



Civic-Recreational-Industrial Authority

Regular Meeting Agenda
June 13, 2018
9:00 a.m.

Board Member David Carmany
Board Member Larry Hartmann
Board Member John Karns

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

Addressing the Authority:

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

Americans with Disabilities Act:

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

Agendas and other writings:

- ▶ In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 8:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.

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

5. **EXPO CENTER MATTERS**

5.1 Update on the Expo Center

RECOMMENDED ACTION: Receive and file.

5.2 Consideration of the Register of Demands submitted by the Industry Hills Expo Center for May 2018

RECOMMENDED ACTION: Receive and file.

6. **BOARD MATTERS**

6.1 Consideration of the Register of Demands submitted by the Finance Department for June 13, 2018

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

6.2 Presentation and discussion regarding the Civic-Recreational-Industrial Authority's Financial Report for March 31, 2018 and April 30, 2018

RECOMMENDED ACTION: Receive and file the reports.

6.3 Consideration of Amendment No. 2 to the Professional Services Agreement with The Pun Group, extending the Agreement through June 30, 2019, and increasing total compensation under the Agreement to \$33,194.00.

RECOMMENDED ACTION: Approve Amendment No. 2.

7. Adjournment. Next regular meeting: Wednesday, July 11, 2018, at 9:00 a.m.

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

ITEM NO. 5.1

Additional back-up will be provided prior to the Meeting

MAY - BANQUET NON-AVAILABILITY SHEET

Date Called	Client Name	Date Requested	Pavilion	Avalon Room	Guests	Type of Event	How they heard	Contact
05/01/18	Jose Negrete	November 17, 2018	1		300	Wedding Reception	Referral	Phone
05/01/18	Martha	June 1, 2019	1		350	Quinceanera	Attended	Phone
05/01/18	Eva Lopez	December 31, 2018	TB	TS	125+	Birthday Party	Website	Phone
05/02/18	Gina Ortiz	February 16, 2019	1		500	Banquet Event	Website	Phone
05/03/18	Sonia Murillo	September 1, 2018	1		400	Wedding Reception	Referral	Phone
05/04/18	Ingrid M	July or August 2018		1	75	Wedding Reception	Website	E-Mail
05/07/18	Ashley Macias	September 29, 2018	TB	TS	150+	Wedding Reception	Website	E-Mail
05/07/18	AM PDT	September 7, 2019	1		300	Private Event	Website	Phone
05/08/18	Marie	June 30, 2018	1		200	18Th Birthday	Referral	Phone
05/08/18	Juan Perez	June 23, 2018		1	125	Birthday Party	Attended	Phone
05/09/18	Sarah	June 16, 2018		1	100	Graduation Party	Attended	Phone
05/10/18	Wanda J. Lee	June 9 & 16, 2018	1		500	Graduation	Website	E-Mail
05/11/18	Michael	August 25, 2018		1	80	Baptism	Attended	Phone
05/14/18	Maria Perez	September 15, 2018		1	50	Birthday Party	Attended	Phone
05/14/18	Alex Guzman	December 15, 2018		TS	130	Wedding Reception	Website	E-Mail
05/21/18	Rosalinda	August 24, 2018		1	120	Wedding Reception	Attended	Phone
05/23/18	Marisa Pina	August 8, 2018		1	100	Holiday Party	Website	E-Mail
05/30/18	Roxana	May 25, 2018	1		500	Wedding Reception	Referral	Phone
			10	10				

Additional 68 calls requesting information. Callers did not leave their name when requested.

Callers did not leave their name when requested. Only wanted price quotes.

Industry Hills Expo Center - Marketing Data

		01/18	02/18	03/18	04/18	5/18
Printed Newsletters		4,902	4,917	5,044	5,046	5,050
Cell Phone Texting	eztexting.com	4,459	4,477	4,488	4,526	4,537
Electronic Emails	ymlp.com	3,586	3,653	3,675	3,701	4,000
Twitter - IHEC	twitter.com/expoindustry	1,136	1,047	1,132	1,130	1,125
Twitter - Speedway	twitter.com/industryracing	1,802	1,798	1,797	1,798	1,792
Facebook - IHEC	facebook.com/industryexpoctr	1,902	1,996	2,081	2,154	2,264
Facebook - Speedway	facebook.com/industryracing	4,632	4,655	4,800	4,870	4,989
Instagram - IHEC	instagram.com/industryexpoctr	3,468	3,628	3,889	4,091	4,262
Instagram - Speedway	instagram.com/speedwayatthegrand	859	932	1,311	1,483	1,644

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

ITEM NO. 5.2

Industry Hills Expo Center - Check Register
MAY

CHECK #	DATE	PAYEE	AMOUNT	DETAILS
12594	5/1/2018	PCR CASH	\$20,000.00	REPLENISH ATM TERMINALS-ARENA
12595	5/1/2018	VOID	\$0.00	DATA ENTRY ERROR
12596	5/1/2018	VY-042818 GATEWAY CITIES	\$130.00	REFUND PARTIAL SEC DEPOSIT
12597	5/1/2018	PCR CASH	\$3,147.33	REPLENISH PETTY CASH-APRIL RECEIPTS
12598	5/3/2018	CANTRELL'S FEED	\$300.00	HAY BALES MA-050418 FERIA
12599	5/8/2018	7UP/RC BOTTLING OF S.CALIFORNIA	\$446.00	ALCOHOL INVENTORY
12600	5/8/2018	ANDREA F MALDONADO	\$975.00	SOCIAL MEDIA, EMAIL MKTG. DESIGN
12601	5/8/2018	BROWN & BROWN OF CALIFORNIA INC.	\$1,700.00	MONTHLY TULIP INS. PREMIUMS
12602	5/8/2018	CAPITAL PROTECTION INC.	\$1,122.00	EVENT SECURITY SERVICES
12603	5/8/2018	CLASSIC DISTRIBUTING & BEV.	\$798.00	ALCOHOL INVENTORY
12604	5/8/2018	COCA-COLA ENTERPRISES	\$439.20	ALCOHOL INVENTORY
12605	5/8/2018	FRONTIER COMMUNICATIONS	\$286.98	HIGH SPEED WIRELESS SERVICE
12606	5/8/2018	GINA HORN DESIGNS	\$2,262.11	PARKING TIX, BUS. CARDS, SPEEDWAY
12607	5/8/2018	HARBOR DISTRIBUTING,LLC	\$334.00	ALCOHOL INVENTORY
12608	5/8/2018	INDUSTRY HOSES AND FASTENERS	\$892.17	PROPERTY MAINTENANCE EXP.
12609	5/8/2018	INDUSTRY TIRE SERVICES, INC.	\$676.85	VEHICLE MAINTENANCE
12610	5/8/2018	JANUS PEST MANAGEMENT, INC.	\$555.00	PEST CONTROL
12611	5/8/2018	JUAN LOPEZ	\$766.25	IT SUPPORT-MAY
12612	5/8/2018	KIKI'S INDUSTRIAL JANITORIAL SERVI	\$2,420.00	RR/TRASH ATT. & MONTHLY FAC.CLEANING
12613	5/8/2018	MERRITT'S ACE HARDWARE	\$86.42	PROPERTY MAINTENANCE EXP.
12614	5/8/2018	OFFICE DEPOT	\$1,170.70	OFFICE SUPPLIES EXP.
12615	5/8/2018	P & R PAPER SUPPLY COMPANY	\$814.34	PAPER AND BAR SUPPLIES
12616	5/8/2018	PIPER PRODUCTS INC.	\$3,685.34	EQUIPMENT PURCHASE-PORTABLE BARS
12617	5/8/2018	SOUTHERN WINE & SPIRITS	\$777.30	ALCOHOL INVENTORY
12618	5/8/2018	STAGING CANADELL	\$520.00	PROPERTY MAINTENANCE EXP.
12619	5/8/2018	SUPREMA CO.	\$1,320.00	ALCOHOL INVENTORY
12620	5/8/2018	SYSCO	\$3,580.93	CONCESSION INVENTORY
12621	5/8/2018	YOUNG'S MARKET CO.	\$955.28	ALCOHOL INVENTORY
12622	5/8/2018	AR-050518 MARGARITA BAYZE	\$300.00	SECURITY DEPOSIT REFUND
12623	5/8/2018	AR-050618 ANGELINA SANTANA	\$300.00	SECURITY DEPOSIT REFUND
12624	5/9/2018	CINTAS	\$418.64	MATS, MOPS AND UNIFORMS
12625	5/9/2018	CNC EQUESTRIAN MANAGEMENT	\$76,133.10	PAYROLL/MONTHLY MGMT. FEES
12626	5/9/2018	CULLIGAN WATER CONDITIONING	\$79.11	MONTHLY WATER FILTER SERVICE
12627	5/9/2018	HARBOR DISTRIBUTING,LLC	\$875.90	ALCOHOL INVENTORY
12628	5/9/2018	SOUTHERN WINE & SPIRITS	\$4,716.17	ALCOHOL INVENTORY

12629	5/9/2018	YOUNG'S MARKET CO.	\$392.24	ALCOHOL INVENTORY
12630	5/11/2018	PCR CASH	\$5,000.00	REPLENISH ATM TERMINALS-BANQUETS
12631	5/14/2018	IMAGES	\$2,736.60	MERCHANDISE FOR RESALE PURCHASE
12632	5/11/2018	PAV-050518R SONIA LOPEZ	\$600.00	SECURITY DEPOSIT REFUND
12633	5/15/2018	MAGIC TOUCH REPAIR	\$730.35	EQUIPMENT REPAIRS-PATIO CAFÉ
12634	5/14/2018	PAV-051218 LISAMARIE R. HERNANDEZ	\$600.00	SECURITY DEPOSIT REFUND
12635	5/17/2018	PCR CASH	\$5,000.00	REPLENISH ATM TERMINALS-BANQUETS
12636	5/17/2018	ANDREA F MALDONADO	\$975.00	SOCIAL MEDIA, EMAIL MKTG. DESIGN
12637	5/17/2018	AT&T	\$650.37	MONTHLY WIRELESS CHARGES-APRIL/MAY
12638	5/17/2018	CAPITAL PROTECTION INC.	\$2,464.00	EVENT SECURITY SERVICES
12639	5/17/2018	CLASSIC DISTRIBUTING & BEV.	\$2,596.25	ALCOHOL INVENTORY
12640	5/17/2018	CNC EQUESTRIAN MANAGEMENT	\$8,370.77	PAYROLL W/E 042918
12641	5/17/2018	COASTAL CARBONIC	\$123.53	CARBO CHARGER-PATIO CAFÉ
12642	5/17/2018	FRONTIER COMMUNICATIONS	\$538.46	MONTHLY PHONE CHARGES-OFFICE
12643	5/17/2018	GRAHAM COMPANY	\$400.00	QRTLY INSPECTION EMERG. LIGHT SYSTEM
12644	5/17/2018	HARBOR DISTRIBUTING,LLC	\$9,734.00	ALCOHOL INVENTORY
12645	5/17/2018	J.S. PALUCH CO., INC.	\$64.00	FACILITY ADVERTISING
12646	5/17/2018	JANUS PEST MANAGEMENT, INC.	\$90.00	PEST CONTROL
12647	5/17/2018	KIKI'S INDUSTRIAL JANITORIAL SERVI	\$3,250.00	RR/TRASH ATT.-ARENA EVENTS
12648	5/17/2018	LOCKS PLUS	\$38.33	DUPLICATE KEYS
12649	5/17/2018	OFFICE DEPOT	\$486.48	OFFICE SUPPLIES EXP.
12650	5/17/2018	VOID	\$0.00	PRINT FEED ERROR
12651	5/17/2018	VOID	\$0.00	PRINT FEED ERROR
12652	5/17/2018	VOID	\$0.00	PRINT FEED ERROR
12653	5/17/2018	RANCHO JANITORIAL SUPPLIES	\$1,500.98	CLEANING SUPPLIES EXP.
12654	5/17/2018	SATSUMA LANDSCAPE	\$8,674.00	MONTHLY LANDSCAPE EXPENSE
12655	5/17/2018	SOUTHERN WINE & SPIRITS	\$991.00	ALCOHOL INVENTORY
12656	5/17/2018	STAGING CANADELL	\$520.00	PROPERTY MAINTENANCE EXP.
12657	5/17/2018	SYSCO	\$593.43	BAR SUPPLIES/ALCOHOL INVENTORY
12658	5/17/2018	XEROX FINANCIAL SERVICES	\$674.96	MONTHLY LEASE PMT-OFFICE COPIER
12659	5/18/2018	PCR CASH	\$5,000.00	REPLENISH ATM TERMINALS-BANQUETS
12660	5/17/2018	P & R PAPER SUPPLY COMPANY	\$718.17	PAPER AND BAR SUPPLIES
12661	5/22/2018	BOARD OF EQUALIZATION	\$1,148.00	SALES TAX PAYMENT
12662	5/22/2018	BOARD OF EQUALIZATION	\$9,018.00	SALES TAX PAYMENT
12663	5/24/2018	MAGIC TOUCH REPAIR	\$350.00	EQUIPMENT REPAIR-PATIO CAFÉ
12664	5/24/2018	PCR CASH	\$5,000.00	REPLENISH ATM TERMINALS-ARENA
12665	5/25/2018	PAV-051918R MANUEL JIMENEZ	\$600.00	SECURITY DEPOSIT REFUND
12666	5/25/2018	BUSINESS CONSUMER ALLIANCE	\$395.00	ANNUAL MEMBERSHIP FEES

