30, 2016.

<u>Fiscal Year</u>	<u>Amount</u>
2015-2016	\$ 102,288,452

**N. The debt service coverage with respect to the Bonds based on the actual amount of Total Revenue received by the Trustee for deposit in the Revenue Fund**

The following debt service coverage ratio has been calculated using 2015-2016 revenues received to pay for 2016-2017 debt service.

<u>Fiscal Year</u>	<u>Debt Service Coverage Ratio</u>
2015-2016	1.27

**O. Significant events**

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.

*PUBLIC FACILITIES AUTHORITY*

ITEM NO. 5.4

HANDOUT ITEM

(Revised backup material received on February 22, 2017)



**City of Industry  
Public Facilities Authority  
(A Component Unit of the City of Industry)**

City of Industry, California

**Financial Statements and  
Independent Auditors' Report**

*For the Year Ended June 30, 2016*





**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**For the Year Ended June 30, 2016**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on Financial Statements**

We have audited the accompanying 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, 2016, and the related notes to the financial statements, which collectively comprise the PFA'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 and the Debt Service Fund of the PFA as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



***Other Matters***

***Required Supplementary Information***

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PFA's basic financial statements. The Schedules of Long-Term Debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2017, on our consideration of the PFA'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 PFA's internal control over financial reporting and compliance.

*The PwC Group, LLP*

Santa Ana, California  
February 15, 2017

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Statement of Net Position**  
**June 30, 2016**

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Investment in IUDA bonds, current	\$ 47,815,000
Accrued interest	24,118,387
Prepaid items, current	808,619
Site lease prepayment, current	373,144
Total current assets	73,115,150
Noncurrent assets:	
Prepaid items, noncurrent	6,518,133
Site lease prepayment, noncurrent	4,850,868
Investments with fiscal agent, restricted	106,462,224
Investment in IUDA bonds, noncurrent	527,090,000
Investment in City bonds, noncurrent	51,460,000
Total noncurrent assets	696,381,225
Total assets	769,496,375
<b>LIABILITIES</b>	
Accrued interest payable	24,189,982
Bond payment deposits	101,577,957
Long-term liabilities:	
Due within one year	48,708,858
Due in more than one year	582,426,351
Total liabilities	756,903,148
<b>NET POSITION</b>	
Restricted for debt service	4,884,267
Unrestricted	7,708,960
Total net position	\$ 12,593,227

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

	Expenses	Net (Expense) Revenue and Changes in Net Position
		Net Governmental Activities
<b>Governmental Activities:</b>		
General administration	\$ 886,013	\$ (886,013)
Interest expense	32,705,635	(32,705,635)
Total governmental activities	\$ 33,591,648	(33,591,648)
 General revenues and transfers:		
Investment Income		24,874,549
Lease income		937,588
Transfer in from City and SA to IUDA		21,947,449
Total general revenues and transfers		47,759,586
Change in net position		14,167,938
 <b>Net Position:</b>		
Beginning of year		(1,574,711)
End of year		\$ 12,593,227

## **FUND FINANCIAL STATEMENTS**



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**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2016**

		Debt Service
<b>ASSETS</b>		
Investments with fiscal agent, restricted	\$	106,462,224
Investments in SA to IUDA and City bonds		626,365,000
Accrued interest receivable		24,118,387
Prepaid items		7,326,752
Site lease prepayment		5,224,012
Total assets	\$	<u>769,496,375</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Advance from the City	\$	2,150,000
Bond payment deposits from SA to IUDA		101,577,957
Total liabilities		<u>103,727,957</u>
<b>FUND BALANCES:</b>		
Restricted for debt service		4,884,267
Committed for debt service		660,884,151
Total fund balances		<u>665,768,418</u>
Total liabilities and fund balance	\$	<u>769,496,375</u>

