



Civic-Recreational-Industrial Authority

Regular Meeting Agenda
February 13, 2019
9:00 a.m.

Chairman Larry Hartmann
Vice Chairman John Karns
Board Member Sean Lee
Board Member Ronald Whittemore

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 Thursday 8:00 a.m. to 5:00 p.m., Friday 8:00 a.m. to 4:00 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 January 2019

RECOMMENDED ACTION: Receive and file.

6. **BOARD MATTERS**

6.1 Consideration of the Register of Demands submitted by the Finance Department for February 13, 2019

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

6.2 Consideration of the minutes of the January 9, 2019 regular meeting

RECOMMENDED ACTION: Approve as submitted.

6.3 Presentation and discussion regarding the Civic-Recreational-Industrial Authority's Financial Report for December 31, 2018

RECOMMENDED ACTION: Receive and file the report.

6.4 Consideration of the Civic-Recreational-Industrial Authority Year Ended June 30, 2018 Annual Financial Reports

RECOMMENDED ACTION: Receive and file the report.

6.5 Discussion and direction regarding ATMs at the Expo Center

RECOMMENDED ACTION: The Board to direct the Executive Director to research ATM service vendor options and return with a proposed agreement.

7. Adjournment. Next regular meeting: Wednesday, March 13, 2019, at 9:00 a.m.

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

ITEM NO. 5.1

Back-up to be provided prior to the Meeting

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

ITEM NO. 5.2

Industry Hills Expo Center - Check Register
JANUARY

| CHECK # | DATE | PAYEE | AMOUNT | DETAILS |
|---------|------------|--------------------------------------|-----------|---------------------------------------|
| 13705 | 01/02/2019 | PCR CASH (ERROR~OUT OF SEQUENCE) | 10,000.00 | REPLENISH ATM TERMINALS-JAN.EVENTS |
| 13709 | 01/02/2019 | AHERN RENTALS | 498.26 | EQUIP. RENTAL-ARENA EVENTS |
| 13710 | 01/02/2019 | ANDREA F MALDONADO | 1,650.00 | MKTG, SOCIAL MEDIA, & DESIGN EXP. |
| 13711 | 01/02/2019 | ANHEUSER BUSCH SALES OF AMERICA | 629.50 | ALCOHOL INVENTORY |
| 13712 | 01/02/2019 | CAPITAL PROTECTION INC. | 1,254.00 | EVENT SECURITY SERVICES |
| 13713 | 01/02/2019 | CINTAS | 1,240.00 | MATS, MOPS AND UNIFORMS |
| 13714 | 01/02/2019 | CLASSIC DISTRIBUTING & BEV. | 2,110.00 | ALCOHOL INVENTORY |
| 13715 | 01/02/2019 | CNC EQUESTRIAN MANAGEMENT | 28,577.20 | FAC. MAINTENANCE-NOV. |
| 13716 | 01/02/2019 | EL MONTE ICE CO. | 175.00 | BAR SUPPLIES EXPENSE-ARENA EVENTS |
| 13717 | 01/02/2019 | FRONTIER COMMUNICATIONS | 288.98 | HIGH SPEED INTERNET SERVICE |
| 13718 | 01/02/2019 | HOME DEPOT | 92.67 | PROPERTY MAINTENANCE EXP. |
| 13719 | 01/02/2019 | JANUS PEST MANAGEMENT, INC. | 749.00 | PEST CONTROL |
| 13720 | 01/02/2019 | OFFICE DEPOT | 52.67 | OFFICE SUPPLIES EXP. |
| 13721 | 01/02/2019 | SATSUMA LANDSCAPE | 8,674.00 | MONTHLY LANDSCAPE EXP.-DEC. |
| 13722 | 01/02/2019 | SIGN DEPOT | 17.72 | SUPPLIES EXP.BANQUET MENU SIGNS |
| 13723 | 01/02/2019 | SOUTHERN CALIFORNIA EDISON | 13,774.52 | MONTHLY UTILITY NOV.-DEC. |
| 13724 | 01/02/2019 | SOUTHERN WINE & SPIRITS | 1,245.50 | ALCOHOL INVENTORY |
| 13725 | 01/02/2019 | STAPLES Business Advantage | 112.76 | OFFICE SUPPLIES EXP. |
| 13726 | 01/02/2019 | SYSCO | 3,614.87 | CONCESSION INVENTORY |
| 13727 | 01/02/2019 | YOUNG'S MARKET CO. | 1,379.68 | ALCOHOL INVENTORY |
| 13728 | 01/02/2019 | CNC EQUESTRIAN MANAGEMENT | 2,966.95 | REIMB. CC PURCH.-DECEMBER |
| 13729 | 01/02/2019 | CNC EQUESTRIAN MANAGEMENT | 3,722.55 | PR W/E 121619 |
| 13730 | 01/02/2019 | CNC EQUESTRIAN MANAGEMENT | 2,807.68 | PR W/E 122319 |
| 13731 | 01/02/2019 | CNC EQUESTRIAN MANAGEMENT | 10,000.00 | MONTHLY MANAGEMENT FEE-JAN. |
| 13732 | 01/04/2019 | GINA HORN DESIGNS | 1,956.79 | QRTLY MAILERS & POSTAGE |
| 13733 | 01/06/2019 | CAPITAL PROTECTION INC. | 2,772.00 | EVENT SECURITY SERVICES |
| 13734 | 01/06/2019 | CNC EQUESTRIAN MANAGEMENT | 34,493.22 | P/R SALARIES-JANUARY |
| 13735 | 01/06/2019 | F.GAVINA & SONS INC. | 360.53 | CONCESSION INVENTORY |
| 13736 | 01/06/2019 | JAM GOLF CARS | 324.00 | GOLF CART MAINT. EXP. |
| 13737 | 01/06/2019 | KIKI'S INDUSTRIAL JANITORIAL SERVICE | 4,295.00 | JAN. FAC. CLEAN/RR&TRASH ARENA EVENTS |
| 13738 | 01/06/2019 | SYMONS EMERGENCY SPECIALTIES INC. | 3,000.00 | AMBULANCE STANDBY-ARENA EVENTS |
| 13739 | 01/06/2019 | SYMONS EMERGENCY SPECIALTIES INC. | 600.00 | AMBULANCE STANDBY-ARENA EVENTS |
| 13740 | 01/07/2019 | VY-042018 MAGGIE STROUSE | 500.00 | SECURITY DEPOSIT REFUND |
| 13743 | 01/11/2019 | PCR CASH | 1,935.54 | REPLENISH PETTY CASH-DEC RECEIPTS |
| 13744 | 01/11/2019 | AR-010519R CHRISTIAN HERNANDEZ | 300.00 | SECURITY DEPOSIT REFUND |
| 13745 | 01/11/2019 | VOID CHECK | 0.00 | DATA ENTRY ERROR |
| 13746 | 01/14/2019 | 7UP/RC BOTTLING OF S.CALIFORNIA | 223.00 | ALCOHOL INVENTORY |
| 13747 | 01/14/2019 | ALARMCO | 700.00 | PROGRESSIVE PMT-FIRE SYSTEM |
| 13748 | 01/14/2019 | ANHEUSER BUSCH SALES OF AMERICA | 446.50 | ALCOHOL INVENTORY |
| 13749 | 01/14/2019 | CAPITAL PROTECTION INC. | 1,914.00 | EVENT SECURITY SERVICES |