12667	5/25/2018	CALIFORNIA PARKS AND RECREATION	\$475.00	ANNUAL MEMBERSHIP FEES
12668	5/25/2018	CAPITAL PROTECTION INC.	\$11,295.68	EVENT SECURITY SERVICES
12669	5/25/2018	CINTAS	\$526.28	MATS, MOPS AND UNIFORMS
12670	5/25/2018	CNC EQUESTRIAN MANAGEMENT	\$26,550.51	PR W/E 050618 & 051318
12671	5/25/2018	COUNTY OF L.A. PUBLIC HEALTH	\$1,326.00	ANNUAL PERMIT FEES
12672	5/25/2018	EL MONTE ICE CO.	\$794.38	ICE FOR ARENA EVENTS
12673	5/25/2018	F.GAVINA & SONS INC.	\$182.14	CONCESSION INVENTORY
12674	5/25/2018	FED EX	\$99.78	POSTAGE EXPENSE
12675	5/25/2018	HOME DEPOT	\$259.66	PROPERTY MAINTENANCE
12676	5/25/2018	ISRAEL SALAZAR	\$1,830.00	GOLF CART REPAIR/MAINTENANCE
12677	5/25/2018	JANUS PEST MANAGEMENT, INC.	\$290.00	PEST CONTROL
12678	5/25/2018	KIKI'S INDUSTRIAL JANITORIAL SERVI	\$1,975.00	RR/TRASH ATT.-ARENA EVENTS
12679	5/25/2018	OFFICE DEPOT	\$90.33	OFFICE SUPPLIES EXP.
12680	5/25/2018	P & R PAPER SUPPLY COMPANY	\$289.09	PAPER AND BAR SUPPLIES
12681	5/25/2018	SOUTHERN CALIFORNIA EDISON	\$12,968.35	MONTHLY UTILITY EXP.-APRIL/MAY
12682	5/25/2018	SPARKLETTES	\$1,331.86	BEVERAGE ORDER/ALCOHOL INVENTORY
12683	5/25/2018	SYSCO	\$2,564.21	CONCESSION INVENTORY
12684	5/25/2018	VOID	\$0.00	DATA ENTRY ERROR
12685	5/29/2018	AIRGAS WEST	\$231.69	CO2 TANKS-BANQUETS
12686	5/29/2018	AMA	\$650.00	INS PREMIUM-053018
12687	5/29/2018	CAPITAL PROTECTION INC.	\$1,444.96	EVENT SECURITY SERVICES
12688	5/29/2018	CINTAS	\$1,087.58	MATS, MOPS AND UNIFORMS
12689	5/29/2018	CLASSIC DISTRIBUTING & BEV.	\$778.00	ALCOHOL INVENTORY
12690	5/29/2018	P & R PAPER SUPPLY COMPANY	\$457.39	PAPER AND BAR SUPPLIES
12691	5/29/2018	SECURITY DETECTION	\$1,500.00	EQUIPMENT RENTAL MA-060218
12692	5/29/2018	AR-051918 ESMERALDA PALLARES	\$300.00	SECURITY DEPOSIT REFUND
12693	5/29/2018	AMA	\$250.00	CHARTER FEE
12694	5/29/2018	VOID	\$0.00	DATA ENTRY ERROR
12695	5/29/2018	AMA	\$100.00	SANCTIONING FEE
12696	5/31/2018	VOID	\$0.00	DATA ENTRY ERROR
12697	5/31/2018	VOID	\$0.00	DATA ENTRY ERROR
12698	5/31/2018	VOID	\$0.00	DATA ENTRY ERROR
12701	5/28/2018	AR-052718 CHRISTINE SALCIDO	\$300.00	SECURITY DEPOSIT REFUND
12702	5/29/2018	AR-052618 KARLA WONG	\$300.00	SECURITY DEPOSIT REFUND
12703	5/29/2018	PAV-052618 MIRIAM ALEMAN	\$600.00	SECURITY DEPOSIT REFUND
12704	5/29/2018	PAV-052718 LISA SANCHEZ	\$600.00	SECURITY DEPOSIT REFUND
12705	5/29/2018	PCR CASH	\$2,953.37	REPLENISH PETTY CASH-MAY RECEIPTS
12706	5/29/2018	VOID	\$0.00	PRINT FEED ERROR

12707	5/29/2018	VOID	\$0.00	PRINT FEED ERROR
12708	5/29/2018	VOID	\$0.00	PRINT FEED ERROR
12709	5/29/2018	VOID	\$0.00	PRINT FEED ERROR
12710	5/31/2018	BILLY JANNIRO	\$3,730.00	SPEEDWAY RIDER PAYOUT-053018
12711	5/31/2018	BROC NICOL	\$2,705.00	SPEEDWAY RIDER PAYOUT-053018
12712	5/31/2018	MAX RUML	\$2,190.00	SPEEDWAY RIDER PAYOUT-053018
12713	5/31/2018	DILLON RUML	\$1,845.00	SPEEDWAY RIDER PAYOUT-053018
12714	5/31/2018	CHARLIE VENEGAS	\$705.00	SPEEDWAY RIDER PAYOUT-053018
12715	5/31/2018	COLTON HICKS	\$635.00	SPEEDWAY RIDER PAYOUT-053018
12716	5/31/2018	TYSON BURMEISTER	\$500.00	SPEEDWAY RIDER PAYOUT-053018
12717	5/31/2018	JIMMY FISHBACK	\$395.00	SPEEDWAY RIDER PAYOUT-053018
12718	5/31/2018	AARON FOX	\$245.00	SPEEDWAY RIDER PAYOUT-053018
12719	5/31/2018	RUSSELL GREEN	\$245.00	SPEEDWAY RIDER PAYOUT-053018
12720	5/31/2018	AUSTIN NOVRATIL	\$210.00	SPEEDWAY RIDER PAYOUT-053018
12721	5/31/2018	SHAWN McCONNELL	\$210.00	SPEEDWAY RIDER PAYOUT-053018
12722	5/31/2018	TIM GOMEZ	\$140.00	SPEEDWAY RIDER PAYOUT-053018
12723	5/31/2018	RYAN BAST	\$140.00	SPEEDWAY RIDER PAYOUT-053018
12724	5/31/2018	MICHAEL WELLS	\$70.00	SPEEDWAY RIDER PAYOUT-053018
12725	5/31/2018	RICKY RICHARDS	\$35.00	SPEEDWAY RIDER PAYOUT-053018
12726	5/31/2018	ROGERS CLEM & CO.	\$2,200.00	ACCT'G & CONSULTING FEES-APRIL

TOTAL

\$303,609.30

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

ITEM NO. 6.1

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
AUTHORIZATION FOR PAYMENT OF BILLS
Board Meeting June 13, 2018

<u>FUND</u>	<u>DESCRIPTION</u>	DISBURSEMENTS
360	INDUSTRY HILLS EXPO OPERATING ACCOUNT	50,925.92

<u>BANK</u>	<u>DESCRIPTION</u>	DISBURSEMENTS
WFCK	WELLS FARGO CHECKING	50,925.92

APPROVED PER ACTING CITY MANAGER

Civic-Recreational-Industrial Authority
Wells Fargo Voided Checks
June 13, 2018

Check	Date	Payee Name	Check Amount
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CRIA.WF.CHK - CRIA Wells Fargo Checking

10758	05/09/2018	05/31/2018	DRAGON FIRE PROTECTION SERVICES, INC.	(\$1,495.75)
	Invoice	Date	Description	Amount
	39755	05/31/2017	VOIDED	(\$848.22)
	40761	04/09/2018	VOIDED	(\$647.53)

Checks	Status	Count	Transaction Amount
	Total	1	(\$1,495.75)

Civic-Recreational-Industrial Authority
Board Meeting
June 13, 2018

Check	Date		Payee Name	Check Amount
CRIA.WF.CHK - CRIA Wells Fargo Checking				
10766	05/16/2018		SOCALGAS	\$57.72
	Invoice	Date	Description	Amount
	2018-00001472	05/04/2018	04/03-05/02/18 SVC - 16200 TEMPLE AVE APT 100-EXPO	\$15.96
	2018-00001473	05/04/2018	04/03-05/02/18 SVC - 16200 TEMPLE AVE APT 202-BUNK	\$41.76
10767	06/13/2018		ALL AMERICAN ELECTRIC	\$484.36
	Invoice	Date	Description	Amount
	6039	05/02/2018	RV PEDESTAL SVC - EXPO CENTER PARKING LOT	\$484.36
10768	06/13/2018		CITY OF INDUSTRY-REFUSE	\$450.00
	Invoice	Date	Description	Amount
	0003228639	05/01/2018	IH RODEO STORAGE BOXES	\$450.00
10769	06/13/2018		FRAZER, LLP	\$1,825.00
	Invoice	Date	Description	Amount
	154936	04/30/2018	PROFESSIONAL SVC - APRIL 2018	\$1,825.00
10770	06/13/2018		GREG'S REFRIGERATION	\$1,137.56
	Invoice	Date	Description	Amount
	21300	05/03/2018	REPAIR ICE MACHINE - EXPO CENTER-PAVILLION	\$270.00
	21328	05/16/2018	REPAIR A/C - COWBOY CAFE	\$867.56
10771	06/13/2018		SATSUMA LANDSCAPE & MAINT.	\$44,008.03
	Invoice	Date	Description	Amount
	0418EC	04/27/2018	APRIL 2018 LANDSCAPE MAINTENANCE	\$15,750.83
	0518EC	05/30/2018	MAY 2018 LANDSCAPE MAINTENANCE	\$28,257.20

**Civic-Recreational-Industrial Authority
Board Meeting
June 13, 2018**

Check	Date	Payee Name	Check Amount
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CRIA.WF.CHK - CRIA Wells Fargo Checking

10772	06/13/2018			
	Invoice	Date	Description	Amount
	04-1236039-1	04/30/2018	GATE SVC - EXPO CENTER	\$276.00
	04-1239093-1	05/04/2018	GATE SVC - EXPO CENTER	\$4,183.00
			VORTEX INDUSTRIES, INC.	\$4,459.00

Checks	Status	Count	Transaction Amount
	Total	7	\$52,421.67

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

ITEM NO. 6.2



CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

City of Industry

CRIA BOARD OF DIRECTORS

HOWARD, LIM, CHAIRMAN
DAVID CARMANY
LARRY HARTMANN
JOHN KARNS
DANNY MOLINA

15625 EAST STAFFORD STREET
CITY OF INDUSTRY, CALIFORNIA 91744-3366
(626) 333-2211

STAFF REPORT

Date: May 31, 2018

To: Chairman and Members of the Board of Directors
Civic-Recreational-Industrial Authority

Prepared by: Dean Yamagata – Frazer, LLP

Via: Yamini Pathak – Acting Director of Finance

Subject: Civic-Recreational-Industrial Authority April 30, 2018 Financial Report

RECOMMENDATION

Receive and file.