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2016**

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Total fund balance for the governmental fund	<u>\$ 665,768,418</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Accrued interest payable on outstanding bonds payable do not require the use of current financial resources, and accordingly, are not reported as expenditures in the governmental funds.	<u>(22,039,982)</u>
Long-term liabilities applicable to the Authority'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 includes the following liabilities:	
City loan, due in more than one year	(51,460,000)
Tax allocation revenue bonds, due within one year	(47,815,000)
Tax allocation revenue bonds, due in more than one year	(527,090,000)
Refunding lease revenue bonds, due within one year	(780,000)
Refunding lease revenue bonds, due in more than one year	(3,450,000)
Issuance discount (premium) - current portion	(113,858)
Issuance discount (premium) - long-term	(426,351)
	<u>(631,135,209)</u>
Total net position of governmental activities	<u><u>\$ 12,593,227</u></u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2016**

	Debt Service
<b>REVENUES:</b>	
Interest income	\$ 24,512,299
Lease income	937,588
Other income - call premium on redemption of IUDA bonds	362,250
Total revenues	25,812,137
<b>EXPENDITURES:</b>	
Current:	
General administration	388,235
Debt Service:	
Interest payments	2,337,588
Principal payments	750,000
Bond issuance costs	8,290,704
Total expenditures	11,766,527
<b>REVENUES OVER EXPENDITURES</b>	14,045,610
<b>OTHER FINANCING SOURCES (USES):</b>	
Transfers in from City of Industry	11,091
Transfers in from SA to IUDA	21,936,358
Issuance of City Loan	51,460,000
Redemption of 2007 Tax Allocation Revenue Bonds	(84,107,297)
Issuance of 2015 bonds	575,623,360
Total transfers and other financing sources (uses)	564,923,512
Net change in fund balance	578,969,122
<b>FUND BALANCE:</b>	
Beginning of year	86,799,296
End of year	\$ 665,768,418

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2016**

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Net change in fund balance - governmental fund \$ 578,969,122

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

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.

Proceeds from bonds issued and premiums on bonds	(575,623,360)
Proceeds from the City Loan	(51,460,000)
Principal payments	750,000
Redemption of 2007 Tax Allocation Revenue Bonds	84,107,297

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:

Change in accrued interest payable, including interest expense and fiscal charges on redeemed debt	(22,762,572)
Net change of bond premium/discount	<u>187,451</u>

Change in net position of governmental activities \$ 14,167,938

**NOTES TO THE BASIC FINANCIAL STATEMENTS**



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**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies**

**A. Description of the Reporting Entity**

The City of Industry Public Facilities Authority (the “PFA”) was created in 1990 by a joint exercise of power agreement and amended in 2005 between the City of Industry (the “City”) and the Industrial Urban Development Authority of the City of Industry (the “IUDA”). The agreement was made pursuant to the provisions of Article 1 through 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, Sections 6500, et seq. On December 29, 2011, the California Supreme Court upheld Assembly Bill XI 26 that provides for the dissolution of all redevelopment agencies in the State of California. As a result, the City has elected to be the Successor Agency to the Industry Urban-Development Agency (the “SA to IUDA”).

PFA exists and acts as a separate entity. The governing board of PFA consists of a commission of five members; all members of the City Council.

PFA was established for the purpose of establishing a vehicle to reduce local borrowing costs, and accelerate construction, repair and maintenance of needed public capital improvements. PFA was also established to borrow money for the purpose of financing the acquisition and construction of public capital improvements. PFA has the power to issue bonds, notes or other evidences of indebtedness, and to expend their proceeds.

The PFA is a component unit and an integral part of the City and accordingly has also been included in the basic financial statements of the City issued as of June 30 of each year. Financial statements for PFA and the City may be obtained from the Finance Department located at 15625 East Stafford Street, City of Industry, California.

**B. Financial Statement Presentation, Basis of Accounting and Measurement Focus**

The component unit financial statements of PFA have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applicable to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for PFA.

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 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 liabilities in the government-wide financial statements, rather than as financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

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

Fund Financial Statements

The accounts of PFA are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements are presented after the government-wide financial statements.

Governmental Funds

In the fund financial statements, 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. Measurable means that 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. Exceptions to this general rule include principal and interest on long-term debt which are recognized when due.

In the fund financial statements, 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 a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Debt Service Fund

PFA's major fund type is the Debt Service Fund, which is used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs.