Industry Hills Expo Center - Check Register
JANUARY

| CHECK # | DATE | PAYEE | AMOUNT | DETAILS |
|---------|------------|--|-----------|---|
| 13750 | 01/14/2019 | CITY OF INDUSTRY | 3,728.70 | ROLL OFF AND DUMP FEES |
| 13751 | 01/14/2019 | CNC EQUESTRIAN MANAGEMENT | 11,934.96 | PR W/E |
| 13752 | 01/14/2019 | COASTAL CARBONIC | 130.65 | CARBO CHARGER-PATIO CAFÉ |
| 13753 | 01/14/2019 | CULLIGAN WATER CONDITIONING | 78.48 | WATER FILTER SYSTEM-ARENA |
| 13754 | 01/14/2019 | GINA HORN DESIGNS | 1,529.00 | STAMPEDE PROGRAMS/BUS.CARDS R.GARCIA |
| 13755 | 01/14/2019 | GREGS REFRIGERATION | 190.00 | SERVICE CALL, REPAIR-CAFÉ |
| 13756 | 01/14/2019 | JAM GOLF CARS | 2,061.24 | GOLF CART MAINT. EXP. |
| 13757 | 01/14/2019 | JANUS PEST MANAGEMENT, INC. | 1,314.00 | PEST CONTROL |
| 13758 | 01/14/2019 | KIKI'S INDUSTRIAL JANITORIAL SERVICE | 420.00 | RR/TRASH ATT. MA-010519 LTAP |
| 13759 | 01/14/2019 | KLINE'S PLUMBING | 475.00 | MEN'S RR SERVICE-ARENA |
| 13760 | 01/14/2019 | MERRITT'S ACE HARDWARE | 443.40 | PROPERTY MAINT. EXP. |
| 13761 | 01/14/2019 | OFFICE DEPOT | 74.31 | OFFICE SUPPLIES EXP. |
| 13762 | 01/14/2019 | P & R PAPER SUPPLY COMPANY | 191.15 | PAPER AND CLEANING SUPPLIES EXP. |
| 13763 | 01/14/2019 | RANCHO JANITORIAL SUPPLIES | 45.99 | CLEANING SUPPLIES EX. |
| 13764 | 01/14/2019 | ROGERS,CLEM & CO. | 2,200.00 | ACCT'G/CONSULTING EXP. DEC. |
| 13765 | 01/14/2019 | SPARKLETTS | 1,506.54 | ALCOHOL INVENTORY |
| 13766 | 01/14/2019 | SYSCO | 862.09 | CONCESSION INVENTORY |
| 13767 | 01/14/2019 | DILLON RUML | 600.00 | 2018 SPEEDWAY POINTS PAYOUT |
| 13768 | 01/14/2019 | AARON FOX | 500.00 | 2018 SPEEDWAY POINTS PAYOUT |
| 13769 | 01/14/2019 | TIM GOMEZ | 425.00 | 2018 SPEEDWAY POINTS PAYOUT |
| 13770 | 01/14/2019 | JIMMY FISHBACK | 250.00 | 2018 SPEEDWAY POINTS PAYOUT |
| 13771 | 01/14/2019 | AUSTIN NOVRATIL | 200.00 | 2018 SPEEDWAY POINTS PAYOUT |
| 13772 | 01/14/2019 | BOBBY SCHWARTZ | 175.00 | 2018 SPEEDWAY POINTS PAYOUT |
| 13773 | 01/14/2019 | MAX RUML | 150.00 | 2018 SPEEDWAY POINTS PAYOUT |
| 13774 | 01/14/2019 | RUSSELL GREEN | 125.00 | 2018 SPEEDWAY POINTS PAYOUT |
| 13775 | 01/14/2019 | CHARLIE VENEGAS | 100.00 | 2018 SPEEDWAY POINTS PAYOUT |
| 13776 | 01/14/2019 | MICHAEL WELLS | 75.00 | 2018 SPEEDWAY POINTS PAYOUT |
| 13777 | 01/15/2019 | PAV-122218 PABLINA PANTOJA | 600.00 | SECURITY DEPOSIT REFUND |
| 13778 | 01/16/2019 | MA-122118 LYNDA TJARKS SC VISLA | 2,000.00 | REFUND OVERPMT ON ACCT. |
| 13779 | 01/16/2019 | MA-122618 LYNDA TJARKS KCSC | 1,140.00 | REFUND OVERPMT ON ACCT. |
| 13780 | 01/16/2019 | MA-010119 LYNDA TJARKS SAMOYED SO CAL | 1,375.00 | REFUND OVERPMT ON ACCT. |
| 13781 | 01/18/2019 | AT&T | 470.31 | MONTHLY PHONE CHARGES |
| 13782 | 01/18/2019 | California Dept. of Tax and Fee Admin. | 9,843.00 | QRTLTY SALES TAX PAYMENT |
| 13783 | 01/18/2019 | CNC EQUESTRIAN MANAGEMENT | 3,996.06 | PR W/E 010619 |
| 13784 | 01/18/2019 | DELHAVEN COMMUNITY CENTER | 200.00 | SHUTTLE SERVICE-PAVILION |
| 13785 | 01/18/2019 | KIKI'S INDUSTRIAL JANITORIAL SERVICE | 840.00 | RR/TRASH ATT. MA-011219 LBKC |
| 13786 | 01/18/2019 | OFFICE DEPOT | 234.27 | OFFICE SUPPLIES EXP. |
| 13787 | 01/21/2019 | PAV-010519 SOLEDAD AGUIRRE | 1,570.00 | SEC DEP.& REF. DUE TO HEATING COMPLAINT |
| 13788 | 01/21/2019 | PCR CASH | 10,000.00 | REPLENISH ATM TERMINALS |
| 13789 | 01/13/2019 | PITNEY BOWES-PURCHASE POWER | 330.24 | POSTAGE METER LEASE PMT. |

Industry Hills Expo Center - Check Register
JANUARY

| CHECK # | DATE | PAYEE | AMOUNT | DETAILS |
|--------------|------------|--------------------------------------|---------------------|--------------------------------------|
| 13790 | 01/18/2019 | ROBINSONS FLOWERS | 174.40 | FUNERAL SPRAY-J.DIVERS |
| 13791 | 01/21/2019 | PAV-011219 JUANA SOTO | 600.00 | SECURITY DEPOSIT REFUND |
| 13792 | 01/21/2019 | AR-011919 SHEYLLA DURAN | 300.00 | SECURITY DEPOSIT REFUND |
| 13793 | 01/23/2019 | ADVANCED DOCUMENT SYSTEMS & SUPPLY | 295.00 | SERVICE CALL-LAMINATING MACH. |
| 13794 | 01/23/2019 | CAPITAL PROTECTION INC. | 4,675.00 | EVENT SECURITY SERVICES |
| 13795 | 01/23/2019 | CINTAS | 1,771.21 | MATS, MOPS AND UNIFORMS |
| 13796 | 01/23/2019 | CLASSIC DISTRIBUTING & BEV. | 64.00 | ALCOHOL INVENTORY |
| 13797 | 01/23/2019 | CNC EQUESTRIAN MANAGEMENT | 4,319.23 | PR W/E 011319, REIMB. FOR CC PURCH. |
| 13798 | 01/23/2019 | DELHAVEN COMMUNITY CENTER | 800.00 | SHUTTLE SERVICES-PAVILION |
| 13799 | 01/23/2019 | FRONTIER COMMUNICATIONS | 512.79 | MONTHLY PHONE CHARGES |
| 13800 | 01/23/2019 | HOME DEPOT | 851.08 | PROPERTY MAINT. EXP. |
| 13801 | 01/23/2019 | JAM GOLF CARS | 1,589.28 | GOLF CART MAINT. EXP. |
| 13802 | 01/23/2019 | JANUS PEST MANAGEMENT, INC. | 749.00 | PEST CONTROL |
| 13803 | 01/23/2019 | KIKI'S INDUSTRIAL JANITORIAL SERVICE | 1,100.00 | RR/TRASH ATT. MA-011919 NUEVO GEN. |
| 13804 | 01/23/2019 | OFFICE DEPOT | 158.19 | OFFICE SUPPLIES EXP. |
| 13805 | 01/23/2019 | RANCHO JANITORIAL SUPPLIES | 2,197.68 | CLEANING SUPPLIES |
| 13806 | 01/23/2019 | SOUTHERN CALIFORNIA EDISON | 12,273.80 | MONTHLY UTILITY-DEC/JAN. |
| 13807 | 01/23/2019 | SYSCO | 3,485.92 | CONCESSION INVENTORY |
| 13808 | 01/23/2019 | THE BIG NORWEGIAN | 523.63 | VEHICLE MAINT.- |
| 13809 | 01/23/2019 | YOUNG'S MARKET CO. | 373.16 | ALCOHOL INVENTORY |
| 13810 | 01/29/2019 | PAV-012619 BRENDA NAVARRO | 600.00 | SECURITY DEPOSIT REFUND |
| 13811 | 01/29/2019 | AHERN RENTALS | 59.50 | EQUIP. RENTAL-ARENA |
| 13812 | 01/29/2019 | CAPITAL PROTECTION INC. | 2,612.50 | EVENT SECURITY SERVICES |
| 13813 | 01/29/2019 | CLASSIC DISTRIBUTING & BEV. | 154.00 | ALCOHOL INVENTORY |
| 13814 | 01/29/2019 | CNC EQUESTRIAN MANAGEMENT | 2,043.60 | PR W/E 012019 |
| 13815 | 01/29/2019 | KIKI'S INDUSTRIAL JANITORIAL SERVICE | 1,100.00 | RR/TRASH ATT. MA-012619 LA CTY PARKS |
| 13816 | 01/29/2019 | OFFICE DEPOT | 39.42 | OFFICE SUPPLIES EXP. |
| 13817 | 01/29/2019 | SYSCO | 1,667.66 | CONCESSION INVENTORY |
| 13818 | 01/29/2019 | MA-021818 FLORENTINO RAMIREZ | 844.00 | SEC. DEP. REF-REPLACE CHK. #12431 |
| 13819 | 01/31/2019 | 7UP/RC BOTTLING OF S.CALIFORNIA | 334.50 | ALCOHOL INVENTORY |
| 13820 | 01/31/2019 | SATSUMA LANDSCAPE | 8,974.00 | REPLACE CHK #33324 LOST IN MAIL |
| 13821 | 01/31/2019 | XEROX FINANCIAL SERVICES | 674.96 | LEASE/SALES AND USE TAX. |
| TOTAL | | | \$267,755.99 | |

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

ITEM NO. 6.1

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
AUTHORIZATION FOR PAYMENT OF BILLS
Board Meeting February 13, 2019

| <u>FUND</u> | <u>DESCRIPTION</u> | DISBURSEMENTS |
|-------------|---------------------------------------|---------------|
| 360 | INDUSTRY HILLS EXPO OPERATING ACCOUNT | 80,218.05 |

| <u>BANK</u> | <u>DESCRIPTION</u> | DISBURSEMENTS |
|-------------|----------------------|---------------|
| WFCK | WELLS FARGO CHECKING | 80,218.05 |

APPROVED PER CITY MANAGER

**Civic-Recreational-Industrial Authority
Board Meeting
February 13, 2019**

| Check | Date | Payee Name | | Check Amount |
|--|---------------|---------------------------------------|---|--------------------|
| CRIA.WF.CHK - CRIA Wells Fargo Checking | | | | |
| 10840 | 01/25/2019 | SOCALGAS | | \$67.70 |
| | Invoice | Date | Description | Amount |
| | 2019-00000992 | 01/08/2019 | 12/04-01/04/19 SVC - 16200 TEMPLE AVE APT 100-EXPO | \$19.79 |
| | 2019-00000993 | 01/08/2019 | 12/04-01/04/19 SVC - 16200 TEMPLE AVE APT 202- BUNI | \$47.91 |
| 10841 | 02/13/2019 | ANIMAL PEST MANAGEMENT SERVICE | | \$2,500.00 |
| | Invoice | Date | Description | Amount |
| | 585884 | 12/31/2018 | COYOTE TRAPPING - EXPO CENTER | \$2,500.00 |
| 10842 | 02/13/2019 | CITY OF INDUSTRY-REFUSE | | \$450.00 |
| | Invoice | Date | Description | Amount |
| | 0003495348 | 01/01/2019 | IH RODEO STORAGE BOXES | \$450.00 |
| 10843 | 02/13/2019 | CRIA-PAYROLL ACCOUNT | | \$3,000.00 |
| | Invoice | Date | Description | Amount |
| | JAN-19 | 01/23/2019 | REIMBURSE PAYROLL - JANUARY 2019 | \$3,000.00 |
| 10844 | 02/13/2019 | ELEVATE PUBLIC AFFAIRS, LLC | | \$10,000.00 |
| | Invoice | Date | Description | Amount |
| | 1477 | 12/28/2018 | PROFESSIONAL SVC - NOVEMBER 2018 | \$5,000.00 |
| | 1499 | 01/15/2019 | PROFESSIONAL SVC - DECEMBER 2018 | \$5,000.00 |
| 10845 | 02/13/2019 | FRAZER, LLP | | \$2,300.00 |
| | Invoice | Date | Description | Amount |
| | 158491 | 12/31/2018 | PROFESSIONAL SVC - DECEMBER 2018 | \$2,300.00 |
| 10846 | 02/13/2019 | SATSUMA LANDSCAPE & MAINT. | | \$56,900.35 |