EXECUTIVE SUMMARY

Expo Center:

For the month ended April 30, 2018, the Expo Center generated revenues of \$187,947 and incurred expenses of \$179,376. There were no transfers from the capital Projects Fund.

For the year to date ended April 30, 2018, the Expo Center generated revenues of \$1,542,741 and incurred expenses of \$1,944,573. Net transfers to the Capital Projects Fund amounted to \$380,886. Year to date revenues and expenses are in line with the annual budgeted amounts.

Capital Projects Fund:

Total expenses budgeted for the year ending June 30, 2018 amount to \$330,675, which the Fund has incurred \$397,790 of actual expenses for the ten months ended April 30, 2018. There were no transfers to the Expo Center for the month ended April 30, 2018, and \$392,765 for the year to date ended April 30, 2018.

DESCRIPTION OF REPORTS

The monthly financial statements are a comprehensive document reflecting the financial position and the result of operations of the Authority at April 30, 2018.

Fiscal Impact

There is no fiscal impact as result of this action.

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

FINANCIAL STATEMENTS

APRIL 30, 2018

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

FINANCIAL STATEMENTS

APRIL 30, 2018

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Note: The presentation of these financial statements do not conform with Governmental Accounting Standards Board statement number 34 – Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments and do not include all the disclosures required by this pronouncement.

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

EXECUTIVE SUMMARY
FINANCIAL STATEMENTS
APRIL 30, 2018

Expo Center Operations

During the month ended April 30, 2018, we held nine events in the Pavilion and ten events in the Avalon Room with contracts totaling \$73,703.

In the Grand Arena we held six events with contracts totaling \$109,874. These events were Feria Del Caballos, LTAP Ventura, ACDC, Colonia Shiba, LTAP Border Collie, and GCESS.

During the month ended April 30, 2018, we generated revenues from the Speedway events totaling \$2,756.

At April 30, 2018 and 2017, our financial statements reflect the following activity:

<u>Expo Center Operations</u>	<u>Month Ended</u> <u>4/30/2018</u>	<u>Year To Date</u> <u>4/30/2018</u>	<u>Annual Budget</u> <u>2017-2018</u>	<u>% of Annual</u> <u>Budget</u>	<u>Month Ended</u> <u>04/30/2017</u>	<u>Year To Date</u> <u>04/30/2017</u>
Total revenues	\$ 187,947	\$ 1,542,741	\$ 1,679,605	92%	\$ 128,130	\$ 1,207,873
Expenses:						
Direct Expo Center expenses	89,459	951,846	1,248,765	76%	96,623	914,592
General and administrative expenses	89,917	992,727	1,118,985	89%	103,426	849,100
Total direct Expo Center expenses	179,376	1,944,573	2,367,750	82%	200,049	1,763,692
Net income (loss) from operations	8,571	(401,832)	(688,145)	58%	(71,919)	(555,819)
Net income (loss)	\$ 8,571	\$ (401,832)	\$ (688,145)	58%	\$ (71,919)	\$ (555,819)

The following is our summarized financial statements by department at April 30, 2018 and 2017:

<u>Expo Center Operations</u>	<u>Month Ended</u> <u>4/30/2018</u>	<u>Month Ended</u> <u>4/30/2018</u>	<u>Month Ended</u> <u>4/30/2018</u>	<u>Month Ended</u> <u>4/30/2018</u>	<u>Month Ended</u> <u>4/30/2018</u>
	<u>Speedway</u>	<u>Facilities</u>	<u>Grand</u> <u>Arena</u>	<u>General</u> <u>and Admin.</u>	<u>Totals</u>
Total revenues	\$ 2,756	\$ 73,703	\$ 109,874	\$ 1,614	\$ 187,947
Expenses:					
Direct Expo Center expenses	6,776	49,356	33,327	-	89,459
General and administrative expenses	-	-	-	89,917	89,917
Total direct Expo Center expenses	6,776	49,356	33,327	89,917	179,376
Net income (loss) from operations	(4,020)	24,347	76,547	(88,303)	8,571
Net income (loss) for the month ended	\$ (4,020)	\$ 24,347	\$ 76,547	\$ (88,303)	\$ 8,571

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

EXECUTIVE SUMMARY
FINANCIAL STATEMENTS
APRIL 30, 2018

<u>Expo Center Operations</u>	Month Ended 4/30/2017	Month Ended 4/30/2017	Month Ended 4/30/2017	Month Ended 4/30/2017	Month Ended 4/30/2017
	<u>Speedway</u>	<u>Facilities</u>	<u>Grand Arena</u>	<u>General and Admin.</u>	<u>Totals</u>
Total revenues	\$ 3,372	\$ 29,044	\$ 95,035	\$ 679	\$ 128,130
Expenses:					
Direct Expo Center expenses	1,417	38,634	56,572	-	96,623
General and administrative expenses	-	-	-	103,426	103,426
Total direct Expo Center expenses	<u>1,417</u>	<u>38,634</u>	<u>56,572</u>	<u>103,426</u>	<u>200,049</u>
Net income (loss) from operations	<u>1,955</u>	<u>(9,590)</u>	<u>38,463</u>	<u>(102,747)</u>	<u>(71,919)</u>
Net income (loss) for the month ended	<u>\$ 1,955</u>	<u>\$ (9,590)</u>	<u>\$ 38,463</u>	<u>\$ (102,747)</u>	<u>\$ (71,919)</u>

<u>Expo Center Operations</u>	Year To Date 4/30/2018	Year To Date 4/30/2018	Year To Date 4/30/2018	Year To Date 4/30/2018	Year to Date 4/30/2018
	<u>Speedway</u>	<u>Facilities</u>	<u>Grand Arena</u>	<u>General and Admin.</u>	<u>Totals</u>
Total revenues	\$ 170,628	\$ 602,059	\$ 760,980	\$ 9,074	\$ 1,542,741
Expenses:					
Direct Expo Center expenses	145,609	388,431	417,806	-	951,846
General and administrative expenses	-	-	-	992,727	992,727
Total direct Expo Center expenses	<u>145,609</u>	<u>388,431</u>	<u>417,806</u>	<u>992,727</u>	<u>1,944,573</u>
Net income (loss) from operations	<u>25,019</u>	<u>213,628</u>	<u>343,174</u>	<u>(983,653)</u>	<u>(401,832)</u>
Net income (loss) year to date	<u>\$ 25,019</u>	<u>\$ 213,628</u>	<u>\$ 343,174</u>	<u>\$ (983,653)</u>	<u>\$ (401,832)</u>

<u>Expo Center Operations</u>	Year To Date 4/30/2017	Year To Date 4/30/2017	Year To Date 4/30/2017	Year To Date 4/30/2017	Year to Date 4/30/2017
	<u>Speedway</u>	<u>Facilities</u>	<u>Grand Arena</u>	<u>General and Admin.</u>	<u>Totals</u>
Total revenues	\$ 191,552	\$ 508,551	\$ 500,180	\$ 7,590	\$ 1,207,873
Expenses:					
Direct Expo Center expenses	186,520	314,820	413,252	-	914,592
General and administrative expenses	-	-	-	849,100	849,100
Total direct Expo Center expenses	<u>186,520</u>	<u>314,820</u>	<u>413,252</u>	<u>849,100</u>	<u>1,763,692</u>
Net income (loss) from operations	<u>5,032</u>	<u>193,731</u>	<u>86,928</u>	<u>(841,510)</u>	<u>(555,819)</u>
Net income (loss) year to date	<u>\$ 5,032</u>	<u>\$ 193,731</u>	<u>\$ 86,928</u>	<u>\$ (841,510)</u>	<u>\$ (555,819)</u>

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

EXECUTIVE SUMMARY
FINANCIAL STATEMENTS
APRIL 30, 2018

CRIA Capital Assets

In accordance with GASB 34, the Civic-Recreational-Industrial-Authority (referred to as "CRIA") is required to capitalize and depreciate their capital assets. The capital assets net of accumulated depreciation at April 30, 2018 amounted to \$7,270,516. This amount represents the cost of capital assets purchased or constructed over the years at the Industry Hills Expo Center and surrounding areas. No depreciation expense has been recorded in the statement of operations for the period ended April 30, 2018. It is the accounting policy of the CRIA to record annual depreciation expense subsequent to the completion of the June 30, 2018 annual audit.

Capital Projects Operations

The capital projects fund reflects expenditures for capital improvements and operational costs. Operational costs include Board and staff salaries, professional services and miscellaneous items.

At April 30, 2018, our financial statements reflect the following activity:

<u>Capital Projects Fund</u>	<u>Month Ended</u> <u>4/30/2018</u>	<u>Year To Date</u> <u>4/30/2018</u>	<u>Annual Budget</u> <u>2017-2018</u>	<u>% of Annual</u> <u>Budget</u>
Total revenues	\$ 525	\$ 1,375	\$ 610	225%
Expenditures				
General and administrative expenses	34,973	397,790	330,675	120%
Total expenses	34,973	397,790	330,675	120%
Net loss	\$ (34,448)	\$ (396,415)	\$ (330,065)	120%

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

BALANCE SHEET
AS OF APRIL 30, 2018

			Capital Projects		Expo Center
ASSETS					
CURRENT ASSETS:					
	Cash and cash equivalents	\$	66,600	\$	162,064
	Investments		139,130		-
	Accounts receivable, net		-		11,805
	Prepaid insurance		-		12,152
	Inventories		-		38,801
	Deposits		-		3,000
	Total current assets		205,730		227,822
	CAPITAL ASSETS, net				7,270,516
	Total assets	\$	205,730	\$	7,498,338
LIABILITIES AND FUND EQUITY					
CURRENT LIABILITIES:					
	Accounts payable		96,152		30,194
	Sales tax payable		-		10,297
	Advance rental payments		-		154,099
	Security deposits		-		74,600
	Total current liabilities		96,152		269,190
FUND EQUITY:					
	Fund balance		109,578		7,229,148
	Total liabilities and fund equity	\$	205,730	\$	7,498,338