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**C. Cash and Investments**

Investments in inactive public deposits, securities and short-term obligations are stated at cost or amortized cost, which approximates market. The carrying amounts of investments approximate their fair values based on current rates of interest for instruments with similar characteristics. Investments in municipal bonds are stated at amortized cost. Cash deposits are reported at their carrying amount, which reasonably estimates fair value. Short-term investments are reported at cost, which approximates fair value. Investments that exceed more than one year in maturity and are traded on a national exchange are valued at fair value.

Investments in fiscal agent are restricted for the use of debt service.

**D. 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.

**E. Bond Issuance Costs and Premiums/Discounts**

Bond premiums and discounts in the government-wide 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 an outflow of resources in the period incurred on the statement of changes in net position. In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, at the time the bonds are issued. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**F. Net Position**

Net Position, the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources, is classified as restricted and unrestricted. Restricted net position represents constraints on resources that are restricted by external creditors, grantors, contributors, laws or regulations of other governments. Unrestricted net position is amounts which do not meet the definition of restricted net position.

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**G. 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 PFA imposes upon itself at its highest level of decision making authority (the Board of Directors) through board resolutions and that remain binding unless removed in the same manner.

Assigned – assigned fund balances are amounts that are constrained by PFA'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 Board of Directors is authorized for this purpose. PFA has no assigned fund balances at June 30, 2016.

Unassigned – this category represents fund balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes. PFA has no unassigned fund balances at June 30, 2016.

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 as 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.

**H. Estimates**

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

**I. 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 PFA's investment portfolio, except for the additional disclosure regarding to the measurement input as discussed in Note 2 of the PFA's financial statements for the year ended June 30, 2016.

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**I. New Accounting Standard (Continued)**

*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 PFA’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 PFA’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. This statement did not have a significant impact on the PFA’s financial statements for the year ended June 30, 2016.

**Note 2 – Investments**

Investments as of June 30, 2016 consisted of the following:

Investments with fiscal agent	\$ 106,462,224
Investments in SA to IUDA bonds	574,905,000
Investments in City bonds	<u>51,460,000</u>
<b>Total cash and investments</b>	<b><u>\$ 732,827,224</u></b>

Investments with fiscal agents are restricted for future bond principal and interest payments. As of June 30, 2016 PFA's carrying value of these funds amounted to \$106,462,224.

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 2 – Investments (Continued)**

**A. Investments Authorized by the Authority's Investment Policy**

Under provision of PFA's Investment policy, and in accordance with Section 53601 and Section 53635 of the California Government Code, PFA may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Bankers Acceptance
- Commercial paper rated A-1 by Standard & Poor's Corporation or Moody's Investor Service
- Local Agency Investment Fund (State Pool) deposits
- Repurchase agreements
- Inactive public deposits; non-negotiable and/or non-transferable certificates of deposits
- Savings accounts
- Los Angeles County Investment Pool

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

**B. Investments Authorized by Debt Agreements**

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or PFA's investment policy. The table below identifies the investment types that are authorized for investments held by 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

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 2 – Investments (Continued)**

**C. Investment in Successor Agency to Industry Urban-Development Agency and City of Industry Bonds**

The PFA intends to hold the investments in SA to IUDA bonds and City bonds through maturity. Accordingly, these investments are reported at amortized cost instead of fair value.

**D. Risk Disclosures**

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. The PFA manages its exposure to interest rate risk by purchasing short-term investments and/or 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. PFA's long-term investments in the Successor Agency to Industry Urban-Development Agency ("SA to IUDA") and the City bonds have set interest rates between 1.764% and 7.750% over the life of the bonds.

Investment Type	Amounts	Weighted Average Maturity (in month)
Investments - unrestricted:		
SA to IUDA bonds	\$ 574,905,000	55.5
City bonds	51,460,000	26.8
Investment held by fiscal agent:		
Money market funds	106,462,224	N/A
	<u>\$ 732,827,224</u>	

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.