**Civic-Recreational-Industrial Authority
Board Meeting
February 13, 2019**

| Check | Date | Payee Name | Check Amount |
|-------|------|------------|--------------|
|-------|------|------------|--------------|

CRIA.WF.CHK - CRIA Wells Fargo Checking

| Invoice | Date | Description | Amount |
|---------|------------|-------------------------------------|-------------|
| 1218EC | 12/28/2018 | DECEMBER 2018 LANDSCAPE MAINTENANCE | \$30,858.86 |
| 0119EC | 01/30/2019 | JANUARY 2019 LANDSCAPE MAINTENANCE | \$26,041.49 |

| | | | | |
|--------------|------------|--|-----------------------------------|-------------------|
| 10847 | 02/13/2019 | | WEST COAST ARBORISTS, INC. | \$5,000.00 |
|--------------|------------|--|-----------------------------------|-------------------|

| Invoice | Date | Description | Amount |
|---------|------------|-----------------------------------|------------|
| 143864 | 01/04/2019 | TREE PRUNING - EXPO CENTER-NW CNR | \$5,000.00 |

| Checks | Status | Count | Transaction Amount |
|--------------|--------|----------|--------------------|
| Total | | 8 | \$80,218.05 |

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

ITEM NO. 6.2

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JANUARY 9, 2019
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The Regular Meeting of the Civic-Recreational-Industrial Authority of the City of Industry, California, was called to order by Chairman Larry Hartmann at 9:00 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

The flag salute was led by Chairman Larry Hartmann.

ROLL CALL

PRESENT: Larry Hartmann, Chairman
John Karns, Vice Chairman
Sean Lee, Board Member

ABSENT: Ronald Whittemore, Board Member

STAFF PRESENT: Troy Helling, City Manager; Julie Robles, Assistant Secretary; James M. Casso, General Counsel; Clem Calvillo, Deputy Agency City Engineer; Misty Lucero with CNC Equestrian; and Lynn Thompson, Administrative Technician I.

PUBLIC COMMENTS

There were none.

STATUS REPORT ON EXPO CENTER

Deputy Agency City Engineer, Calvillo informed the Board Members of the activities occurring at the Expo Center.

MOTION BY VICE CHAIRMAN KARNS, AND SECOND BY BOARD MEMBER LEE TO RECEIVE AND FILE THE REPORT. MOTION CARRIED 3-0, BY THE FOLLOWING VOTE:

| | | |
|----------|----------------|----------------------|
| AYES: | BOARD MEMBERS: | LEE, KARNS, HARTMANN |
| NOES: | BOARD MEMBERS: | NONE |
| ABSENT: | BOARD MEMBERS: | WHITTEMORE |
| ABSTAIN: | BOARD MEMBERS: | NONE |

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JANUARY 9, 2019
PAGE 2

**CONSIDERATION OF THE REGISTER OF DEMANDS SUBMITTED BY THE
INDUSTRY HILLS EXPO CENTER FOR DECEMBER 2018**

MOTION BY VICE CHAIRMAN KARNS, AND SECOND BY BOARD MEMBER LEE
TO RECEIVE AND FILE THE REPORT. MOTION CARRIED 3-0, BY THE
FOLLOWING VOTE:

| | | |
|----------|----------------|----------------------|
| AYES: | BOARD MEMBERS: | LEE, KARNS, HARTMANN |
| NOES: | BOARD MEMBERS: | NONE |
| ABSENT: | BOARD MEMBERS: | WHITTEMORE |
| ABSTAIN: | BOARD MEMBERS: | NONE |

**CONSIDERATION OF THE REGISTER OF DEMANDS SUBMITTED BY THE
FINANCE DEPARTMENT FOR JANUARY 9, 2019**

MOTION BY VICE CHAIRMAN KARNS, AND SECOND BY BOARD MEMBER LEE TO
APPROVE THE REGISTER OF DEMANDS AND AUTHORIZE THE APROPRIATE
PERSONNEL TO PAY THE BILLS. MOTION CARRIED 3-0, BY THE FOLLOWING
VOTE:

| | | |
|----------|----------------|----------------------|
| AYES: | BOARD MEMBERS: | LEE, KARNS, HARTMANN |
| NOES: | BOARD MEMBERS: | NONE |
| ABSENT: | BOARD MEMBERS: | WHITTEMORE |
| ABSTAIN: | BOARD MEMBERS: | NONE |

**CONSIDERATION OF THE MINUTES OF THE DECEMBER 12, 2018 REGULAR
MEETING**

MOTION BY VICE CHAIRMAN KARNS, AND SECOND BY BOARD MEMBER LEE TO
APPROVE AS SUBMITTED. MOTION CARRIED 3-0, BY THE FOLLOWING VOTE:

| | | |
|----------|----------------|----------------------|
| AYES: | BOARD MEMBERS: | LEE, KARNS, HARTMANN |
| NOES: | BOARD MEMBERS: | NONE |
| ABSENT: | BOARD MEMBERS: | WHITTEMORE |
| ABSTAIN: | BOARD MEMBERS: | NONE |

**PRESENTATION AND DISCUSSION REGARDING THE CIVIC-RECREATIONAL-
INDUSTRIAL AUTHORITY'S FINANCIAL REPORTS FOR NOVEMBER 30, 2018**

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY
REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JANUARY 9, 2019
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MOTION BY VICE CHAIRMAN KARNS, AND SECOND BY BOARD MEMBER LEE TO RECEIVE AND FILE THE REPORTS. MOTION CARRIED 3-0, BY THE FOLLOWING VOTE:

| | | |
|----------|----------------|----------------------|
| AYES: | BOARD MEMBERS: | LEE, KARNS, HARTMANN |
| NOES: | BOARD MEMBERS: | NONE |
| ABSENT: | BOARD MEMBERS: | WHITTEMORE |
| ABSTAIN: | BOARD MEMBERS: | NONE |

ADJOURNMENT

There being no further business, the Civic-Recreational-Industrial Authority adjourned at 9:10 a.m.

Larry Hartmann, Chairman

Julie Robles
Assistant Secretary

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

ITEM NO. 6.3



CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

City of Industry

CRIA BOARD OF DIRECTORS

LARRY HARTMANN, CHAIRMAN
JOHN KARNS, VICE CHAIRMAN
RON WHITTEMORE
SEAN LEE

15625 EAST STAFFORD STREET
CITY OF INDUSTRY, CALIFORNIA 91744-3366

STAFF REPORT

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

FROM: Yamini Pathak, Director of Finance

STAFF: Consultant – Dean Yamagata, Frazer, LLP

DATE: February 13, 2019

SUBJECT: Civic-Recreational-Industrial Authority December 31, 2018 Financial Report

RECOMMENDATION

Receive and file.

EXECUTIVE SUMMARY

Expo Center:

For the month ended December 31, 2018, the Expo Center generated revenues of \$233,120 and incurred expenses of \$174,377. There were no transfers from the Capital Projects Fund.

For the year to date ended December 31, 2018, the Expo Center generated revenues of \$1,263,422 and incurred expenses of \$1,396,897. Year to date transfers received by the Expo Center amounted \$249,000. Year to date revenue and expenses are in line with the annual budgeted amounts.

Capital Projects Fund:

Total budgeted expenses for the year ending June 30, 2019 amount to \$591,985 which the Fund incurred \$207,153 of actual expenses for the six months ended December 31, 2018. Transfers to the Expo Center for the month and year to date ended December 31, 2018 amounted to \$0 and \$249,000, respectively.

DESCRIPTION OF REPORTS

The monthly financial statements, as shown in Exhibit A, are a comprehensive document reflecting the financial position and the result of operations of the Authority at December 31, 2018.

Fiscal Impact

There is no fiscal impact as result of this action.

EXHIBIT A

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

FINANCIAL STATEMENTS

DECEMBER 31, 2018

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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| Statement of Cash Flows – Industry Hills Expo Center for the six months ended December 31, 2018 | 6 |
| Schedule of Revenues and Expenses – Industry Hills Expo Center for the months and years to date ended December 31, 2018 and 2017 - Schedule 1 | 7 – 8 |
| Schedule of Revenues and Expenditures – Capital Projects Fund for the month and year to date ended December 31, 2018 - Schedule 2 | 9 |

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
DECEMBER 31, 2018

Expo Center Operations

During the month ended December 31, 2018, we held eight events in the Pavilion and eight events in the Avalon Room with contracts totaling \$104,947.

In the Grand Arena we held four events with contracts totaling \$127,355. These events were San Nicolas, Red Boxing, Winterdrive, LTAP Scvc, LTAP Sc Visla, LTAP Kcsc, and Stampede.