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

STATEMENT OF OPERATIONS
FOR THE MONTH AND YEAR TO DATE ENDED APRIL 30, 2018

	CAPITAL PROJECTS				EXPO CENTER			
	MONTH ENDED	YEAR TO DATE	2017-2018 ANNUAL BUDGET	% OF ANNUAL BUDGET	MONTH ENDED	YEAR TO DATE	2017-2018 ANNUAL BUDGET	% OF ANNUAL BUDGET
	4/30/2018	4/30/2018			4/30/2018	4/30/2018		
REVENUES:								
Expo center revenues	\$	\$	\$		\$ 187,947	\$ 1,542,741	\$ 1,679,605	92%
Other revenues	525	1,375	610	225%				
Total revenues	525	1,375	610	225%	187,947	1,542,741	1,679,605	92%
EXPENDITURES:								
General and administrative expenses	34,973	397,790	330,675	120%	89,917	992,727	1,118,985	89%
Operating expenses					89,459	951,846	1,248,765	76%
Total expenses	34,973	397,790	330,675	120%	179,376	1,944,573	2,367,750	82%
(EXCESS OF EXPENDITURES OVER REVENUES)/EXCESS OF REVENUES OVER EXPENDITURES	(34,448)	(396,415)	(330,065)	120%	8,571	(401,832)	(688,145)	58%
OTHER FINANCING SOURCES, NET	35,000	478,225	330,675	145%	-	380,886	688,145	55%
(EXCESS OF EXPENDITURES OVER REVENUES AND OTHER FINANCING SOURCES)/EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	552	81,810	\$ 610		8,571	(20,946)	\$ -	
Fund balance, beginning	109,026	27,768			7,220,577	7,250,094		
Fund balance, ending	\$ 109,578	\$ 109,578			\$ 7,229,148	\$ 7,229,148		

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

INDUSTRY HILLS EXPO CENTER
STATEMENT OF CASH FLOWS
FOR THE TEN MONTHS ENDED APRIL 30, 2018

		AMOUNT
CASH FLOWS FROM OPERATING ACTIVITIES		
	Net loss before transfers and other credits	\$ (401,832)
	Adjustments to reconcile net loss to net cash used	
	in operating activities:	
	Change in operating assets and liabilities	
	Accounts receivable, net	32,757
	Prepaid insurance	(4,137)
	Prepaid expenses	39,425
	Inventories	9,103
	Accounts payable	(62,833)
	Sales tax payable	8,044
	Advance rental payments	11,433
	Security deposits	24,528
	Net cash used in operating activities	(343,512)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
	Other financing sources	380,886
NET CHANGE IN CASH		
		37,374
	Cash at July 1, 2017	124,690
	Cash at April 30, 2018	\$ 162,064

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

Schedule 1
Page 1

INDUSTRY HILLS EXPO CENTER
SCHEDULE OF REVENUES AND EXPENSES
FOR THE MONTH AND YEAR TO DATE ENDED APRIL 30, 2018 AND 2017

	MONTH ENDED 4/30/2018	YEAR TO DATE 4/30/2018	ANNUAL BUDGET 2017-2018	% OF ANNUAL BUDGET	MONTH ENDED 04/30/2017	YEAR TO DATE 04/30/2017
Expo Center Operations						
Revenues						
Facilities rentals	\$ 34,114	\$ 271,588	\$ 308,160	88%	\$ 13,839	\$ 228,905
Facilities rentals - bar sales	32,139	260,040	284,825	91%	9,298	213,760
Facilities - security	4,147	42,430	57,730	73%	2,630	44,698
Facilities - food	2,003	16,089	4,055	397%	2,479	7,374
Facilities - insurance	1,300	11,800	14,900	79%	700	11,600
Facilities - other	-	112	960	12%	98	2,214
Grand Arena - special events rentals	22,000	123,000	79,835	154%	16,600	79,000
Grand Arena - outdoor arena rentals	2,800	5,800	3,045	190%	800	2,400
Grand Arena - show barn stall rentals	480	27,424	34,150	80%	242	20,513
Grand Arena - shaving sales	231	5,160	4,665	111%	-	3,715
Grand Arena - security	2,700	42,939	35,865	120%	5,824	27,443
Grand Arena - trailer parking	2,520	10,820	9,055	119%	3,975	9,875
Grand Arena - bar sales	47,087	321,385	264,360	122%	29,261	192,613
Grand Arena - food	13,461	78,592	123,795	63%	14,024	75,680
Grand Arena - feed sales	-	-	465	0%	-	239
Grand Arena - other	18,595	145,860	126,695	115%	24,309	88,702
Speedway - Merchandise	-	5,082	12,890	39%	-	7,435
Speedway - Bar	-	30,181	68,075	44%	-	42,338
Speedway - Prize Money	-	19,823	40,465	49%	60	29,349
Speedway - General Admission	156	40,995	71,070	58%	812	41,528
Speedway - Concessions	-	25,861	63,960	40%	-	40,853
Speedway - Parking	-	10,913	22,170	49%	-	14,375
Speedway - Other	2,600	37,773	39,175	96%	2,500	15,674
G&A- Other	1,614	9,074	9,240	98%	679	7,590
Total revenues	187,947	1,542,741	1,679,605	92%	128,130	1,207,873
Expo expenses						
Cost of sales	18,900	130,814	154,800	85%	8,514	114,513
Bar supplies	795	22,341	5,855	382%	619	3,236
Promotional banquet	522	12,560	23,680	53%	4,395	20,920
Feed	-	-	690	0%	-	-
Contract labor/wages	44,979	458,152	455,660	101%	43,363	333,962
Furniture/fixtures & equipment	1,069	2,259	30,110	8%	729	12,112
Facilities - insurance	2,800	13,601	10,600	128%	7,700	12,001
Miscellaneous	50	2,028	32,800	6%	(6)	23,870
Promotional	783	28,201	96,280	29%	7,338	52,542
Property maintenance	-	(3,360)	23,190	-14%	324	26,118
Repairs and maintenance	-	2,801	-	0%	-	285
Sales tax	-	-	-	0%	-	432
Security - Grand Arena	3,696	49,980	53,900	93%	9,878	40,886
Security - Facilities	4,815	41,309	49,490	83%	501	42,020
Security - Speedway	-	7,216	26,060	28%	-	20,358
Shavings	160	4,534	4,315	105%	-	4,359
Supplies	3,422	39,452	41,040	96%	5,278	36,961
Equipment rental	-	3,074	1,390	221%	154	1,053
Special event concessions	661	26,512	41,510	64%	5,860	42,375
Bad debt	750	5,250	-	0%	750	7,195
Speedway- Concessions	4,396	12,655	21,450	59%	-	718
Speedway- Merchandise	-	1,349	13,815	10%	-	5,245
Speedway- Insurance	1,215	13,372	13,470	99%	1,226	13,153
Speedway - Prize money	-	27,160	54,595	50%	-	36,155
Speedway- Outside services/contract labor	446	50,586	94,065	54%	-	64,123
Total Expo expenses	89,459	951,846	1,248,765	76%	96,623	914,592
Operating income before direct						
G & A and CRIA indirect expenses	98,488	590,895	430,840	137%	31,507	293,281

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

INDUSTRY HILLS EXPO CENTER
SCHEDULE OF REVENUES AND EXPENSES
FOR THE MONTH AND YEAR TO DATE ENDED APRIL 30, 2018 AND 2017

	MONTH ENDED	YEAR TO DATE	ANNUAL	% OF	MONTH ENDED	YEAR TO DATE
Expo Center Operations	4/30/2018	4/30/2018	BUDGET	ANNUAL	04/30/2017	04/30/2017
			2017-2018	BUDGET		
Direct general and administrative expenses						
Office supplies	-	3,637	620	587%	-	-
Travel and meetings	684	2,456	3,505	70%	66	2,397
Dues, subscriptions, books, etc.	895	5,342	1,285	416%	-	1,035
Equipment rental/lease	656	7,169	7,055	102%	344	3,653
Employee training	-	-	1,960	0%	40	1,941
Furniture/fixtures & equipment	-	2,641	5,710	46%	2,761	2,761
Advertising/printing	-	76	-	0%	-	-
Telephone	1,464	13,990	18,970	74%	1,938	15,400
Postage	679	2,213	9,005	25%	42	7,771
Miscellaneous	1,994	17,752	17,755	100%	852	12,336
Professional services	17,473	216,925	209,140	104%	16,776	128,133
Repairs and equipment	3,326	10,073	41,095	25%	8,612	38,276
Vehicle expenses	731	21,067	26,225	80%	917	23,856
Insurance and bonds	-	-	12,095	0%	-	12,095
Supplies	2,087	37,209	47,555	78%	5,879	38,888
Contract labor/administrative wages	38,151	422,587	400,000	106%	39,011	313,139
Property maintenance	9,694	101,746	168,395	60%	15,531	127,261
Utilities	12,083	127,844	148,615	86%	10,657	120,158
Total direct general and administrative expenses	89,917	992,727	1,118,985	89%	103,426	849,100
Expo Center operating loss	\$ 8,571	\$ (401,832)	\$ (688,145)	58%	\$ (71,919)	\$ (555,819)

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

Schedule 2

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE MONTH AND YEAR TO DATE ENDED APRIL 30, 2018

	MONTH ENDED 4/30/2018	YEAR TO DATE 4/30/2018	ANNUAL BUDGET 2017-2018	% OF ANNUAL BUDGET
REVENUES				
Other revenues	\$ 525	\$ 1,375	\$ 610	225%
GENERAL AND ADMINISTRATIVE EXPENSES				
Salaries - board	2,847	28,346	42,525	67%
Payroll taxes	-	-	2,425	0%
Miscellaneous	-	13,015	500	2603%
Medicare/disability	40	396	625	63%
PARS - ARS	106	1,063	1,600	66%
Legal	-	-	5,000	0%
Professional services	2,195	40,323	88,000	46%
Accounting	2,560	17,426	16,000	109%
Planning, Survey and Design	-	15	10,000	0%
Vehicle expenses	783	2,756	6,000	46%
Advertising and Printing	-	-	2,000	0%
General engineering	-	-	30,000	0%
Property maintenance	26,380	267,848	80,000	335%
Insurance and bonds	-	25,990	45,000	58%
Utilities	62	612	1,000	61%
Total general and administrative expenses	34,973	397,790	330,675	120%
EXCESS OF EXPENDITURES OVER				
REVENUES	\$ (34,448)	\$ (396,415)	\$ (330,065)	120%



CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

City of Industry

CRIA BOARD OF DIRECTORS

HOWARD, LIM, CHAIRMAN
DAVID CARMANY
LARRY HARTMANN
JOHN KARNS
DANNY MOLINA

15625 EAST STAFFORD STREET
CITY OF INDUSTRY, CALIFORNIA 91744-3366
(626) 333-2211

STAFF REPORT

Date: May 31, 2018

To: Chairman and Members of the Board of Directors
Civic-Recreational-Industrial Authority

Prepared by: Dean Yamagata – Frazer, LLP

Via: Yamini Pathak - Acting Director of Finance

Subject: Civic-Recreational-Industrial Authority March 31, 2018 Financial Report

RECOMMENDATION

Receive and file.

EXECUTIVE SUMMARY

Expo Center:

For the month ended March 31, 2018, the Expo Center generated revenues of \$164,838 and incurred expenses of \$187,891. Net transfers to the Capital Projects Fund amounted to \$43,042.

For the year to date ended March 31, 2018, the Expo Center generated revenues of \$1,354,794 and incurred expenses of \$1,765,197. Net transfers to the Capital Projects Fund amounted to \$380,886. Year to date revenues and expenses are in line with the annual budgeted amounts.

Capital Projects Fund:

Total expenses budgeted for the year ending June 30, 2018 amount to \$330,675, which the Fund has incurred \$362,817 of actual expenses for the nine months ended March 31, 2018. Transfers to the Expo Center amounted to \$43,042 for the month ended March 31, 2018, and \$392,765 for the year to date ended March 31, 2018.