Investment Type	Total as of June 30, 2016	Minimum Legal Rating	Aaa/P-1	AA/Aa - A/A	Not Rated
Investments - unrestricted:					
SA to IUDA bonds	\$ 574,905,000	N/A	-	574,905,000	-
City bonds	51,460,000	N/A	-	-	51,460,000
Investment held by fiscal agent:					
Money market funds	106,462,224	Aaa/P-1	106,462,224	-	-
<b>Total</b>	<u>\$ 732,827,224</u>		<u>\$106,462,224</u>	<u>\$574,905,000</u>	<u>\$ 51,460,000</u>



**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 2 – Investments (Continued)**

**D. Risk Disclosures (Continued)**

Concentration of Credit Risk

The investment policy of PFA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of total PFA's investments are as follows:

Issuer	Investment Type	Amount
Successor Agency to Industry		
Urban-Development Agency	Municipal bonds	\$ 574,905,000
City of Industry	Municipal bonds	51,460,000

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and PFA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. PFA's investments in SA to IUDA and City bonds are held by the trustee and are discussed in further detail under Note 3.

**Note 3 – Investment in IUDA bonds**

The following schedule represents the future payments to be paid by the SA to the IUDA on the 2015A and 2015B SA to IUDA Bonds and by the City on the 2015 Sales Tax Revenue Subordinate Bonds, Series B.

Year Ended June 30,	Interest	Principal	Total
2017	\$ 37,269,240	\$ 47,815,000	\$ 85,084,240
2018	24,744,784	60,480,000	85,224,784
2019	23,221,077	62,020,000	85,241,077
2020	21,309,140	63,915,000	85,224,140
2021	19,139,589	66,075,000	85,214,589
2022-2026	52,877,592	269,335,000	322,212,592
2027-2031	17,506,864	14,450,000	31,956,864
2032-2036	15,376,316	5,655,000	21,031,316
2037-2041	12,967,064	8,065,000	21,032,064
2042-2046	9,394,550	11,640,000	21,034,550
2047-2051	4,127,650	16,915,000	21,042,650
Totals	<u>\$ 237,933,866</u>	<u>\$ 626,365,000</u>	<u>\$ 864,298,866</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 4 – Bond Payment Deposits**

In compliance with the PFA's 2015 bond indenture, the City's deposited the tax override revenue received during the year with the PFA's bond Trustee for debt service payments due in the year ending June 30, 2017. In addition, the SA to IUDA and the refunding of SA to IUDA debt provided the remaining funds needed to be deposited with the PFA's bond trustee. At June 30, 2016, total bond deposits received by PFA was in the amount of \$101,577,957.

**Note 5 – Long-Term Liabilities**

Summary of changes in long-term liabilities is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within one year	Due in more than one year
<b>Governmental activities:</b>						
Bonds payable:						
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	87,835,000	574,905,000	(83,605,000)	579,135,000	48,595,000	530,540,000
Deferred amounts:						
Unamortized						
premium/discounts	(114,903)	718,360	(63,248)	540,209	113,858	426,351
Total bonds payable	87,720,097	575,623,360	(83,668,248)	579,675,209	48,708,858	530,966,351
City of Industry Loan	-	51,460,000	-	51,460,000	-	51,460,000
Total long-term liabilities	<u>\$ 87,720,097</u>	<u>\$ 627,083,360</u>	<u>\$ (83,668,248)</u>	<u>\$ 631,135,209</u>	<u>\$ 48,708,858</u>	<u>\$ 582,426,351</u>

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

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
<b>Tax allocation revenue bonds:</b>					
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	<u>\$ 82,855,000</u>	<u>\$ 574,905,000</u>	<u>\$ (82,855,000)</u>	<u>\$ 574,905,000</u>	<u>\$ 47,815,000</u>

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)**

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

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.

Principal ranges from \$6,835,000 to \$39,090,000 maturing annually through January 1, 2025. The bonds bear interests at rates range 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
	<u>\$ 239,525,000</u>	<u>\$ 36,161,048</u>	<u>\$ 275,686,048</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)**

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

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

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

For Series A, principal ranges from \$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
	<u>\$ 7,140,000</u>	<u>\$ 2,112,750</u>	<u>\$ 9,252,750</u>

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
	<u>\$ 249,770,000</u>	<u>\$ 78,780,928</u>	<u>\$ 328,550,928</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)**

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

2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A

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

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
	<u>\$ 33,815,000</u>	<u>\$ 11,128,531</u>	<u>\$ 44,943,531</u>

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

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

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.