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

| <u>Expo Center Operations</u> | <u>Month Ended</u> 12/31/2018 | <u>Year To Date</u> 12/31/2018 | <u>Annual Budget</u> 2018-2019 | <u>% of Annual</u> <u>Budget</u> | <u>Month Ended</u> 12/31/2017 | <u>Year To Date</u> 12/31/2017 |
|-------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|----------------------------------|-----------------------------------|
| Total revenues | \$ 233,120 | \$ 1,263,422 | \$ 1,980,930 | 64% | \$ 94,583 | \$ 895,379 |
| Expenses: | | | | | | |
| Direct Expo Center expenses | 88,814 | 722,299 | 1,270,100 | 57% | 54,981 | 600,582 |
| General and administrative expenses | 85,563 | 674,598 | 1,184,975 | 57% | 97,565 | 634,075 |
| Total direct Expo Center expenses | 174,377 | 1,396,897 | 2,455,075 | 57% | 152,546 | 1,234,657 |
| Net income (loss) from operations | 58,743 | (133,475) | (474,145) | 28% | (57,963) | (339,278) |
| Net income (loss) | \$ 58,743 | \$ (133,475) | \$ (474,145) | 28% | \$ (57,963) | \$ (339,278) |

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

| <u>Expo Center Operations</u> | <u>Month Ended</u> 12/31/2018 | <u>Month Ended</u> 12/31/2018 | <u>Month Ended</u> 12/31/2018 | <u>Month Ended</u> 12/31/2018 | <u>Month Ended</u> 12/31/2018 |
|---------------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| | <u>Speedway</u> | <u>Facilities</u> | <u>Grand</u> <u>Arena</u> | <u>General</u> <u>and Admin.</u> | <u>Totals</u> |
| Total revenues | \$ 10 | \$ 104,947 | \$ 127,355 | \$ 808 | \$ 233,120 |
| Expenses: | | | | | |
| Direct Expo Center expenses | 1,649 | 28,358 | 58,807 | - | 88,814 |
| General and administrative expenses | - | - | - | 85,563 | 85,563 |
| Total direct Expo Center expenses | 1,649 | 28,358 | 58,807 | 85,563 | 174,377 |
| Net (loss) income from operations | (1,639) | 76,589 | 68,548 | (84,755) | 58,743 |
| Net (loss) income for the month ended | \$ (1,639) | \$ 76,589 | \$ 68,548 | \$ (84,755) | \$ 58,743 |

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

EXECUTIVE SUMMARY
FINANCIAL STATEMENTS
DECEMBER 31, 2018

| <u>Expo Center Operations</u> | Month Ended 12/31/2017 | Month Ended 12/31/2017 | Month Ended 12/31/2017 | Month Ended 12/31/2017 | Month Ended 12/31/2017 |
|---------------------------------------|---------------------------|---------------------------|---------------------------|-------------------------------|---------------------------|
| | <u>Speedway</u> | <u>Facilities</u> | <u>Grand Arena</u> | <u>General and Admin.</u> | <u>Totals</u> |
| Total revenues | \$ - | \$ 67,264 | \$ 26,521 | \$ 798 | \$ 94,583 |
| Expenses: | | | | | |
| Direct Expo Center expenses | 2,098 | 29,978 | 22,905 | - | 54,981 |
| General and administrative expenses | - | - | - | 97,565 | 97,565 |
| Total direct Expo Center expenses | <u>2,098</u> | <u>29,978</u> | <u>22,905</u> | <u>97,565</u> | <u>152,546</u> |
| Net (loss) income from operations | <u>(2,098)</u> | <u>37,286</u> | <u>3,616</u> | <u>(96,767)</u> | <u>(57,963)</u> |
| Net (loss) income for the month ended | <u>\$ (2,098)</u> | <u>\$ 37,286</u> | <u>\$ 3,616</u> | <u>\$ (96,767)</u> | <u>\$ (57,963)</u> |

| <u>Expo Center Operations</u> | Year To Date 12/31/2018 | Year To Date 12/31/2018 | Year To Date 12/31/2018 | Year To Date 12/31/2018 | Year to Date 12/31/2018 |
|-------------------------------------|----------------------------|----------------------------|----------------------------|-------------------------------|----------------------------|
| | <u>Speedway</u> | <u>Facilities</u> | <u>Grand Arena</u> | <u>General and Admin.</u> | <u>Totals</u> |
| Total revenues | \$ 121,754 | \$ 461,398 | \$ 672,364 | \$ 7,906 | \$ 1,263,422 |
| Expenses: | | | | | |
| Direct Expo Center expenses | 124,514 | 232,362 | 365,423 | - | 722,299 |
| General and administrative expenses | - | - | - | 674,598 | 674,598 |
| Total direct Expo Center expenses | <u>124,514</u> | <u>232,362</u> | <u>365,423</u> | <u>674,598</u> | <u>1,396,897</u> |
| Net (loss) income from operations | <u>(2,760)</u> | <u>229,036</u> | <u>306,941</u> | <u>(666,692)</u> | <u>(133,475)</u> |
| Net (loss) income year to date | <u>\$ (2,760)</u> | <u>\$ 229,036</u> | <u>\$ 306,941</u> | <u>\$ (666,692)</u> | <u>\$ (133,475)</u> |

| <u>Expo Center Operations</u> | Year To Date 12/31/2017 | Year To Date 12/31/2017 | Year To Date 12/31/2017 | Year To Date 12/31/2017 | Year to Date 12/31/2017 |
|-------------------------------------|----------------------------|----------------------------|----------------------------|-------------------------------|----------------------------|
| | <u>Speedway</u> | <u>Facilities</u> | <u>Grand Arena</u> | <u>General and Admin.</u> | <u>Totals</u> |
| Total revenues | \$ 104,259 | \$ 361,105 | \$ 424,218 | \$ 5,797 | \$ 895,379 |
| Expenses: | | | | | |
| Direct Expo Center expenses | 113,775 | 233,290 | 253,517 | - | 600,582 |
| General and administrative expenses | - | - | - | 634,075 | 634,075 |
| Total direct Expo Center expenses | <u>113,775</u> | <u>233,290</u> | <u>253,517</u> | <u>634,075</u> | <u>1,234,657</u> |
| Net (loss) income from operations | <u>(9,516)</u> | <u>127,815</u> | <u>170,701</u> | <u>(628,278)</u> | <u>(339,278)</u> |
| Net (loss) income year to date | <u>\$ (9,516)</u> | <u>\$ 127,815</u> | <u>\$ 170,701</u> | <u>\$ (628,278)</u> | <u>\$ (339,278)</u> |

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

EXECUTIVE SUMMARY
FINANCIAL STATEMENTS
DECEMBER 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 December 31, 2018 amounted to \$7,319,395. 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 December 31, 2018. It is the accounting policy of the CRIA to record annual depreciation expense subsequent to the completion of the June 30, 2019 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 December 31, 2018, our financial statements reflect the following activity:

| <u>Capital Projects Fund</u> | <u>Month Ended</u> <u>12/31/2018</u> | <u>Year To Date</u> <u>12/31/2018</u> | <u>Annual Budget</u> <u>2018-2019</u> | <u>% of Annual</u> <u>Budget</u> |
|-------------------------------------|---|--|--|-------------------------------------|
| Total revenues | \$ - | \$ 1,126 | \$ 1,210 | 93% |
| Expenditures | | | | |
| General and administrative expenses | 105,040 | 256,768 | 591,985 | 43% |
| Total expenses | 105,040 | 256,768 | 591,985 | 43% |
| Net loss | <u>\$ (105,040)</u> | <u>\$ (255,642)</u> | <u>\$ (590,775)</u> | 43% |

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

BALANCE SHEET
AS OF DECEMBER 31, 2018

| | | Capital Projects | Expo Center |
|-------------------------------------|----|------------------|--------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | \$ | 67,667 | \$ 344,988 |
| Investments | | 80,659 | - |
| Accounts receivable, net | | - | 34,069 |
| Prepaid insurance | | - | 2,430 |
| Inventories | | - | 47,181 |
| Deposits | | - | 3,000 |
| Total current assets | | 148,326 | 431,668 |
| CAPITAL ASSETS, net | | - | 7,319,395 |
| Total assets | \$ | 148,326 | \$ 7,751,063 |
| LIABILITIES AND FUND BALANCE | | | |
| CURRENT LIABILITIES: | | | |
| Accounts payable | | - | 104,039 |
| Sales tax payable | | - | 9,137 |
| Advance rental payments | | - | 120,877 |
| Security deposits | | - | 51,685 |
| Total current liabilities | | - | 285,738 |
| FUND BALANCE: | | | |
| Fund balance | | 148,326 | 7,465,325 |
| Total liabilities and fund balance | \$ | 148,326 | \$ 7,751,063 |

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

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

| | CAPITAL PROJECTS | | | | EXPO CENTER | | | |
|---|------------------|--------------|------------------|-------------|--------------|--------------|------------------|-------------|
| | MONTH ENDED | YEAR TO DATE | 2018-2019 ANNUAL | % OF ANNUAL | MONTH ENDED | YEAR TO DATE | 2018-2019 ANNUAL | % OF ANNUAL |
| | 12/31/2018 | 12/31/2018 | BUDGET | BUDGET | 12/31/2018 | 12/31/2018 | BUDGET | BUDGET |
| REVENUES: | | | | | | | | |
| Expo center revenues | \$ | \$ | \$ | | \$ 233,120 | \$ 1,263,422 | \$ 1,980,930 | 64% |
| Other revenues | - | 1,126 | 1,210 | 93% | - | - | - | |
| Total revenues | - | 1,126 | 1,210 | 93% | 233,120 | 1,263,422 | 1,980,930 | 64% |
| EXPENDITURES: | | | | | | | | |
| Operating expenses | - | - | - | | 88,814 | 722,299 | 1,270,100 | 57% |
| General and administrative expenses | 105,040 | 256,768 | 591,985 | 43% | 85,563 | 674,598 | 1,184,975 | 57% |
| Total expenses | 105,040 | 256,768 | 591,985 | 43% | 174,377 | 1,396,897 | 2,455,075 | 57% |
| (EXCESS OF EXPENDITURES OVER REVENUES)/EXCESS OF REVENUES OVER EXPENDITURES | (105,040) | (255,642) | (590,775) | 43% | 58,743 | (133,475) | (474,145) | 28% |
| OTHER FINANCING SOURCES, NET | 114,808 | 235,808 | 591,985 | 40% | - | 249,000 | 474,145 | 53% |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/(EXCESS OF EXPENDITURES OVER REVENUES AND OTHER FINANCING SOURCES) | 9,768 | (19,834) | \$ 1,210 | | 58,743 | 115,525 | \$ - | |
| Fund balance, beginning | 138,558 | 168,160 | | | 7,406,582 | 7,349,800 | | |
| Fund balance, ending | \$ 148,326 | \$ 148,326 | | | \$ 7,465,325 | \$ 7,465,325 | | |