DESCRIPTION OF REPORTS

The monthly financial statements are a comprehensive document reflecting the financial position and the result of operations of the Authority at March 31, 2018.

Fiscal Impact

There is no fiscal impact as result of this action.

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

FINANCIAL STATEMENTS

MARCH 31, 2018

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

FINANCIAL STATEMENTS

MARCH 31, 2018

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Note: The presentation of these financial statements do not conform with Governmental Accounting Standards Board statement number 34 – Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments and do not include all the disclosures required by this pronouncement.

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

EXECUTIVE SUMMARY
FINANCIAL STATEMENTS
MARCH 31, 2018

Expo Center Operations

During the month ended March 31, 2018, we held ten events in the Pavilion and twelve events in the Avalon Room with contracts totaling \$78,043.

In the Grand Arena we held six events with contracts totaling \$44,436. These events were San Baltazar, Inpefess, XL Music Group, Santa Maria, LASD Posse, and P63 Entertainment.

During the month ended March 31, 2018, we generated revenues from the Speedway events totaling \$41,705.

At March 31, 2018 and 2017, our financial statements reflect the following activity:

<u>Expo Center Operations</u>	Month Ended 3/31/2018	Year To Date 3/31/2018	Annual Budget 2017-2018	% of Annual Budget	Month Ended 03/31/2017	Year To Date 03/31/2017
Total revenues	\$ 164,838	\$ 1,354,794	\$ 1,679,605	81%	\$ 57,986	\$ 1,079,743
Expenses:						
Direct Expo Center expenses	97,965	862,386	1,248,765	69%	69,477	817,969
General and administrative expenses	89,926	902,811	1,118,985	81%	89,392	745,674
Total direct Expo Center expenses	187,891	1,765,197	2,367,750	75%	158,869	1,563,643
Net loss from operations	(23,053)	(410,403)	(688,145)	60%	(100,883)	(483,900)
Net loss	\$ (23,053)	\$ (410,403)	\$ (688,145)	60%	\$ (100,883)	\$ (483,900)

The following is our summarized financial statements by department at March 31, 2018 and 2017:

<u>Expo Center Operations</u>	Month Ended 3/31/2018	Month Ended 3/31/2018	Month Ended 3/31/2018	Month Ended 3/31/2018	Month Ended 3/31/2018
	Speedway	Facilities	Grand Arena	General and Admin.	Totals
Total revenues	\$ 41,705	\$ 78,043	\$ 44,436	\$ 654	\$ 164,838
Expenses:					
Direct Expo Center expenses	15,357	41,808	40,800	-	97,965
General and administrative expenses	-	-	-	89,926	89,926
Total direct Expo Center expenses	15,357	41,808	40,800	89,926	187,891
Net income (loss) from operations	26,348	36,235	3,636	(89,272)	(23,053)
Net income (loss) for the month ended	\$ 26,348	\$ 36,235	\$ 3,636	\$ (89,272)	\$ (23,053)

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

EXECUTIVE SUMMARY
FINANCIAL STATEMENTS
MARCH 31, 2018

<u>Expo Center Operations</u>	Month Ended 3/31/2017	Month Ended 3/31/2017	Month Ended 3/31/2017	Month Ended 3/31/2017	Month Ended 3/31/2017
	<u>Speedway</u>	<u>Facilities</u>	<u>Grand Arena</u>	<u>General and Admin.</u>	<u>Totals</u>
Total revenues	\$ 4,630	\$ 36,020	\$ 16,927	\$ 409	\$ 57,986
Expenses:					
Direct Expo Center expenses	12,933	27,757	28,787	-	69,477
General and administrative expenses	-	-	-	89,392	89,392
Total direct Expo Center expenses	<u>12,933</u>	<u>27,757</u>	<u>28,787</u>	<u>89,392</u>	<u>158,869</u>
Net income (loss) from operations	<u>(8,303)</u>	<u>8,263</u>	<u>(11,860)</u>	<u>(88,983)</u>	<u>(100,883)</u>
Net income (loss) for the month ended	<u>\$ (8,303)</u>	<u>\$ 8,263</u>	<u>\$ (11,860)</u>	<u>\$ (88,983)</u>	<u>\$ (100,883)</u>

<u>Expo Center Operations</u>	Year To Date 3/31/2018	Year To Date 3/31/2018	Year To Date 3/31/2018	Year To Date 3/31/2018	Year to Date 3/31/2018
	<u>Speedway</u>	<u>Facilities</u>	<u>Grand Arena</u>	<u>General and Admin.</u>	<u>Totals</u>
Total revenues	\$ 167,872	\$ 528,356	\$ 651,106	\$ 7,460	\$ 1,354,794
Expenses:					
Direct Expo Center expenses	138,832	339,075	384,479	-	862,386
General and administrative expenses	-	-	-	902,811	902,811
Total direct Expo Center expenses	<u>138,832</u>	<u>339,075</u>	<u>384,479</u>	<u>902,811</u>	<u>1,765,197</u>
Net income (loss) from operations	<u>29,040</u>	<u>189,281</u>	<u>266,627</u>	<u>(895,351)</u>	<u>(410,403)</u>
Net income (loss) year to date	<u>\$ 29,040</u>	<u>\$ 189,281</u>	<u>\$ 266,627</u>	<u>\$ (895,351)</u>	<u>\$ (410,403)</u>

<u>Expo Center Operations</u>	Year To Date 3/31/2017	Year To Date 3/31/2017	Year To Date 3/31/2017	Year To Date 3/31/2017	Year to Date 3/31/2017
	<u>Speedway</u>	<u>Facilities</u>	<u>Grand Arena</u>	<u>General and Admin.</u>	<u>Totals</u>
Total revenues	\$ 188,180	\$ 479,507	\$ 405,145	\$ 6,911	\$ 1,079,743
Expenses:					
Direct Expo Center expenses	185,103	276,186	356,680	-	817,969
General and administrative expenses	-	-	-	745,674	745,674
Total direct Expo Center expenses	<u>185,103</u>	<u>276,186</u>	<u>356,680</u>	<u>745,674</u>	<u>1,563,643</u>
	<u>3,077</u>	<u>203,321</u>	<u>48,465</u>	<u>(738,763)</u>	<u>(483,900)</u>
Net income (loss) year to date	<u>\$ 3,077</u>	<u>\$ 203,321</u>	<u>\$ 48,465</u>	<u>\$ (738,763)</u>	<u>\$ (483,900)</u>

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

EXECUTIVE SUMMARY
FINANCIAL STATEMENTS
MARCH 31, 2018

CRIA Capital Assets

In accordance with GASB 34, the Civic-Recreational-Industrial-Authority (referred to as "CRIA") is required to capitalize and depreciate their capital assets. The capital assets net of accumulated depreciation at March 31, 2018 amounted to \$7,270,516. This amount represents the cost of capital assets purchased or constructed over the years at the Industry Hills Expo Center and surrounding areas. No depreciation expense has been recorded in the statement of operations for the period ended March 31, 2018. It is the accounting policy of the CRIA to record annual depreciation expense subsequent to the completion of the June 30, 2018 annual audit.

Capital Projects Operations

The capital projects fund reflects expenditures for capital improvements and operational costs. Operational costs include Board and staff salaries, professional services and miscellaneous items.

At March 31, 2018, our financial statements reflect the following activity:

<u>Capital Projects Fund</u>	<u>Month Ended</u> <u>3/31/2018</u>	<u>Year To Date</u> <u>3/31/2018</u>	<u>Annual Budget</u> <u>2017-2018</u>	<u>% of Annual</u> <u>Budget</u>
Total revenues	\$ -	\$ 850	\$ 610	139%
Expenditures				
General and administrative expenses	28,050	362,817	330,675	110%
Total expenses	28,050	362,817	330,675	110%
Net loss	\$ (28,050)	\$ (361,967)	\$ (330,065)	110%

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

BALANCE SHEET
AS OF MARCH 31, 2018

		Capital Projects	Expo Center
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$	66,572	\$ 168,195
Investments		138,606	-
Accounts receivable, net		-	5,653
Prepaid insurance		-	13,367
Inventories		-	41,190
Deposits		-	3,000
Total current assets		205,178	231,405
CAPITAL ASSETS, net			
			7,270,516
Total assets	\$	205,178	\$ 7,501,921
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES:			
Accounts payable		96,152	42,056
Sales tax payable		-	5,174
Advance rental payments		-	158,834
Security deposits		-	75,280
Total current liabilities		96,152	281,344
FUND EQUITY:			
Fund balance		109,026	7,220,577
Total liabilities and fund equity	\$	205,178	\$ 7,501,921

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

STATEMENT OF OPERATIONS
FOR THE MONTH AND YEAR TO DATE ENDED MARCH 31, 2018

	CAPITAL PROJECTS				EXPO CENTER			
	MONTH ENDED	YEAR TO DATE	2017-2018 ANNUAL BUDGET	% OF ANNUAL BUDGET	MONTH ENDED	YEAR TO DATE	2017-2018 ANNUAL BUDGET	% OF ANNUAL BUDGET
	3/31/2018	3/31/2018			3/31/2018	3/31/2018		
REVENUES:								
Expo center revenues	\$	\$	\$		\$ 164,838	\$ 1,354,794	\$ 1,679,605	81%
Other revenues	-	850	610	139%				
Total revenues	-	850	610	139%	164,838	1,354,794	1,679,605	81%
EXPENDITURES:								
General and administrative expenses	28,050	362,817	330,675	110%	89,926	902,811	1,118,985	81%
Operating expenses					97,965	862,386	1,248,765	69%
Total expenses	28,050	362,817	330,675	110%	187,891	1,765,197	2,367,750	75%
EXCESS OF EXPENDITURES OVER REVENUES	(28,050)	(361,967)	(330,065)	110%	(23,053)	(410,403)	(688,145)	60%
OTHER FINANCING SOURCES, NET	26,958	443,225	330,675	134%	43,042	380,886	688,145	55%
(EXCESS OF EXPENDITURES OVER REVENUES AND OTHER FINANCING SOURCES)/EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(1,092)	81,258	\$ 610		19,989	(29,517)	\$ -	
Fund balance, beginning	110,118	27,768			7,200,588	7,250,094		
Fund balance, ending	\$ 109,026	\$ 109,026			\$ 7,220,577	\$ 7,220,577		

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

INDUSTRY HILLS EXPO CENTER
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2018

		AMOUNT
CASH FLOWS FROM OPERATING ACTIVITIES		
	Net loss before transfers and other credits	\$ (410,403)
	Adjustments to reconcile net loss to net cash used in operating activities:	
	Change in operating assets and liabilities	
	Accounts receivable, net	38,909
	Prepaid insurance	(5,352)
	Prepaid expenses	39,425
	Inventories	6,714
	Accounts payable	(50,971)
	Sales tax payable	2,921
	Advance rental payments	16,168
	Security deposits	25,208
	Net cash used in operating activities	(337,381)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
	Other financing sources	380,886
	NET CHANGE IN CASH	43,505
	Cash at July 1, 2017	124,690
	Cash at March 31, 2018	\$ 168,195

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

Schedule 1
Page 1

INDUSTRY HILLS EXPO CENTER
SCHEDULE OF REVENUES AND EXPENSES
FOR THE MONTH AND YEAR TO DATE ENDED MARCH 31, 2018 AND 2017