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)**

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

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

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
	<u>\$ 7,230,000</u>	<u>\$ 2,138,500</u>	<u>\$ 9,368,500</u>

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
	<u>\$ 37,425,000</u>	<u>\$ 11,721,165</u>	<u>\$ 49,146,165</u>

Revenue pledged

All of the 2015 Tax Allocation Refunding Bonds 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.

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

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

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)**

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

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 \$7,500,000 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 range from 4.000% to 4.250%, due semiannually on February 1 and August 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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
	<u>\$ 4,230,000</u>	<u>\$ 450,746</u>	<u>\$ 4,680,746</u>

In order to secure payments of the bond principal and interest, PFA then leased back the property to the City in which the City is then obligated to pay semi-annual lease payments as rental payments for the leased back properties. PFA has assigned its right to receive the lease payments to U.S. Bank Trust National Association as trustee for the holders of the Refunding Lease Revenue Bonds.

The term of both leases will cease on the date on which all the outstanding principal and interest payments of the 2010 Refunding Lease Revenue Bonds are paid in full or a provision has been made for such payment, but not later than August 1, 2030.

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of City of Industry)  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 5 – Long-Term Liabilities (Continued)**

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

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

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

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

**C. Loans from the City of Industry**

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 rates from 2.750% to 7.750% 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 payable to the City 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.

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
	<u>\$ 51,460,000</u>	<u>\$ 95,890,946</u>	<u>\$ 147,350,946</u>



**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 5 – Self-Insurance Plan**

The City of Industry has established a Self-Insurance Plan (the "Plan") to pay for liability claims against the City and PFA. The Plan is administered by an insurance committee which is responsible for approving all claims of \$25,000 or less and for making a provision for having sufficient funds available to pay approved claims and legal and investigative expenses. The insurance committee has given this authority to the City Manager. Potential liabilities of claims in excess of \$250,000, up to \$10,000,000, are covered by excess liability insurance policies. June 30, 2016, there are no pending liability claims outstanding against PFA.

**Note 6 – Transfers to/from Other Funds**

During the year ended June 30, 2016, PFA received net transfers of \$21,947,499, from the City of Industry's Tax Override Fund and the SA to IUDA in connection with the 2015 bond issuance.

**SUPPLEMENTARY INFORMATION**

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**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt**  
**\$8,460,000 2010 Refunding Lease Revenue Bonds**  
**For the Year Ended June 30, 2016**