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

INDUSTRY HILLS EXPO CENTER
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

| | | AMOUNT |
|---|--|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss before transfers and other credits | | \$ (133,475) |
| Adjustments to reconcile net loss to net cash used | | |
| in operating activities: | | |
| Change in operating assets and liabilities | | |
| Accounts receivable, net | | 72,184 |
| Prepaid insurance | | 7,292 |
| Inventories | | 15,097 |
| Accounts payable | | (33,950) |
| Sales tax payable | | (6,624) |
| Advance rental payments | | (57,421) |
| Security deposits | | (23,033) |
| Net cash used in operating activities | | (159,930) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Other financing sources | | 249,000 |
| NET CHANGE IN CASH | | 89,070 |
| Cash at July 1, 2018 | | 255,918 |
| Cash at December 31, 2018 | | \$ 344,988 |
| | | |
| | | |

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

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

| | MONTH ENDED 12/31/2018 | YEAR TO DATE 12/31/2018 | ANNUAL BUDGET 2018-2019 | % OF ANNUAL BUDGET | MONTH ENDED 12/31/2017 | YEAR TO DATE 12/31/2017 |
|---|---------------------------|----------------------------|-------------------------------|--------------------------|---------------------------|----------------------------|
| Expo Center Operations | | | | | | |
| Revenues | | | | | | |
| Facilities rentals | \$ 47,687 | \$ 214,756 | \$ 300,225 | 72% | \$ 27,741 | \$ 160,579 |
| Facilities rentals - bar sales | 47,694 | 194,895 | 284,470 | 69% | 33,120 | 158,974 |
| Facilities - security | 7,142 | 31,460 | 53,655 | 59% | 4,038 | 26,126 |
| Facilities - food | 399 | 9,985 | 20,845 | 48% | 1,165 | 8,626 |
| Facilities - insurance | 2,000 | 8,900 | 13,440 | 66% | 1,200 | 6,800 |
| Facilities - other | 25 | 1,402 | 595 | 236% | - | - |
| Grand Arena - special events rentals | 25,999 | 109,414 | 128,625 | 85% | 10,700 | 47,250 |
| Grand Arena - outdoor arena rentals | 1,500 | 3,900 | 3,990 | 98% | - | 1,500 |
| Grand Arena - show barn stall rentals | 480 | 22,455 | 46,410 | 48% | - | 24,023 |
| Grand Arena - shaving sales | - | 5,575 | 5,180 | 108% | - | 2,939 |
| Grand Arena - security | 8,495 | 57,102 | 63,410 | 90% | - | 24,726 |
| Grand Arena - trailer parking | 725 | 6,500 | 12,890 | 50% | (25) | 5,725 |
| Grand Arena - bar sales | 39,332 | 223,019 | 451,090 | 49% | - | 199,749 |
| Grand Arena - food | 16,136 | 79,603 | 104,165 | 76% | 5,599 | 45,923 |
| Grand Arena - parking | 21,805 | 93,856 | 154,590 | 61% | 8,490 | 44,810 |
| Grand Arena - other | 12,883 | 70,940 | 50,635 | 140% | 1,757 | 27,573 |
| Speedway - Merchandise | - | 2,877 | 9,585 | 30% | - | 4,424 |
| Speedway - Bar | - | 32,183 | 53,030 | 61% | - | 26,523 |
| Speedway - Prize Money | - | 11,343 | 39,140 | 29% | - | 11,976 |
| Speedway - General Admission | - | 39,010 | 69,495 | 56% | - | 31,252 |
| Speedway - Concessions | - | 25,352 | 42,465 | 60% | - | 20,356 |
| Speedway - Parking | - | 10,295 | 19,725 | 52% | - | 9,009 |
| Speedway - Other | 10 | 694 | 43,695 | 2% | - | 719 |
| G&A- Other | 808 | 7,906 | 9,580 | 83% | 798 | 5,797 |
| Total revenues | 233,120 | 1,263,422 | 1,980,930 | 64% | 94,583 | 895,379 |
| Expo expenses | | | | | | |
| Cost of sales | 10,857 | 105,038 | 163,490 | 64% | 8,904 | 79,027 |
| Bar supplies | 414 | 5,103 | 23,450 | 22% | 52 | 17,842 |
| Promotional banquet | 487 | 4,710 | 18,760 | 25% | 2,238 | 9,712 |
| Feed | - | 1,750 | - | 0% | - | - |
| Contract labor/wages | 45,044 | 307,742 | 593,775 | 52% | 28,591 | 273,565 |
| Furniture/fixtures & equipment | - | 7,166 | 8,650 | 83% | - | 556 |
| Facilities - insurance | - | 5,700 | - | 0% | - | 6,301 |
| Miscellaneous | 425 | 3,497 | 6,090 | 57% | 280 | 678 |
| Promotional | 1,163 | 12,456 | 46,200 | 27% | 2,132 | 22,109 |
| Property maintenance | - | 8,926 | 8,135 | 110% | 1,992 | (6,026) |
| Repairs and maintenance | - | 2,471 | 2,000 | 124% | - | 1,656 |
| Sales tax | - | (55) | 445 | -12% | - | - |
| Security - Grand Arena | 8,228 | 50,642 | 77,300 | 66% | 759 | 33,138 |
| Security - Facilities | 7,783 | 36,546 | 42,350 | 86% | 3,048 | 25,000 |
| Security - Speedway | - | 10,918 | 14,725 | 74% | - | 5,797 |
| Shavings | - | 2,588 | 5,390 | 48% | - | 4,073 |
| Supplies | 2,685 | 34,128 | 58,840 | 58% | 3,543 | 25,573 |
| Equipment rental | 1,908 | 2,926 | 3,485 | 84% | - | 3,074 |
| Special event concessions | 7,105 | 29,106 | 40,530 | 72% | 2,198 | 13,589 |
| Bad debt | 1,500 | 5,250 | - | 0% | - | 3,750 |
| Speedway- Concessions | - | 9,694 | 17,510 | 55% | - | 5,223 |
| Speedway- Merchandise | - | 1,055 | 8,705 | 12% | - | 1,397 |
| Speedway- Insurance | 1,215 | 11,243 | 14,900 | 75% | 1,244 | 7,464 |
| Speedway - Prize money | - | 29,367 | 52,365 | 56% | - | 24,560 |
| Speedway- Outside services/contract labor | - | 34,332 | 63,005 | 54% | - | 42,524 |
| Total Expo expenses | 88,814 | 722,299 | 1,270,100 | 57% | 54,981 | 600,582 |
| Operating income before direct | | | | | | |
| G & A and CRIA indirect expenses | 144,306 | 541,123 | 710,830 | 76% | 39,602 | 294,797 |

CIVIC-RECREATIONAL-INDUSTRIAL-AUTHORITY
CITY OF INDUSTRY

Schedule 1
Page 2

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

| | MONTH ENDED | YEAR TO DATE | ANNUAL | % OF | MONTH ENDED | YEAR TO DATE |
|---|-------------|--------------|--------------|--------|-------------|--------------|
| Expo Center Operations | 12/31/2018 | 12/31/2018 | BUDGET | ANNUAL | 12/31/2017 | 12/31/2017 |
| | | | 2018-2019 | BUDGET | | |
| Direct general and administrative expenses | | | | | | |
| Office supplies | - | 800 | 3,745 | 21% | - | 3,637 |
| Travel and meetings | 100 | 678 | 2,265 | 30% | 413 | 548 |
| Dues, subscriptions, books, etc. | 407 | 3,503 | 4,765 | 74% | 706 | 2,090 |
| Equipment rental/lease | 139 | 7,428 | 6,570 | 113% | 343 | 3,039 |
| Employee training | - | - | 1,000 | 0% | - | - |
| Furniture/fixtures & equipment | - | 685 | 11,075 | 6% | | 2,121 |
| Advertising/printing | - | 234 | 100 | 234% | | 76 |
| Telephone | 1,298 | 8,911 | 17,585 | 51% | 1,392 | 8,412 |
| Postage | | 464 | 4,170 | 11% | 51 | 1,105 |
| Miscellaneous | 5,863 | 18,370 | 14,965 | 123% | 939 | 11,743 |
| Professional services | 21,685 | 175,033 | 253,980 | 69% | 19,863 | 135,494 |
| Repairs and equipment | - | 10,403 | 28,035 | 37% | - | 4,396 |
| Vehicle expenses | 5,976 | 33,895 | 40,055 | 85% | 2,556 | 17,996 |
| Insurance and bonds | - | - | 12,095 | 0% | - | - |
| Supplies | 1,839 | 17,667 | 47,695 | 37% | 2,296 | 24,884 |
| Contract labor/administrative wages | 25,409 | 217,465 | 444,790 | 49% | 49,170 | 271,910 |
| Property maintenance | 9,073 | 86,711 | 138,285 | 63% | 9,151 | 62,791 |
| Utilities | 13,774 | 92,351 | 153,800 | 60% | 10,685 | 83,833 |
| Total direct general and administrative expenses | 85,563 | 674,598 | 1,184,975 | 57% | 97,565 | 634,075 |
| EXCESS OF REVENUES OVER EXPENDITURES/ (EXCESS OF EXPENDITURES OVER REVENUES) | \$ 58,743 | \$ (133,475) | \$ (474,145) | 28% | \$ (57,963) | \$ (339,278) |