	MONTH ENDED	YEAR TO DATE	ANNUAL	% OF	MONTH ENDED	YEAR TO DATE
Expo Center Operations	3/31/2018	3/31/2018	BUDGET	ANNUAL	03/31/2017	03/31/2017
			2017-2018	BUDGET		
Revenues						
Facilities rentals	\$ 35,993	\$ 237,474	\$ 308,160	77%	\$ 15,385	\$ 215,066
Facilities rentals - bar sales	33,475	227,901	284,825	80%	15,947	204,462
Facilities - security	5,481	38,283	57,730	66%	3,531	42,068
Facilities - food	1,394	14,086	4,055	347%	257	4,895
Facilities - insurance	1,700	10,500	14,900	70%	900	10,900
Facilities - other	-	112	960	12%	-	2,116
Grand Arena - special events rentals	13,250	101,000	79,835	127%	7,900	62,400
Grand Arena - outdoor arena rentals	-	3,000	3,045	99%	-	1,600
Grand Arena - show barn stall rentals	1,896	26,944	34,150	79%	1,700	20,271
Grand Arena - shaving sales	295	4,929	4,665	106%	299	3,715
Grand Arena - security	5,544	40,239	35,865	112%	1,375	21,619
Grand Arena - trailer parking	-	8,300	9,055	92%	-	5,900
Grand Arena - bar sales	9,360	274,298	264,360	104%	3,569	163,352
Grand Arena - food	392	65,131	123,795	53%	-	61,656
Grand Arena - feed sales	-	-	465	0%	-	239
Grand Arena - other	13,699	127,265	126,695	100%	2,084	64,393
Speedway - Merchandise	658	5,082	12,890	39%	-	7,435
Speedway - Bar	3,658	30,181	68,075	44%	-	42,338
Speedway - Prize Money	7,777	19,823	40,465	49%	330	29,289
Speedway - General Admission	7,549	40,839	71,070	57%	-	40,716
Speedway - Concessions	5,505	25,861	63,960	40%	-	40,853
Speedway - Parking	1,804	10,913	22,170	49%	-	14,375
Speedway - Other	14,754	35,173	39,175	90%	4,300	13,174
G&A- Other	654	7,460	9,240	81%	409	6,911
Total revenues	164,838	1,354,794	1,679,605	81%	57,986	1,079,743
Expo expenses						
Cost of sales	12,180	111,914	154,800	72%	6,168	105,999
Bar supplies	1,335	21,546	5,855	368%	241	2,617
Promotional banquet	1,340	12,038	23,680	51%	1,863	16,525
Feed	-	-	690	0%	-	-
Contract labor/wages	47,191	413,173	455,660	91%	27,861	290,599
Furniture/fixtures & equipment	274	1,190	30,110	4%	4,250	11,383
Facilities - insurance	2,000	10,801	10,600	102%	-	4,301
Miscellaneous	1,300	1,978	32,800	6%	2,072	23,876
Promotional	3,323	27,418	96,280	28%	3,175	45,204
Property maintenance	-	(3,360)	23,190	-14%	874	25,794
Repairs and maintenance	1,145	2,801	-	0%	285	285
Sales tax	-	-	-	0%	432	432
Security - Grand Arena	3,972	46,284	53,900	86%	2,640	31,008
Security - Facilities	4,495	36,494	49,490	74%	1,782	41,519
Security - Speedway	1,419	7,216	26,060	28%	-	20,358
Shavings	124	4,374	4,315	101%	177	4,359
Supplies	4,204	36,029	41,040	88%	3,788	31,683
Equipment rental	-	3,074	1,390	221%	77	899
Special event concessions	3,147	25,851	41,510	62%	1,168	36,515
Bad debt	750	4,500	-	0%	750	6,445
Speedway- Concessions	(1,900)	8,259	21,450	39%	775	718
Speedway- Merchandise	-	1,349	13,815	10%	-	5,245
Speedway- Insurance	2,204	12,157	13,470	90%	1,227	11,927
Speedway - Prize money	2,600	27,160	54,595	50%	-	36,155
Speedway- Outside services/contract labor	6,862	50,140	94,065	53%	9,872	64,123
Total Expo expenses	97,965	862,386	1,248,765	69%	69,477	817,969
Operating income before direct						
G & A and CRIA indirect expenses	66,873	492,408	430,840	114%	(11,491)	261,774

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

INDUSTRY HILLS EXPO CENTER
SCHEDULE OF REVENUES AND EXPENSES
FOR THE MONTH AND YEAR TO DATE ENDED MARCH 31, 2018 AND 2017

	MONTH ENDED	YEAR TO DATE	ANNUAL	% OF	MONTH ENDED	YEAR TO DATE
Expo Center Operations	3/31/2018	3/31/2018	BUDGET	ANNUAL	03/31/2017	03/31/2017
			2017-2018	BUDGET		
Direct general and administrative expenses						
Office supplies	-	3,637	620	587%	-	-
Travel and meetings	359	1,772	3,505	51%	721	2,331
Dues, subscriptions, books, etc.	418	4,447	1,285	346%	60	1,035
Equipment rental/lease	1,769	6,513	7,055	92%	472	3,309
Employee training	-	-	1,960	0%	-	1,901
Furniture/fixtures & equipment	-	2,641	5,710	46%	-	-
Advertising/printing	-	76	-	0%	-	-
Telephone	1,270	12,526	18,970	66%	1,472	13,462
Postage	205	1,534	9,005	17%	1,322	7,729
Miscellaneous	1,602	15,759	17,755	89%	1,344	11,483
Professional services	19,497	199,452	209,140	95%	10,194	111,357
Repairs and equipment	205	6,747	41,095	16%	5,494	29,664
Vehicle expenses	52	20,336	26,225	78%	-	22,939
Insurance and bonds	-	-	12,095	0%	12,095	12,095
Supplies	3,812	35,122	47,555	74%	2,468	33,010
Contract labor/administrative wages	39,937	384,436	400,000	96%	28,713	274,128
Property maintenance	8,674	92,052	168,395	55%	14,190	111,730
Utilities	12,126	115,761	148,615	78%	10,847	109,501
Total direct general and administrative expenses	89,926	902,811	1,118,985	81%	89,392	745,674
Expo Center operating loss	\$ (23,053)	\$ (410,403)	\$ (688,145)	60%	\$ (100,883)	\$ (483,900)

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

Schedule 2

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE MONTH AND YEAR TO DATE ENDED MARCH 31, 2018

	MONTH ENDED 3/31/2018	YEAR TO DATE 3/31/2018	ANNUAL BUDGET 2017-2018	% OF ANNUAL BUDGET
REVENUES				
Other revenues	\$ -	\$ 850	\$ 610	139%
GENERAL AND ADMINISTRATIVE EXPENSES				
Salaries - board	2,822	25,499	42,525	60%
Payroll taxes	-	-	2,425	0%
Miscellaneous	-	13,015	500	2603%
Medicare/disability	29	356	625	57%
PARS - ARS	107	957	1,600	60%
Legal	-	-	5,000	0%
Professional services	-	38,128	88,000	43%
Accounting	4,745	14,866	16,000	93%
Planning, Survey and Design	15	15	10,000	0%
Vehicle expenses	-	1,973	6,000	33%
Advertising and Printing	-	-	2,000	0%
General engineering	-	-	30,000	0%
Property maintenance	20,262	241,468	80,000	302%
Insurance and bonds	-	25,990	45,000	58%
Utilities	70	550	1,000	55%
Total general and administrative expenses	28,050	362,817	330,675	110%
EXCESS OF EXPENDITURES OVER				
REVENUES	\$ (28,050)	\$ (361,967)	\$ (330,065)	110%

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

ITEM NO. 6.3



CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

TO: Honorable Chairman and Board Members

FROM: Troy Helling, Acting Executive Director *TH*

STAFF: Yamini Pathak, Acting Director of Finance *YR*

DATE: June 13, 2018

SUBJECT: Consideration of Amendment No. 2 to the Professional Services Agreement with The Pun Group, Extending the Agreement through June 30, 2019, and Increasing Total Compensation Under the Agreement to \$33,194

BACKGROUND:

On October 7, 2015, the Civic-Recreational-Industry Authority ("CRIA") and The Pun Group ("Auditor") entered into a Professional Services Agreement ("Agreement") to provide professional auditing services to CRIA. On June 8, 2016, CRIA and Auditor entered into Amendment No. 1 ("Amendment") amending the Agreement to extend the Agreement through June 30, 2017, and adding the option allowing CRIA to approve two, one-year extensions.

DISCUSSION:

The Agreement expired on June 30, 2017, and due to an oversight, was not renewed for the 2017-18 fiscal year, however work was performed. As such, staff requests that the Second Amendment take effect June 30, 2017, and continue through June 30, 2019, in accordance with the provisions of the First Amendment.

Amendment No. 2 will make the Auditor's contract for a total of a five-year term. Prior to the end of the Term of the Agreement, staff will request approval from the City Council to issue a Request for Proposals for professional auditing services.

FISCAL IMPACT:

There is no fiscal impact associated in FY 2017-2018 as the fees of \$6,896 are budgeted. The FY 2018-2019 fees of \$7,103 will be included in next year's budget process.

RECOMMENDED ACTION:

Staff recommends that the Board approve Amendment No. 2 for The Pun Group, extending the Agreement through June 30, 2019 and authorize the Acting Executive Director to execute Amendment No. 2.

ATTACHMENT:

Amendment No. 2 – The Pun Group Auditing Services

**AMENDMENT NO. 2
TO PROFESSIONAL SERVICES AGREEMENT
WITH THE PUN GROUP**

This Amendment No. 2 to the Professional Services Agreement (“Agreement”), is made and entered into this 13th day of June, 2018, by and between the Civic-Recreational-Industry Authority (“CRIA”), a public body, corporate and politic, and The Pun Group, LLP, (“Consultant”), a California Limited Liability Partnership. CRIA and Consultant are hereinafter collectively referred to as the “Parties.”

RECITALS

WHEREAS, on or about October 8, 2015, CRIA, approved a Professional Services Agreement for auditing services with Consultant; and

WHEREAS, on or about June 8, 2016, CRIA approved the first amendment to allow for two extensions to the agreement in June 2018 and 2019, respectively, to amend the scope of services to include preparation of CRIA’s financial statement, and to include additional fees; and

WHEREAS, the Parties to desire to amend the Agreement to extend the term through June 30, 2019, and to increase the compensation accordingly; and

WHEREAS, given that additional work, the Parties desire to amend the Agreement to increase the compensation of the Agreement by \$13,999 (\$6,896-FY 2017-2018; \$7,103-FY 2018-2019).

WHEREAS, for the reasons set forth herein, CRIA and Consultant desire to enter into this Amendment No. 2, as set forth below.

AMENDMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements set forth herein, it is agreed the aforesaid Agreement, a copy of which is attached hereto as Exhibit A, and incorporated herein by reference, shall remain in full force and effect except as otherwise hereinafter provided:

This Amendment shall be effective as of June 30, 2017.

Section 1. Term

Section 1 of the Agreement shall be revised in its entirety to read as follows:

This Agreement shall commence on the Effective Date, and shall remain and continue in effect until tasks described herein are completed, but in no event later than June 30, 2019, unless sooner terminated pursuant to the provisions of this Agreement.

Section 4. Payment

Section 4(a) is hereby amended to read in its entirety as follows:

CRIA agrees to pay Consultant monthly, in accordance with the payment rates and terms, and the schedule of payment as set forth in Exhibit B (Rate Schedule), attached hereto and incorporated herein by reference. This amount shall not exceed Thirty-Three Thousand One

Hundred Ninety-Four Dollars (\$33,194) for the total Term of the Agreement unless additional payment is approved as provided in this Agreement.

Exhibit B Scope of Services

A revised Exhibit B is attached hereto and incorporated herein by reference. The revised Exhibit B shall replace any prior Exhibit B.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 2 to the Agreement as of June 13, 2018.