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
8/1/2016	\$ 780,000	4.000%	\$ 86,294	\$ 866,294	\$ -
2/1/2017	-	4.000%	70,694	70,694	936,988
8/1/2017	810,000	4.000%	70,694	880,694	-
2/1/2018	-	4.000%	54,494	54,494	935,188
8/1/2018	845,000	4.000%	54,494	899,494	-
2/1/2019	-	4.125%	37,594	37,594	937,088
8/1/2019	880,000	4.125%	37,594	917,594	-
2/1/2020	-	4.250%	19,444	19,444	937,038
8/1/2020	915,000	4.250%	19,444	934,444	934,444
	<u>\$ 4,230,000</u>		<u>\$ 450,746</u>	<u>\$ 4,680,746</u>	<u>\$ 4,680,746</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Tax Allocation Revenue Bonds, Series 2015A (Taxable)**  
**Civic-Recreational-Industrial Redevelopment Project No. 1**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	1.764%	\$ 7,232,015	\$ 7,232,015	\$ -
1/1/2017	32,000,000	1.764%	3,616,008	35,616,008	42,848,023
7/1/2017	-	2.203%	3,333,768	3,333,768	-
1/1/2018	36,180,000	2.203%	3,333,767	39,513,767	42,847,535
7/1/2018	-	2.789%	2,935,245	2,935,245	-
1/1/2019	36,945,000	2.789%	2,935,245	39,880,245	42,815,490
7/1/2019	-	3.139%	2,420,047	2,420,047	-
1/1/2020	37,925,000	3.139%	2,420,047	40,345,047	42,765,094
7/1/2020	-	3.471%	1,824,814	1,824,814	-
1/1/2021	39,090,000	3.471%	1,824,814	40,914,814	42,739,628
7/1/2021	-	3.821%	1,146,407	1,146,407	-
1/1/2022	30,740,000	3.821%	1,146,407	31,886,407	33,032,814
7/1/2022	-	4.044%	559,119	559,119	-
1/1/2023	9,705,000	4.044%	559,119	10,264,119	10,823,238
7/1/2023	-	4.244%	362,884	362,884	-
1/1/2024	10,105,000	4.244%	362,884	10,467,884	10,830,768
7/1/2024	6,835,000	4.344%	148,458	6,983,458	6,983,458
	<u>\$ 239,525,000</u>		<u>\$ 36,161,048</u>	<u>\$ 275,686,048</u>	<u>\$ 275,686,048</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Tax Allocation Revenue Bonds, Series 2015A (Taxable)**  
**Transportation-Distribution-Industrial Redevelopment Project No. 2**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	5.000%	\$ 357,000	\$ 357,000	\$ -
1/1/2017	495,000	5.000%	178,500	673,500	1,030,500
7/1/2017	-	5.000%	166,125	166,125	-
1/1/2018	700,000	5.000%	166,125	866,125	1,032,250
7/1/2018	-	5.000%	148,625	148,625	-
1/1/2019	735,000	5.000%	148,625	883,625	1,032,250
7/1/2019	-	5.000%	130,250	130,250	-
1/1/2020	770,000	5.000%	130,250	900,250	1,030,500
7/1/2020	-	5.000%	111,000	111,000	-
1/1/2021	805,000	5.000%	111,000	916,000	1,027,000
7/1/2021	-	5.000%	90,875	90,875	-
1/1/2022	845,000	5.000%	90,875	935,875	1,026,750
7/1/2022	-	5.000%	69,750	69,750	-
1/1/2023	885,000	5.000%	69,750	954,750	1,024,500
7/1/2023	-	5.000%	47,625	47,625	-
1/1/2024	930,000	5.000%	47,625	977,625	1,025,250
7/1/2024	-	5.000%	24,375	24,375	-
1/1/2025	975,000	5.000%	24,375	999,375	1,023,750
	<u>\$ 7,140,000</u>		<u>\$ 2,112,750</u>	<u>\$ 9,252,750</u>	<u>\$ 9,252,750</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Tax Allocation Revenue Bonds, Series 2015B (Tax-Exempt)**  
**Transportation-Distribution-Industrial Redevelopment Project No. 2**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	1.914%	\$ 10,532,153	\$ 10,532,153	\$ -
1/1/2017	10,245,000	1.914%	5,266,077	15,511,077	26,043,230
7/1/2017	-	2.453%	5,168,032	5,168,032	-
1/1/2018	16,040,000	2.453%	5,168,032	21,208,032	26,376,064
7/1/2018	-	3.039%	4,971,301	4,971,301	-
1/1/2019	16,420,000	3.039%	4,971,302	21,391,302	26,362,603
7/1/2019	-	3.389%	4,721,799	4,721,799	-
1/1/2020	16,905,000	3.389%	4,721,800	21,626,800	26,348,599
7/1/2020	-	4.121%	4,435,345	4,435,345	-
1/1/2021	17,490,000	4.121%	4,435,344	21,925,344	26,360,689
7/1/2021	-	4.121%	4,074,963	4,074,963	-
1/1/2022	22,550,000	4.121%	4,074,963	26,624,963	30,699,926
7/1/2022	-	4.294%	3,610,320	3,610,320	-
1/1/2023	46,855,000	4.294%	3,610,320	50,465,320	54,075,640
7/1/2023	-	5.044%	2,604,344	2,604,344	-
1/1/2024	48,825,000	5.044%	2,604,343	51,429,343	54,033,687
7/1/2024	-	5.044%	1,372,977	1,372,977	-
1/1/2025	40,405,000	5.044%	1,372,977	41,777,977	43,150,954
7/1/2025	-	5.044%	353,962	353,962	-
1/1/2026	6,965,000	5.044%	353,963	7,318,963	7,672,925
7/1/2026	-	5.044%	178,306	178,306	-
1/1/2027	7,070,000	5.044%	178,305	7,248,305	7,426,611
	<u>\$ 249,770,000</u>		<u>\$ 78,780,928</u>	<u>\$ 328,550,928</u>	<u>\$ 328,550,928</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015A (Taxable)**  
**Transportation-Distribution-Industrial Redevelopment Project No. 2**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	2.500%	\$ 1,911,863	\$ 1,911,863	\$ -
1/1/2017	1,975,000	2.500%	955,931	2,930,931	4,842,794
7/1/2017	-	5.750%	915,400	915,400	-
1/1/2018	3,255,000	5.750%	915,400	4,170,400	5,085,800
7/1/2018	-	5.750%	821,818	821,818	-
1/1/2019	3,350,000	5.750%	821,819	4,171,819	4,993,637
7/1/2019	-	5.750%	725,507	725,507	-
1/1/2020	3,590,000	5.750%	725,506	4,315,506	5,041,013
7/1/2020	-	5.750%	622,293	622,293	-
1/1/2021	3,805,000	5.750%	622,294	4,427,294	5,049,587
7/1/2021	-	5.750%	512,900	512,900	-
1/1/2022	5,695,000	5.750%	512,900	6,207,900	6,720,800
7/1/2022	-	5.750%	349,169	349,169	-
1/1/2023	5,770,000	5.750%	349,169	6,119,169	6,468,338
7/1/2023	-	5.750%	183,281	183,281	-
1/1/2024	6,375,000	5.750%	183,281	6,558,281	6,741,562
	<u>\$ 33,815,000</u>		<u>\$ 11,128,531</u>	<u>\$ 44,943,531</u>	<u>\$ 44,943,531</u>