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 DECEMBER 31, 2018

| | MONTH ENDED 12/31/2018 | YEAR TO DATE 12/31/2018 | ANNUAL BUDGET 2018-2019 | % OF ANNUAL BUDGET |
|---|---------------------------|----------------------------|-------------------------------|-----------------------|
| REVENUES | | | | |
| Other revenues | \$ - | \$ 1,126 | \$ 1,210 | 93% |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | | |
| Salaries - board | 2,836 | 15,598 | 34,760 | 45% |
| Payroll taxes | - | - | 925 | 0% |
| Miscellaneous | - | - | 500 | 0% |
| Travel and meeting | - | 107 | - | 0% |
| Medicare/disability | 41 | 226 | 500 | 45% |
| PARS - ARS | 106 | 585 | 1,300 | 45% |
| Legal | - | - | 5,000 | 0% |
| Professional services | 17,200 | 50,501 | 145,000 | 35% |
| Vehicle expenses | 1,818 | 3,445 | 6,000 | 57% |
| Advertising and Printing | - | - | 2,000 | 0% |
| General engineering | - | - | 30,000 | 0% |
| Property maintenance | 58,163 | 141,513 | 320,000 | 44% |
| Furniture, Equipment & Fixtures | - | 19,511 | - | 0% |
| Insurance and bonds | 24,808 | 24,808 | 45,000 | 55% |
| Utilities | 68 | 474 | 1,000 | 47% |
| Total general and administrative expenses | 105,040 | 256,768 | 591,985 | 43% |
| EXCESS OF EXPENDITURES OVER REVENUES | \$ (105,040) | \$ (255,642) | \$ (590,775) | 43% |

CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

ITEM NO. 6.4



CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY

MEMORANDUM

TO: Board Directors

FROM: Troy Helling, City Manager *TH*

STAFF: Yamini Pathak, Director of Finance
Dean Yamagata, City Contracted Accounting Services

DATE: February 13, 2019

Subject: Civic-Recreational-Industrial Authority Year Ended June 30, 2018 Annual Financial Reports

RECOMMENDATION

Receive and file the annual financial reports.

Civic-Recreational-Industrial Authority (the "Authority")

Annual Audited Financial Statements for the Year Ended June 30, 2018

EXECUTIVE SUMMARY

The Authority's independent auditors, The Pun Group, LLP, have completed their annual audit of the Authority's financial statements for the year ended June 30, 2018. The financial statement received an unqualified (or clean) opinion.

DESCRIPTION OF REPORTS

The annual financial statement is a comprehensive document reflecting the financial position of the Authority at June 30, 2018.

FISCAL IMPACT

There is no fiscal impacts as result of this action.



February 1, 2019

To the Board of Directors
of the Civic-Recreational-Industrial Authority
City of Industry, California

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Civic-Recreational-Industrial Authority (the "CRIA"), a component unit of the City of Industry, California (the "City"), for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 24, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the CRIA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the CRIA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the depreciation on capital assets is based on the industry standard and past experience on actual useful life of the asset groups. We evaluated the key factors and assumptions used to develop the depreciation on capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 1 – Summary of Significant Accounting Policies
- Note 4 – Intergovernmental Revenues

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

To the Board of Directors
of the Civic-Recreational-Industrial Authority
City of Industry, California
Page 2

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 1, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

To the Board of Directors
of the Civic-Recreational-Industrial Authority
City of Industry, California
Page 3

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedules – General Fund, which are required supplementary information (“RSI”) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

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

Very truly yours,

The PwC Group, LLP

Santa Ana, California

Civic-Recreational-Industrial Authority (A Component Unit of City of Industry)

City of Industry, California

Basic Financial Statements and Independent Auditors' Report

For the Year Ended June 30, 2018



Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
For Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Civic-Recreational-Industrial Authority
City of Industry, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Civic-Recreational-Industrial Authority (the "CRIA"), a component unit of the City of Industry, California (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the CRIA's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Board of Directors
of the Civic-Recreational-Industrial-Authority
City of Industry, California
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the CRIA, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule-General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standard Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CRIA's basic financial statements. The Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Industry-Hill Expo Center Enterprise Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Industry-Hill Expo Center Enterprise Fund is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Industry-Hill Expo Center Enterprise Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Directors
of the Civic-Recreational-Industrial-Authority
City of Industry, California
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2019, on our consideration of the CRIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRIA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRIA's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
February 1, 2019

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

Independent Auditors' Report

To the Board of Directors
of the Civic-Recreational-Industrial Authority
City of Industry, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Civic-Recreational-Industrial Authority (the "CRIA"), a component unit of the City of Industry, California (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the CRIA's basic financial statements, and have issued our report thereon dated February 1, 2019.

Internal Control Over Financial Reporting

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

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

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

To the Board of Directors
of the Civic-Recreational-Industrial-Authority
City of Industry, California
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

The PwC Group, LLP

Santa Ana, California
February 1, 2019

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Statement of Net Position
June 30, 2018

| | Governmental Activities | Business-Type Activities | Total |
|----------------------------------|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 65,701 | \$ 255,918 | \$ 321,619 |
| Investments | 138,873 | - | 138,873 |
| Accounts receivable | 145,000 | 106,252 | 251,252 |
| Accrued interest | 659 | - | 659 |
| Inventories | - | 62,278 | 62,278 |
| Prepaid items | - | 9,722 | 9,722 |
| Deposits | - | 3,000 | 3,000 |
| Total current assets | <u>350,233</u> | <u>437,170</u> | <u>787,403</u> |
| Noncurrent assets: | | | |
| Capital assets being depreciated | - | 6,577,310 | 6,577,310 |
| Total capital assets, net | <u>-</u> | <u>6,577,310</u> | <u>6,577,310</u> |
| Total noncurrent assets | <u>-</u> | <u>6,577,310</u> | <u>6,577,310</u> |
| Total assets | <u>350,233</u> | <u>7,014,480</u> | <u>7,364,713</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 187,074 | 139,060 | 326,134 |
| Accrued expenses | - | 30,210 | 30,210 |
| Rental deposits and advances | - | 253,016 | 253,016 |
| Total current liabilities | <u>187,074</u> | <u>422,286</u> | <u>609,360</u> |
| Total liabilities | <u>187,074</u> | <u>422,286</u> | <u>609,360</u> |
| NET POSITION | | | |
| Investment in capital assets | - | 6,577,310 | 6,577,310 |
| Unrestricted | 163,159 | 14,884 | 178,043 |
| Total net position | <u>\$ 163,159</u> | <u>\$ 6,592,194</u> | <u>\$ 6,755,353</u> |

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Statement of Activities
For the Year Ended June 30, 2018

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|---------------------|-------------------------|-----------------------------|--|-----------------------------|---------------------|
| | Expenses | Charges for Services | Capital | Governmental Activities | Business-Type Activities | Total |
| | | | Grants and Contributions | | | |
| Governmental activities: | | | | | | |
| General administration | \$ 79,463 | \$ - | \$ - | \$ (79,463) | \$ - | \$ (79,463) |
| Public works | 692,087 | - | 1,117,990 | 425,903 | - | 425,903 |
| Total governmental activities | <u>771,550</u> | <u>-</u> | <u>1,117,990</u> | <u>346,440</u> | <u>-</u> | <u>346,440</u> |
| Business-type activities: | | | | | | |
| Expo center | 3,362,997 | 2,173,034 | - | - | (1,189,963) | (1,189,963) |
| Total business-type activities | <u>3,362,997</u> | <u>2,173,034</u> | <u>-</u> | <u>-</u> | <u>(1,189,963)</u> | <u>(1,189,963)</u> |
| Total | <u>\$ 4,134,547</u> | <u>\$ 2,173,034</u> | <u>\$ 1,117,990</u> | <u>346,440</u> | <u>(1,189,963)</u> | <u>(843,523)</u> |
| General revenues and transfers: | | | | | | |
| Investment income | | | | 1,796 | - | 1,796 |
| Miscellaneous revenue | | | | - | 11,301 | 11,301 |
| Transfers | | | | (363,513) | 363,513 | - |
| Total general revenues and transfers | | | | <u>(361,717)</u> | <u>374,814</u> | <u>13,097</u> |
| Change in net position | | | | (15,277) | (815,149) | (830,426) |
| Net position: | | | | | | |
| Beginning of year | | | | 178,436 | 7,407,343 | 7,585,779 |
| End of year | | | | <u>\$ 163,159</u> | <u>\$ 6,592,194</u> | <u>\$ 6,755,353</u> |

FUND FINANCIAL STATEMENTS

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Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Balance Sheet
Governmental Fund
June 30, 2018

| | General Fund |
|-------------------------------------|-----------------|
| ASSETS | |
| Cash | \$ 65,701 |
| Investments | 138,873 |
| Accounts receivable | 145,000 |
| Accrued interest | 659 |
| Total assets | \$ 350,233 |
| LIABILITIES AND FUND BALANCE | |
| Liabilities: | |
| Accounts payable | \$ 187,074 |
| Total liabilities | 187,074 |
| Fund balance: | |
| Committed | 163,159 |
| Total fund balance | 163,159 |
| Total liabilities and fund balance | \$ 350,233 |

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Reconciliation of the Governmental Fund Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

| | |
|--|-------------------|
| Total fund balance of governmental funds | \$ 163,159 |
| Net position of governmental activities | <u>\$ 163,159</u> |

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2018

| | General Fund |
|--------------------------------------|-----------------|
| REVENUES: | |
| Intergovernmental revenue | \$ 1,117,990 |
| Interest and other income | 1,796 |
| Total revenues | 1,119,786 |
| EXPENDITURES: | |
| General administration: | |
| Administrative costs | 79,463 |
| Professional services | 338,982 |
| Operation of property | 202,437 |
| Total expenditures | 620,882 |
| EXCESS OF REVENUES OVER EXPENDITURES | 498,904 |
| OTHER FINANCING USES: | |
| Transfers out | (363,513) |
| NET CHANGE IN FUND BALANCE | 135,391 |
| FUND BALANCE: | |
| Beginning of Year | 27,768 |
| End of Year | \$ 163,159 |