“CRIA”

Civic-Recreational-Industry Authority

“CONSULTANT”

The Pun Group, Inc.

By: _____
Troy Helling, Acting Executive Director

By: _____
Kenneth H. Pun, Managing Partner

Attest:

By: _____
Diane M. Schlichting, City Clerk

APPROVED AS TO FORM

By: _____
James M. Casso, City Attorney

Exhibit A

PROFESSIONAL SERVICES AGREEMENT
(Approved)

(See Attached)

**FIRST AMENDMENT TO PROFESSIONAL SERVICES
AGREEMENT BETWEEN THE CITY OF INDUSTRY AND THE PUN
GROUP FOR PROFESSIONAL AUDITING SERVICES**

ARTICLE 1. PARTIES AND DATE

This first amendment to the Professional Services Agreement ("Amendment") is entered this 9th day of June, 2016 by and between the City of Industry ("City") and The Pun Group ("Consultant").

ARTICLE 2. RECITALS

2.1 WHEREAS, the City and Consultant entered into a Professional Services Agreement dated September 24, 2015 ("Agreement"), Attachment 1, for Consultant to provide professional auditing services ("Services") to the City; and

2.2 WHEREAS, the current Agreement with Consultant provides services for the year ended June 30, 2015; and

2.3 WHEREAS, the Services are described in Exhibit A of the Agreement; and

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE TO THE FOLLOWING:

ARTICLE 3. TERMS

3.1 Terms. Section 1 of the Agreement is hereby amended to include the following: The Agreement is extended for two years, years ending June 30, 2016 and June 30, 2017 with the option to two one-year extensions for years ending June 30, 2018 and June 30, 2019 ; and

3.2 Scope of Services. Attachment 1-Section III (Approach of the Agreement) is amended to include the preparation of the City's financial statements as stated in Section VI (Specific Audit Approach) of Attachment 2; and

3.3 Fees and Payments. Section 4 of the Agreement is hereby amended to include the fees in the Attachment 2, Section VIII (Cost Proposal); and

3.4 Continuing Effect of Agreement. Except as amended by this First Amendment, all provisions of the Agreement shall remain unchanged and in full force and effect. From and after the date of this First Amendment, whenever the term "Agreement" appears in the agreement, it shall mean the Agreement as amended by this First Amendment; and


3.5 Affirmation of Agreement. City and Consultant each ratify and reaffirm each and every one of their respective rights and obligations arising under the Agreement. Each party represents and warrants to the other that there have been no written or oral modifications to the Agreement; and

3.6 Adequate Consideration. The parties hereto irrevocably stipulate and agree that they have received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to the First Amendment; and

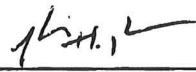
3.7 Counterparts. This First Amendment may be executed in counterparts, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

[Signatures on following page]

"CITY"
City Of Industry

By: 
Paul J. Philips, City Manager

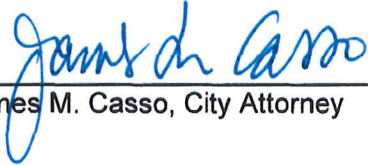
"CONSULTANT"
The Pun Group, LLP

By: 
Kenneth H. Pun, Managing Partner

Attest:

By: 
Cecelia Dunlap, Deputy City Clerk

Approved as to form:

By: 
James M. Casso, City Attorney

Attachments: Attachment 1 – Professional Services Agreement, September 24, 2015 - The Pun Group
Attachment 2 – The Pun Group Proposal to Perform Professional Auditing Services, May 19, 2016

CITY OF INDUSTRY
PROFESSIONAL SERVICES AGREEMENT

This PROFESSIONAL SERVICES AGREEMENT ("Agreement"), is made and effective as of September 24, 2015 ("Effective Date"), between the City of Industry, a municipal corporation ("City"), and The Pun Group, LLP, a California Limited Liability Partnership ("Consultant"). The City and Consultant are hereinafter collectively referred to as the "Parties".

RECITALS

WHEREAS, City desires to engage Consultant to perform the services described herein, and Consultant desires to perform such services in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, City and Consultant agree as follows:

1. TERM

This Agreement shall commence on the Effective Date, and shall remain and continue in effect until tasks described herein are completed, but in no event later than March 31, 2016, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

(a) Consultant shall perform the tasks ("Services") described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. ("Scope of Services"). Tasks other than those specifically described in the Scope of Services shall not be performed without prior written approval of the City. The Services shall be performed by Consultant, unless prior written approval is first obtained from the City. In the event of conflict or inconsistency between the terms of this Agreement and Exhibit A, the terms of this Agreement shall prevail.

(b) City shall have the right to request, in writing, changes to the Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement.

(c) Consultant shall perform all Services in a manner reasonably satisfactory to the City and in a first-class manner in conformance with the standards of quality normally observed by an entity providing professional auditing services, serving a municipal agency.

(d) Consultant shall comply with all applicable federal, state, and local laws, regulations and ordinances in the performance of this Agreement, including but not limited to, the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 *et seq.*). During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working on the Effective Date if both (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute or law; and (ii) City has not consented in writing to Consultant's performance of such work. No officer or employee of City shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.* Consultant hereby warrants that it is not now, nor has it been in the previous twelve (12) months, an employee,

agent, appointee, or official of the City. If Consultant was an employee, agent, appointee, or official of the City in the previous twelve (12) months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of Government Code §1090 *et. seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for Services performed pursuant to this Agreement, and Consultant will be required to reimburse the City for any sums paid to the Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

(e) Consultant represents that it has, or will secure at its own expense, all licensed personnel required to perform the Services. All Services shall be performed by Consultant or under its supervision, and all personnel engaged in the Services shall be qualified and licensed to perform such services.

3. MANAGEMENT

City's Finance Director shall represent the City in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Consultant, but shall have no authority to modify the Services or the compensation due to Consultant.

4. PAYMENT

(a) The City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B ("Rate Schedule"), attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. This amount shall not exceed Sixty Thousand Five Hundred Dollars (\$60,500.00) for the total Term of the Agreement unless additional payment is approved as provided in this Agreement.

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City and Consultant at the time City's written authorization is given to Consultant for the performance of said services.

(c) Consultant shall submit invoices monthly for actual services performed. Invoices shall be submitted on or about the first business day of each month, or as soon thereafter as practical, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice. Any final payment under this Agreement shall be made within 45 days of receipt of an invoice therefore.

(d) In the event the City is required to undergo a single audit in accordance with the Federal Single Audit Act and OMB Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*, the Contractor shall charge an additional fee of Three Thousand Dollars (\$3,000.00) for each major program audit. The number of programs determined to be a major program will be based on the determination required by OMB Circular A-133 and will be discussed with the City prior to commencement of any audit work. Any work performed under this Section shall be provided only upon the prior written approval of the City.

5. SUSPENSION OR TERMINATION OF AGREEMENT

(a) The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the City. Upon termination of the Agreement pursuant to this Section, the Consultant shall submit an invoice to the City pursuant to Section 5 of this Agreement.

6. OWNERSHIP OF DOCUMENTS

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to review such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts or copies therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused, or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files, Consultant shall make available to the City, at the Consultant's office, and upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, copying and/or printing computer files. Consultant hereby grants to City all right, title, and interest, including any copyright, in and to the documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared by Consultant in the course of providing the services under this Agreement. All reports, documents, or other written material developed by Consultant in the performance of the Services pursuant to this Agreement, shall be and remain the property of the City.

7. INDEMNIFICATION

(a) Indemnity for professional liability

When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless the City and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including legal counsel's fees and costs caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees

or Subconsultants (or any agency or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement.

(b) **DUTY TO DEFEND.** In the event the City, its officers, employees, agents and/or volunteers are made a party to any action, claim, lawsuit, or other adversarial proceeding arising from the performance of the services encompassed by this Agreement, and upon demand by City, Consultant shall have an immediate duty to defend the City at Consultant's cost or at City's option, to reimburse the City for its costs of defense, including reasonable attorney's fees and costs incurred in the defense of such matters.

Payment by City is not a condition precedent to enforcement of this indemnity. In the event of any dispute between Consultant and City, as to whether liability arises from the sole negligence of the City or its officers, employees, or agents, Consultant will be obligated to pay for City's defense until such time as a final judgment has been entered adjudicating the City as solely negligent. Consultant will not be entitled in the absence of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

8. INSURANCE

Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit C attached hereto and incorporated herein by reference.

9. INDEPENDENT CONSULTANT

(a) Consultant is and shall at all times remain as to the City a wholly independent consultant and/or independent contractor. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultants exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against the City, or bind the City in any manner.

(b) No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

10. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

11. UNDUE INFLUENCE

Consultant declares and warrants that no undue influence or pressure was used against or in concert with any officer or employee of the City in connection with the award, terms or implementation

of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the City has or will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the City to any and all remedies at law or in equity.

12. NO BENEFIT TO ARISE TO LOCAL OFFICERS AND EMPLOYEES

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

13. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the City, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the City, unless otherwise required by law or court order.

(b) Consultant shall promptly notify City should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request ("Discovery"), court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any project or property located within the City, unless Consultant is prohibited by law from informing the City of such Discovery, court order or subpoena. City retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding as allowed by law. Unless City is a party to the lawsuit, arbitration, or administrative proceeding and is adverse to Consultant in such proceeding, Consultant agrees to cooperate fully with the City and to provide the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

14. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To City:

City of Industry
15625 E. Stafford Street, Suite 100
City of Industry, CA 91744
Attention: City Manager

With a Copy To: James M. Casso, City Attorney
P.O. Box 4131
West Covina, CA 91791

To Consultant: Kenneth H. Pun
The Pun Group, LLP
200 E. Sandpointe Avenue, Suite 600
Santa Ana, CA 92707

15. ASSIGNMENT

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City.

Before retaining or contracting with any subconsultant for any services under this Agreement, Consultant shall provide City with the identity of the proposed subconsultant, a copy of the proposed written contract between Consultant and such subconsultant which shall include and indemnity provision similar to the one provided herein and identifying City as an indemnified party, or an incorporation of the indemnity provision provided herein, and proof that such proposed subconsultant carries insurance at least equal to that required by this Agreement or obtain a written waiver from the City for such insurance.

Notwithstanding Consultant's use of any subconsultant, Consultant shall be responsible to the City for the performance of its subconsultant as it would be if Consultant had performed the Services itself. Nothing in this Agreement shall be deemed or construed to create a contractual relationship between the City and any subconsultant employed by Consultant. Consultant shall be solely responsible for payments to any subconsultants. Consultant shall indemnify, defend and hold harmless the Indemnified Parties for any claims arising from, or related to, the services performed by a subconsultant under this Agreement.

16. GOVERNING LAW/ATTORNEYS' FEES

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court in Los Angeles County, California. If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, or arising out of or relating to the Services provided by Consultant under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and all related costs, including costs of expert witnesses and consultants, as well as costs on appeal, in addition to any other relief to which it may be entitled.

17. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the Parties relating to the obligations of the Parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written and pertaining to the subject of this Agreement or with respect to the terms and conditions of this Agreement, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the

representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

18. SEVERABILITY

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

19. COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

20. CAPTIONS

The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and shall have no significance in the interpretation of this Agreement.

21. WAIVER

The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

22. REMEDIES

Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any of all of such other rights, powers or remedies.

23. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant represents and warrants that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date.