**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Tax Allocation Revenue Bonds, Series 2015A (Taxable)**  
**Transportation-Distribution-Industrial Redevelopment Project No. 3**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	5.000%	\$ 361,500	\$ 361,500	\$ -
1/1/2017	505,000	5.000%	180,750	685,750	1,047,250
7/1/2017	-	5.000%	168,125	168,125	-
1/1/2018	710,000	5.000%	168,125	878,125	1,046,250
7/1/2018	-	5.000%	150,375	150,375	-
1/1/2019	740,000	5.000%	150,375	890,375	1,040,750
7/1/2019	-	5.000%	131,875	131,875	-
1/1/2020	780,000	5.000%	131,875	911,875	1,043,750
7/1/2020	-	5.000%	112,375	112,375	-
1/1/2021	815,000	5.000%	112,375	927,375	1,039,750
7/1/2021	-	5.000%	92,000	92,000	-
1/1/2022	855,000	5.000%	92,000	947,000	1,039,000
7/1/2022	-	5.000%	70,625	70,625	-
1/1/2023	900,000	5.000%	70,625	970,625	1,041,250
7/1/2023	-	5.000%	48,125	48,125	-
1/1/2024	940,000	5.000%	48,125	988,125	1,036,250
7/1/2024	-	5.000%	24,625	24,625	-
1/1/2025	985,000	5.000%	24,625	1,009,625	1,034,250
	<u>\$ 7,230,000</u>		<u>\$ 2,138,500</u>	<u>\$ 9,368,500</u>	<u>\$ 9,368,500</u>