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended June 30, 2018

| | | |
|--|----|------------------------|
| Net change in fund balances of total governmental funds | \$ | 135,391 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Capital outlays, project improvement costs, and purchases of real estate are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. | | |
| Net effect on disposal of capital assets | | <u>(150,668)</u> |
| Total changes in net position of governmental activities | \$ | <u><u>(15,277)</u></u> |

PROPRIETARY FUND FINANCIAL STATEMENTS

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Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Statement of Net Position
Proprietary Fund
June 30, 2018

| | Industry-Hills Expo Center Enterprise Fund |
|---------------------------------------|--|
| ASSETS | |
| Current assets: | |
| Cash | \$ 255,918 |
| Accounts receivable | 106,252 |
| Inventories | 62,278 |
| Prepaid items | 9,722 |
| Deposits | 3,000 |
| Total current assets | 437,170 |
| Non-current assets: | |
| Capital assets: | |
| Buildings and improvements | 23,454,416 |
| Equipment, furniture and fixtures | 1,007,745 |
| Vehicles | 100,459 |
| Less: accumulated depreciation | (17,985,310) |
| Total capital assets | 6,577,310 |
| Total non-current assets | 6,577,310 |
| Total assets | 7,014,480 |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 139,060 |
| Accrued expenses | 30,210 |
| Rental deposits and unearned revenues | 253,016 |
| Total current liabilities | 422,286 |
| Total liabilities | 422,286 |
| NET POSITION | |
| Investment in capital assets | 6,577,310 |
| Unrestricted | 14,884 |
| Total net position | \$ 6,592,194 |

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2018

| | Industry-Hills Expo Center Enterprise Fund |
|----------------------------|--|
| OPERATING REVENUES: | |
| Grand Arena | \$ 1,189,425 |
| Facilities | 716,965 |
| Speedway | 266,644 |
| Other revenue | 11,301 |
| Total operating revenues | 2,184,335 |
| OPERATING EXPENSES: | |
| General administration | 1,242,049 |
| Expo Center operations | 1,378,863 |
| Depreciation | 742,085 |
| Total operating expenses | 3,362,997 |
| Operating loss | (1,178,662) |
| TRANSFERS: | |
| Transfers in | 363,513 |
| Change in net position | (815,149) |
| NET POSITION: | |
| Beginning of year | 7,407,343 |
| End of year | \$ 6,592,194 |

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

| | Industry-Hills Expo Center Enterprise Fund |
|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Receipts from customers and users | \$ 2,340,171 |
| Payments to suppliers and contractors | <u>(2,523,577)</u> |
| Net cash used in operating activities | <u>(183,406)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| Cash received from other funds | <u>363,513</u> |
| Net cash provided by noncapital financing activities | <u>363,513</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Purchases of capital assets | <u>(48,879)</u> |
| Net cash used in capital and related financing activities | <u>(48,879)</u> |
| Net increase in cash and cash equivalents | 131,228 |
| CASH AND CASH EQUIVALENTS: | |
| Beginning of year | <u>124,690</u> |
| End of year | <u><u>\$ 255,918</u></u> |
| Reconciliation of operating loss to net cash used in operating activities | |
| Operating loss | \$ (1,178,662) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Depreciation | 742,085 |
| (Increase) decrease in accounts receivable | 95,558 |
| (Increase) decrease in inventories | (14,373) |
| (Increase) decrease in prepaid items | 37,718 |
| Increase (decrease) in accounts payable | 43,780 |
| Increase (decrease) in accrued expenses | 30,210 |
| Increase (decrease) in rental deposits and advances | <u>60,278</u> |
| Net cash used in operating activities | <u><u>\$ (183,406)</u></u> |

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies

A. Description of the Reporting Agency

The Civic-Recreational-Industrial Authority (the “CRIA”) was created on March 1, 1972 by a joint exercise of powers agreement between the City of Industry, California (the “City”) and the Industry Urban-Development Agency (the “IUDA”). The agreement was made pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, Sections 6500, et seq. The IUDA was dissolved as a legal entity as of February 1, 2012 under ABX1 26, and therefore can no longer participate as a member of CRIA. On May 24, 2012, the City adopted resolution No. CC 2012-10. The resolution amended and restated the existing joint exercise of powers agreement and admitted the City of La Puente as a member of CRIA.

The CRIA exists and acts as a separate entity. The governing board of CRIA consists of a commission of five members: four members appointed by the Council of the City of Industry and one member by the Council of the City of La Puente.

The CRIA has the power to acquire sites and to acquire, construct, finance and lease the public buildings and appurtenances and to issue revenue bonds for the financing of these projects. Under the Joint Powers Agreement, the City of Industry may advance funds to CRIA in certain circumstances.

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

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

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

C. Government-Wide Financial Statements

The Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the CRIA accompanied by a total column.

These statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all economic resources including capital assets, infrastructure assets and long term liabilities, are included in the accompanying Statement of Net Position.

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

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

Eliminations for inter-fund activities, payables, and receivables have been made at June 30, 2018.

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Fund Financial Statements

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

Fund financial statements for the primary government's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually.

Governmental Fund Financial Statements

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. The revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Revenues are considered available if they are collected within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. Interest income is susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by CRIA and are recognized at that time.

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

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

CRIA reports the following governmental fund:

- General Fund – The General Fund is CRIA's operating fund is also used to account for financial resources to be used for the acquisition and construction of major capital facilities, other than those financed by Enterprise Funds.

Proprietary Fund Financial Statements

Proprietary Fund is used to account for CRIA's ongoing organizations and activities, which are similar to those often found in the private sector. In the fund financial statements, proprietary fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred.

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Fund Financial Statements (Continued)

Proprietary Fund Financial Statements (Continued)

In the fund financial statements, proprietary fund is presented using the “*economic resources*” measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) associated with their activity are included on their Statements of Net Position. Amounts expended to acquire capital assets are recorded as assets in the proprietary fund Statement of Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total Net Position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of CRIA generally come from the leasing of its facilities to various parties.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Enterprise Fund is a type of proprietary fund that is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on the continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The CRIA reports the following proprietary fund:

- Industry-Hill Expo Center Enterprise Fund – This fund accounts for space rentals for events and equestrian activities to the general public at the Industry-Hill Expo Center.

E. Cash, Cash Equivalent and Investments

The CRIA’s cash includes cash on hand and demand deposits with financial institutions. For the purpose of the statement of cash flows, the CRIA considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Short-term investments are reported at amortized cost, which approximates fair value. Investments that exceed more than one year in maturity are valued at fair value.

F. Accounts Receivable

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

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Inventories

Inventories of the Industry-Hills Expo Center Enterprise Fund consist of food and beverages. The inventories are reported at the lower of cost or net realizable value on the first-in, first-out basis of accounting.

H. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year end.

I. Capital Assets and Depreciation

Capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

If a cost related to capital assets does not extend its useful life, increase its productivity, improve its operating efficiency or add additional production capacity, the cost is regarded as repairs and maintenance and recognized as an expense as incurred; if it does, the cost is regarded as major renewals and betterments and capitalized.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government – wide and proprietary fund financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective Statement of Net Position.

The range of lives used for depreciation purposes for each capital asset class is as follows:

| | |
|--------------------------|---------------|
| Building and improvement | 45 years |
| Equipment | 3 - 10 years |
| Infrastructure | 20 - 50 years |
| Vehicles | 7 years |

J. Net Position

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

- Investment in capital assets includes buildings and improvements, equipment, furniture and fixtures, and vehicles, net of accumulated depreciation.
- Restricted – restricted net position represents constraints on resources that are restricted by external creditors, grantors, contributors, laws or regulations of other governments.
- Unrestricted – unrestricted net position is amounts which do not meet the definition of investment in capital assets or restricted net position.

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

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Fund Balances

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

- Nonspendable – items that cannot be spent because they are not in spendable form or items that are legally or contractually required to be maintained intact.
- Restricted – restricted fund balances are amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (b) imposed by law by constitutional provisions or enabling legislation. The CRIA has no restricted fund balances at June 30, 2018.
- Committed – committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the CRIA’s imposes upon itself at its highest level of decision making authority (the Board of Directors) through board resolutions and that remain binding unless removed in the same manner.
- Assigned – assigned fund balances are amounts that are constrained by the CRIA’s intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. The Board of Directors is authorized for this purpose. The CRIA has no assigned fund balances at June 30, 2018.
- Unassigned – this category represents fund balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes.

When both restricted and unrestricted resources are available in a fund, expenditures are to be paid first from restricted resources, and then from unrestricted resources in the order of committed, assigned, then unassigned.

L. Estimates

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

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments

Cash and investments at June 30, 2018, are classified in the accompanying financial statements as follows:

| | Governmental Activities | Business-type Activities | Total |
|----------------------------|----------------------------|-----------------------------|------------|
| Cash | \$ 65,701 | \$ 255,918 | \$ 321,619 |
| Investments | 138,873 | - | 138,873 |
| Total cash and investments | \$ 204,574 | \$ 255,918 | \$ 460,492 |

Cash and investments at June 30, 2018 in more detail:

| | |
|---------------------------------------|------------|
| Cash: | |
| Cash on hand | \$ 32,781 |
| Demand deposits | 288,838 |
| Total cash | 321,619 |
| Investments: | |
| Local Agency Investment Fund ("LAIF") | 138,873 |
| Total cash and investments | \$ 460,492 |

A. Demand Deposits

The carrying amount of the CRIA's cash deposits were \$288,838 at June 30, 2018. Bank balances before reconciling items were \$340,893 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the CRIA's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the CRIA's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in CRIA's name.

The market value of pledged securities must equal at least 110% of the CRIA's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the CRIA's total cash deposits. The CRIA may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The CRIA, however, has not waived the collateralization requirements. At June 30, 2018, the CRIA's deposits exceeded federally insured limits by \$25,192. However, such amounts are secured by the financial institutions that hold such deposits for the CRIA.