"CITY"
City of Industry

"CONSULTANT"
The Pun Group, LLP

By: Paul J. Phillips 9/20/11
Paul Phillips, City Manager

By: K.H.P.
Kenneth H. Pun, Managing Partner

Attest:

By: Cecelia Dunlap
Cecelia Dunlap, Deputy City Clerk

Approved as to form:

By: James M. Casso
James M. Casso, City Attorney

Attachments: Exhibit A Scope of Services
 Exhibit B Rate Schedule
 Exhibit C Insurance Requirements

EXHIBIT ASCOPE OF SERVICES

Consultant shall audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City as of and for the year ended June 30, 2015.

Accounting standards generally accepted in the United States of America provide for certain Required Supplementary Information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Consultant shall apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to Consultant's inquiries, the basic financial statements, and other knowledge Consultant obtained during our audit of the basic financial statements. Consultant shall not express an opinion or provide any assurance on the information because the limited procedures do not provide Consultant with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules – General Fund and All Major Special Revenue Funds
- 3) Schedule of Funding Progress – Other Postemployment Benefits (OPEB)
- 4) GASB Statement No. 68 Required Schedules

Consultant shall report on Supplementary Information other than RSI that accompanies the City's financial statements. Consultant will subject the following Supplementary Information to the auditing procedures applied in Consultant's audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Combining and Individual Fund Financial Statements
- 2) Budgetary Comparison Schedules – All Other Adopted Funds

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in Consultant's audit of the financial statements, and Consultant's auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Statistical Section

Audit Objectives

The objective of the audit is the expression of opinions as to whether City's financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Consultant's audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City and other procedures we consider necessary to enable Consultant to express such opinions. Consultant shall issue a written report upon completion of its audit of the City's financial statements. Consultant's report will be addressed to Mayor and Members of the City Council of the City. Consultant cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for Consultant to modify its opinions or add emphasis-of-matter or other-matter paragraphs. If Consultant's opinions on the financial statements are other than unmodified, Consultant will discuss the reasons with City in advance. If, for any reason, Consultant is unable to complete the audit or are unable to form or have not formed opinions, Consultant may decline to express opinions or issue reports, or may withdraw from this engagement.

Consultant shall provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during Consultant's audit Consultant becomes aware that the City is subject to an audit requirement that is not encompassed in the terms of this engagement, Consultant shall communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

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

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

Consultant's procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. Consultant will request written representations from your attorneys as part of the engagement, and they may bill the City for responding to this inquiry. At the conclusion of Consultant's audit, Consultant will require certain written representations from the City about the City's responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

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

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, Consultant will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, Consultant will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of Consultant's audit will not be to provide an opinion on overall compliance and Consultant will

not express such an opinion in its report on compliance issued pursuant to *Government Auditing Standards*.

Other Nonaudit Services

Consultant may also assist in preparing the financial statements and related notes of the City in conformity with U.S. generally accepted accounting principles based on information provided by the City. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

City's Responsibilities

The City is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. The City is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. The City is also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

The City is also responsible for making all financial records and related information available to Consultant and for the accuracy and completeness of that information. The City is also responsible for providing Consultant with (1) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that Consultant may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom Consultant determines it necessary to obtain audit evidence.

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

The City is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing Consultant about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. The City's responsibilities include informing Consultant of its knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, Consultant is responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that Consultant reports.

Consultant is responsible for the preparation of the supplementary information, which it has been engaged to report on, in conformity with U.S. generally accepted accounting principles. The City

agrees to include Consultant's report on the supplementary information in any document that contains and indicates that Consultant has reported on the supplementary information. City also agrees to include the audited financial statements with any presentation of the supplementary information that includes Consultant's report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with Consultant's report thereon. The City's responsibilities include acknowledging to Consultant in the written representation letter that (1) the City is responsible for presentation of the supplementary information in accordance with GAAP; (2) the City believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) the City has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

The City agrees to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services Consultant provides. The City will be required to acknowledge in the management representation letter Consultant's assistance with preparation of the financial statements and related notes and that the City has reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, the City agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Third-Party Service Providers

Consultant may from time to time, and depending on the circumstances, use third-party service providers in serving the City's account, upon receiving prior written consent from the City, in accordance with Section 15 of the Agreement. Consultant may share confidential information about the City with these service providers, but remain committed to maintaining the confidentiality and security of the City's information. Accordingly, Consultant maintains internal policies, procedures, and safeguards to protect the confidentiality of the City's personal information. In addition, Consultant will secure confidentiality agreements with all service providers to maintain the confidentiality of the City's information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of the City's confidential information to others. In the event that Consultant is unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, Consultant will remain responsible for the work provided by any such third-party service providers, in accordance with the provisions of Section 15 of the Agreement.

Assistance By City Personnel

Consultant will ask that the City's personnel, to the extent possible, prepare required schedules and analyses, and make selected invoices and other required documents available to Consultant's staff. This assistance by the City's personnel will serve to facilitate the progress of Consultant's work and minimize Consultant's time requirements.

Independence

Professional standards require that a firm and its members maintain independence throughout the duration of the professional relationship with a client. In order to preserve the integrity of our relationship, no offer of employment shall be discussed with any of The Pun Group, Inc. professionals assigned to the audit, during the one year period prior to the commencement of the year-end audit. Should such an offer of employment be made, or employment commences during the indicated time period, Consultant will consider this an indication that Consultant's independence has been compromised. As such, Consultant may be required to recall our auditors' report due to our lack of independence. In the event additional work is required to satisfy independence requirements, such work will be billed at Consultant's standard hourly rates, as set forth in Exhibit B.

Report Distribution

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

Access to Working Papers

The audit documentation for this engagement will be retained for a minimum of seven years after the report release or for any additional period requested by the Oversight Agency for Audit or Pass-through Entity. If Consultant is aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, Consultant will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Consultant is required to undergo a "peer review" every three years. During the course of a Peer Review engagement, selected working papers and financial reports, on a sample basis, will be inspected by an outside party on a confidential basis. Consequently, the accounting and/or auditing work Consultant performed for you may be selected. The City signing this letter represents the City's acknowledgement and permission to allow such access should the City's engagement be selected for review. As a result of Consultant's prior or future services to the City, Consultant may be required or requested to provide information or documents to the City or a third-party in connection with a legal or administrative proceeding (including a grand jury investigation) in which Consultant is not a party. If this occurs, Consultant's efforts in complying with such request or demands will be deemed a part of this engagement and Consultant shall be entitled to compensation for our time and reimbursement for our reasonable out-of-pocket expenditures (including legal fees) in complying with such request or demand, unless Consultant is the defendant, subject, or target of the legal or administrative proceeding. This is not intended, however, to relieve us of our duty to observe the confidentiality requirements of Consultant's profession.

Appropriation Limit

Consultant will apply the agreed-upon procedures to the appropriation limit schedule of the City, for the year ended June 30, 2015. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-Upon Procedures Applied to the Appropriation Limitation Prescribed by Article XIII-B of the California Constitution*) are solely to assist the City in meeting the requirement of Section 1.5 of the Article XIII-B of the California Constitution and will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, Consultant makes no representation regarding the sufficiency of the procedures described herein either for the purpose for which this report has been requested or for any other purpose. If, for any reason, Consultant is unable to complete the procedures, Consultant will describe any restrictions on the performance of the procedures in the report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed do not constitute an examination, Consultant will not express an opinion the City's appropriation limit schedules. In addition, Consultant has no obligation to perform any procedures beyond those listed herein.

City is responsible for presentation of the City's appropriations limit schedule in accordance with Article XIII-B of the California Constitution and for selecting the criteria and determining that such criteria are appropriate for its purposes.

The agreed upon procedures are as follows:

1. Obtain completed worksheets used by the City to calculate its appropriations limit for the year ended June 30, 2015, and verify that the limits and annual calculation factors are adopted by resolution of the City Council. Also, determine that the population and inflation options are selected by a recorded vote of the City Council.
2. For the Appropriations Limit Schedules, Consultant will add the prior year's limit to the total adjustments, and verify the resulting amount to the current year's limit.
3. Verify the current year information presented in the accompanying Appropriation Limit Schedule to corresponding information in worksheets used by the City.
4. Verify the appropriations limit presented in the accompanying Appropriations Limit Schedules matches the appropriations limits adopted by the City Council during the year.

EXHIBIT B
RATE SCHEDULE

<u>Total by Class</u>		<u>Rate</u>
Partners		\$ 225.00
Managers		\$ 200.00
Supervisory		\$ 175.00
Senior Accountants		\$ 150.00
Staff Accountants		\$ 125.00
Clerical		\$ 100.00

EXHIBIT CINSURANCE REQUIREMENTS

Without limiting Consultant's indemnification of City, and prior to commencement of the Services, Consultant shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to Agency.

General liability insurance. Consultant shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

Automobile liability insurance. Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000.00 combined single limit for each accident.

Professional liability (errors & omissions) insurance. Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this agreement and Consultant agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.

Workers' compensation insurance. Consultant shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000.00).

Consultant shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of Agency, its officers, agents, employees and volunteers.

Proof of insurance. Consultant shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsement must be approved by City's Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this contract. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

Duration of coverage. Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Services hereunder by Consultant, his agents, representatives, employees or subconsultants.

Primary/noncontributing. Coverage provided by Consultant shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

City's rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant, or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement.

Acceptable insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

Waiver of subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

Enforcement of contract provisions (non estoppel). Consultant acknowledges and agrees that any actual or alleged failure on the part of the City to inform Consultant of non-compliance with any requirement imposes no additional obligations on the Agency nor does it waive any rights hereunder.

Requirements not limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Notice of cancellation. Consultant agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

Additional insured status. General liability policies shall provide or be endorsed to provide that City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess liability policies.

Prohibition of undisclosed coverage limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.

Separation of Insureds. A severability of interests provision must apply for all additional insureds ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

Pass Through Clause. Consultant agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage and endorsements required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to City for review.

City's right to revise specifications. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City and Consultant may renegotiate Consultant's compensation.

Self-insured retentions. Any self-insured retentions must be declared to and approved by the City. The City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by the City.

Timely notice of claims. Consultant shall give the City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

Additional insurance. Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

Exhibit B

AUDIT WORK COST PROPOSAL

Description of Services	Estimated Hours	Optional Years			
		2015-2016	2016-2017	2017-2018	2018-2019
Audited Financial Statements of the City and its component units, Report on Internal Controls Over Financial Reporting, Auditor's Communication with City Council	500	\$ 65,000	\$ 66,950	\$ 68,950	\$ 71,027
Report on Agreed-Upon Procedures Applied to the Appropriations Limit Worksheets (GANN Limit Review)	5	\$ 600	\$ 618	\$ 637	\$ 656
Audited Financial Statements of the Successor Agency to the Industry Urban-Development Agency, Report on Internal Controls Over Financial Reporting, Auditor's Communication with Board	90	\$ 10,100	\$ 10,403	\$ 10,715	\$ 11,037
Audited Financial Statements of the Civic Recreational-Industrial Authority, Report on Internal Controls Over Financial Reporting, Auditor's Communication with Board (CRIA)	50	\$ 6,500	\$ 6,695	\$ 6,890	\$ 7,103
Audited Financial Statements of the Industry Public Facilities Authority, Report on Internal Controls Over Financial Reporting, Auditor's Communication with Board	50	\$ 6,500	\$ 6,695	\$ 6,890	\$ 7,103
Maximum Fees	685	\$ 88,700	\$ 91,361	\$ 94,102	\$ 96,925
Optional Services					
Uniform Grant Guidance Single Audit of Federal Grants of the City, for 1 major program. (If required)	25	\$ 3,500	\$ 3,570	\$ 3,677	\$ 3,787

The cost proposal for FY 2014-2015 was \$6,000.

Total five-year proposal: \$33,194