**City of Industry**  
**Public Facilities Authority**  
(A Component Unit of the City of Industry)  
**Schedules of Long Term Debt (Continued)**  
**Tax Allocation Revenue Bonds, Series 2015B (Tax-Exempt)**  
**Transportation-Distribution-Industrial Redevelopment Project No. 3**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2016	\$ -	1.914%	\$ 1,573,855	\$ 1,573,855	\$ -
1/1/2017	2,595,000	1.914%	786,928	3,381,928	4,955,783
7/1/2017	-	2.000%	762,094	762,093	-
1/1/2018	3,110,000	2.000%	762,093	3,872,093	4,634,187
7/1/2018	-	3.000%	730,994	730,993	-
1/1/2019	3,325,000	3.000%	730,993	4,055,993	4,786,987
7/1/2019	-	3.000%	681,119	681,118	-
1/1/2020	3,425,000	3.000%	681,118	4,106,118	4,787,237
7/1/2020	-	5.044%	629,744	629,743	-
1/1/2021	3,530,000	5.044%	629,743	4,159,743	4,789,487
7/1/2021	-	5.044%	540,717	540,717	-
1/1/2022	3,435,000	5.044%	540,717	3,975,717	4,516,434
7/1/2022	-	5.044%	454,086	454,086	-
1/1/2023	3,605,000	5.044%	454,086	4,059,086	4,513,172
7/1/2023	-	5.044%	363,168	363,168	-
1/1/2024	3,795,000	5.044%	363,168	4,158,168	4,521,336
7/1/2024	-	5.044%	267,458	267,458	-
1/1/2025	3,990,000	5.044%	267,458	4,257,458	4,524,916
7/1/2025	-	5.044%	166,830	166,830	-
1/1/2026	3,285,000	5.044%	166,830	3,451,830	3,618,661
7/1/2026	-	5.044%	83,983	83,983	-
1/1/2027	3,330,000	5.044%	83,983	3,413,983	3,497,965
	<u>\$ 37,425,000</u>		<u>\$ 11,721,165</u>	<u>\$ 49,146,164</u>	<u>\$ 49,146,164</u>

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Schedules of Long Term Debt (Continued)**  
**City of Industry Loan**  
**For the Year Ended June 30, 2016**

Date	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	-

*(Continued)*

**City of Industry**  
**Public Facilities Authority**  
**(A Component Unit of the City of Industry)**  
**Schedules of Long Term Debt (Continued)**  
**City of Industry Loan (Continued)**  
**For the Year Ended June 30, 2016**

Date	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
2/1/2037	\$ 1,390,000	7.500%	\$ 1,408,944	\$ 2,798,944	\$ 4,207,888
8/1/2037	-	7.500%	1,356,819	1,356,819	-
2/1/2038	1,490,000	7.500%	1,356,819	2,846,819	4,203,638
8/1/2038	-	7.500%	1,300,944	1,300,944	-
2/1/2039	1,605,000	7.500%	1,300,944	2,905,944	4,206,888
8/1/2039	-	7.500%	1,240,756	1,240,756	-
2/1/2040	1,725,000	7.500%	1,240,756	2,965,756	4,206,512
8/1/2040	-	7.500%	1,176,069	1,176,069	-
2/1/2041	1,855,000	7.500%	1,176,069	3,031,069	4,207,138
8/1/2041	-	7.750%	1,106,506	1,106,506	-
2/1/2042	1,995,000	7.750%	1,106,506	3,101,506	4,208,012
8/1/2042	-	7.750%	1,029,200	1,029,200	-
2/1/2043	2,150,000	7.750%	1,029,200	3,179,200	4,208,400
8/1/2043	-	7.750%	945,888	945,888	-
2/1/2044	2,315,000	7.750%	945,888	3,260,888	4,206,776
8/1/2044	-	7.750%	856,181	856,181	-
2/1/2045	2,495,000	7.750%	856,181	3,351,181	4,207,362
8/1/2045	-	7.750%	759,500	759,500	-
2/1/2046	2,685,000	7.750%	759,500	3,444,500	4,204,000
8/1/2046	-	7.750%	655,456	655,456	-
2/1/2047	2,900,000	7.750%	655,456	3,555,456	4,210,912
8/1/2047	-	7.750%	543,081	543,081	-
2/1/2048	3,120,000	7.750%	543,081	3,663,081	4,206,162
8/1/2048	-	7.750%	422,181	422,181	-
2/1/2049	3,365,000	7.750%	422,181	3,787,181	4,209,362
8/1/2049	-	7.750%	291,788	291,788	-
2/1/2050	3,625,000	7.750%	291,788	3,916,788	4,208,576
8/1/2050	-	7.750%	151,319	151,319	-
2/1/2051	3,905,000	7.750%	151,319	4,056,319	4,207,638
	<u>\$ 51,460,000</u>		<u>\$ 95,890,946</u>	<u>\$ 147,350,946</u>	<u>\$ 147,350,946</u>

*(Concluded)*