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

B. Investments

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

| Authorized Investment Type | Maximum Maturity | Maximum Percentage Allowed | Maximum Investment in One Issuer |
|---|------------------|----------------------------|----------------------------------|
| U.S. Treasury obligations | 5 years | None | None |
| U.S. government sponsored enterprise securities | 5 years | None | None |
| Money market funds | N/A | 20% | None |
| Banker's acceptances | 180 days | 40% | 30% |
| Commercial paper | 270 days | 40% | None |
| Local Agency Investment Fund ("LAIF") | N/A | None | None |
| Repurchase agreements | 1 year | None | None |
| Los Angeles County Investment Pool | | | |
| U.S. corporate bonds/notes | 5 years | 30% | None |
| Municipal bonds | 5 years | None | None |

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

C. State of California Local Agency Investment Fund

CRIA is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. CRIA's investments in LAIF at June 30, 2018 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

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

As of June 30, 2018, CRIA had \$138,873 invested in LAIF, which had invested 2.67% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. CRIA valued its investments in LAIF at amortized cost. The credit quality rating of LAIF is unrated as of June 30, 2018.

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that CRIA manages its exposure to interest rate risk is by purchasing short investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. At June 30, 2018, the CRIA's investment in LAIF have maturity less than one year.

Credit Risk

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical organization. LAIF does not have a rating provided by a nationally recognized statistical organization.

Concentration of Credit Risk

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

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as LAIF.

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Interfund Transactions

Transfers In/Out

For the year ended June 30, 2018, the CRIA had the following transfers in and out:

| | Transfers In | |
|----------------------|---|------------|
| | Industry-Hills Expo Center Enterprise Fund | Total |
| Transfers Out | | |
| General Fund | \$ 363,513 | \$ 363,513 |

The purpose of the transfers was to provide needed operating fund to operate the Industry Hills Expo Center.

Note 4 – Intergovernmental Revenue

During the year ended June 30, 2018, the CRIA received \$1,117,990 from the City of Industry to provide funding for the General Fund’s operation.

Note 5 – Capital Assets

A. Governmental Activities

The summary of changes in the governmental activities capital assets for the year ended June 30, 2018 is as follows:

| | Governmental Activities | | | Balance at June 30, 2018 |
|---|--------------------------------|-------------|---------------------|-----------------------------|
| | Balance at June 30, 2017 | Additions | Deletions | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ 150,668 | \$ - | \$ (150,668) | \$ - |
| Total capital assets, not being depreciated | 150,668 | - | (150,668) | - |
| Total Governmental activities capital assets | \$ 150,668 | \$ - | \$ (150,668) | \$ - |

Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – Capital Assets (Continued)

B. Business-type Activities

The summary of changes in the business-type activities capital assets for the year ended June 30, 2018 is as follows:

| | Business-type Activities | | | Balance at June 30, 2018 |
|---|---------------------------------|----------------------------|--------------------|-----------------------------|
| | Balance at June 30, 2017 | Additions | Deletions | |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 23,454,416 | \$ - | \$ - | \$ 23,454,416 |
| Furniture and fixtures | 958,866 | 48,879 | - | 1,007,745 |
| Vehicles | 100,459 | - | - | 100,459 |
| Total capital asset, being depreciated | <u>24,513,741</u> | <u>48,879</u> | <u>-</u> | <u>24,562,620</u> |
| Less: accumulated depreciation: | | | | |
| Buildings and improvements | (16,287,257) | (698,928) | - | (16,986,185) |
| Furniture and fixtures | (862,953) | (40,676) | - | (903,629) |
| Vehicles | (93,015) | (2,481) | - | (95,496) |
| Total accumulated depreciation | <u>(17,243,225)</u> | <u>(742,085)</u> | <u>-</u> | <u>(17,985,310)</u> |
| Total capital assets, being depreciated, net | <u>7,270,516</u> | <u>(693,206)</u> | <u>-</u> | <u>6,577,310</u> |
| Total business-type activities capital assets, net | <u><u>\$ 7,270,516</u></u> | <u><u>\$ (693,206)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 6,577,310</u></u> |

Depreciation expense for the year ended June 30, 2018 amounted to \$742,085.

Note 6 – Self-Insurance Plans

The City established a Self-Insurance Plan (the "Plan") to pay for liability claims against the City and the CRIA. The Plan is administered by an insurance committee which is responsible for approving all claims of \$25,000 or less and for making provision for having sufficient funds available to pay approved claims and legal and investigative expenses. The insurance committee has given this authority to the City Manager. Potential liability of claims in excess of \$250,000, up to \$10,000,000, is covered by excess liability insurance policies. As of June 30, 2018, there are no pending liability claims outstanding against the CRIA.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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Civic-Recreational-Industrial Authority
(A Component Unit of City of Industry)
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|--------------------|-------------------|---|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 1,018,820 | \$ 1,018,820 | \$ 1,117,990 | \$ 99,170 |
| Interest and other income | 610 | 610 | 1,796 | 1,186 |
| Total revenues | <u>1,019,430</u> | <u>1,019,430</u> | <u>1,119,786</u> | <u>100,356</u> |
| EXPENDITURES: | | | | |
| General administration: | | | | |
| Administrative costs | 100,675 | 100,675 | 79,463 | 21,212 |
| Professional services | 109,000 | 109,000 | 338,982 | (229,982) |
| Operation of property | 121,000 | 201,000 | 202,437 | (1,437) |
| Total expenditures | <u>330,675</u> | <u>410,675</u> | <u>620,882</u> | <u>(210,207)</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>688,755</u> | <u>608,755</u> | <u>498,904</u> | <u>(109,851)</u> |
| OTHER FINANCING USES: | | | | |
| Transfers out to other funds | (688,145) | (688,145) | (363,513) | 324,632 |
| NET CHANGE IN FUND BALANCE | <u>\$ 610</u> | <u>\$ (79,390)</u> | 135,391 | <u>\$ 214,781</u> |
| FUND BALANCES: | | | | |
| Beginning of year | | | <u>27,768</u> | |
| End of year | | | <u>\$ 163,159</u> | |

Civic-Recreational-Industrial Authority
(A Component Unit of the City of Industry)
Required Supplementary Information
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2018

The Board of Directors adopts an annual budget, submitted by the Executive Director prior to June 30th. The appropriated budget is prepared by fund, function and department. All annual appropriations lapse at the end of the fiscal year. The Board of Directors has the legal authority to amend the budget at any time during the fiscal year. There were no amendments to the budget during the year. The Executive Director has the authority to make adjustments to the operating budget within a fund. Transfers of operating budgets between funds or from appropriated reserve accounts, use of unappropriated fund balances, cancellation of appropriation and all changes in capital improvement project budgets require the approval of the Board of Directors.

The annual budget is prepared on a basis consistent with generally accepted accounting principles and is adopted for all governmental type funds.

The CRIA maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Board of Directors. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is at the fund level.

SUPPLEMENTARY INFORMATION

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Civic-Recreational-Industrial Authority
(A Component Unit of the City of Industry)
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Industry-Hills Expo Center Enterprise Fund
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------|--------------------|------------------|---------------------|---|
| OPERATING REVENUES | | | | |
| Grand Arena | \$ 676,270 | \$ 676,270 | \$ 1,189,425 | \$ 513,155 |
| Facilities | 670,630 | 670,630 | 716,965 | 46,335 |
| Speedway | 317,805 | 317,805 | 266,644 | (51,161) |
| Other revenue | 9,240 | 9,240 | 11,301 | 2,061 |
| Total operating revenues | <u>1,673,945</u> | <u>1,673,945</u> | <u>2,184,335</u> | <u>510,390</u> |
| OPERATING EXPENSES | | | | |
| General administration | 1,118,985 | 1,118,985 | 1,242,049 | (123,064) |
| Expo Center operations | 1,233,865 | 1,233,865 | 1,378,863 | (144,998) |
| Depreciation | - | - | 742,085 | (742,085) |
| Total operating expenses | <u>2,352,850</u> | <u>2,352,850</u> | <u>3,362,997</u> | <u>(1,010,147)</u> |
| Operating loss | <u>(678,905)</u> | <u>(678,905)</u> | <u>(1,178,662)</u> | <u>(499,757)</u> |
| TRANSFERS | | | | |
| Transfers in from other funds | <u>688,145</u> | <u>688,145</u> | <u>363,513</u> | <u>(324,632)</u> |
| Total transfers | <u>688,145</u> | <u>688,145</u> | <u>363,513</u> | <u>(324,632)</u> |
| Change in net position | <u>\$ 9,240</u> | <u>\$ 9,240</u> | <u>(815,149)</u> | <u>\$ (824,389)</u> |
| NET POSITION: | | | | |
| Beginning of year | | | <u>7,407,343</u> | |
| End of year | | | <u>\$ 6,592,194</u> | |

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CIVIC-RECREATIONAL-INDUSTRIAL AUTHORITY


ITEM NO. 6.5



CITY OF INDUSTRY

MEMORANDUM

TO: Chairman Hartmann and Members of the Board

FROM: Elise Calvo, CRIA Treasurer 

DATE: February 13, 2019

SUBJECT: Discussion and direction regarding ATMs at the Expo Center

Background:

The Expo Center currently owns and operates three (3) Automated Teller Machines (“ATMs”). The Expo Center staff is responsible for filling and balancing the cash in the machines. Depending on the expected size of the events taking place at the facilities, the cash being handled by the staff can be as much as \$20,000.00. The procedure for filling the ATMs is performed in dual custody and requires the transportation of the money from the bank, which is located approximately four miles away, to the Expo Center. This raises concerns for the safety and liability of the two employees tasked with the transportation.

The safety and liability concerns can be mitigated by outsourcing to a private contractor for comprehensive ATM services. Staff is recommending that the Executive Director research options for ATM service vendors, and return with a proposed agreement.

Recommendation:

Staff recommends the Board direct the Executive Director to research ATM service vendor options and return with a proposed agreement.

/EW