CITY OF INDUSTRY
SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY AND PUBLIC FACILITIES AUTHORITY

Chair Cory C. Moss
Vice Chair Cathy Marcucci
Board Member Michael Greubel
Board Member Mark D. Radecki
Board Member Newell Ruggles

JOINT SPECIAL MEETING AGENDA
FEBRUARY 11, 2021 AT 8:30 A.M.

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

Addressing the Agency/Authority:

NOTICE OF TELEPHONIC MEETING:

- ***Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, the special meeting of the Successor Agency to the Industry Urban-Development Agency/Public Facilities Authority shall be held telephonically. Members of the public shall be able to attend the meeting telephonically and offer public comment by calling the following conference call number: 657-204-3264 and entering the following Conference ID: 665 239 60#. Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public, Council Chambers will not be open for the meeting, and all public participation must occur by telephone at the number set forth above. Pursuant to the Executive Order, and in compliance with the Americans with Disabilities Act, if you need special assistance to participate in the IPFA meeting (including assisted listening devices), please contact the City Clerk's Office at (626) 333-2211 by 5:00 p.m. on Tuesday, February 9, 2021 to ensure that reasonable arrangements can be made to provide accessibility to the meeting.***

- ***Agenda Items:*** *Members of the public may address the Agency/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.*

- ***Public Comments (Non-Agenda Items Only):*** *Anyone wishing to address the Agency/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 City Council from taking action on a specific item unless it appears on the posted Agenda.*

Agendas and other writings:

In compliance with Government Code Section 54957.5(b), 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 of the City Council during regular business hours, Monday through Thursday, 8:00 a.m. to 5:00 p.m., Fridays 8:00 a.m. to 4:00 pm. City Hall doors open to the public Monday through Friday 9:00 a.m. to 11:30 a.m. and 1:30 p.m. to 3:30 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.*

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1. Call to Order

2. Flag Salute

3. Roll Call

4. Public Comment

5. **CONSENT CALENDAR**

5.1 Consideration of the minutes of the December 10, 2020, Public Facilities Authority special meeting

RECOMMENDED ACTION: Approve as submitted.

5.2 Consideration of Annual Audited Financial Statements for the Fiscal Year Ended June 30, 2020, for the Successor Agency to the Industry Urban-Development Agency

RECOMMENDED ACTION: Approve Annual Audited Financial Statements for FY 19-20.

5.3 Consideration of Annual Audited Financial Statements for the Fiscal Year Ended June 30, 2020, for the Public Facilities Authority

RECOMMENDED ACTION: Approve Annual Audited Financial Statements for FY 19-20.

5.4 Consideration of Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters for the Fiscal Year Ended June 30, 2020, for the Successor Agency to the Industry Urban-Development Agency

RECOMMENDED ACTION: Approve Independent Auditor's Report for FY 19-20.

5.5 Consideration of Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters for the Fiscal Year Ended June 30, 2020, for the Public Facilities Authority

RECOMMENDED ACTION: Approve Independent Auditor's Report for FY 19-20.

5.6 Consideration of Auditor's Communications with the Board of Directors for the Fiscal Year Ended June 30, 2020, for the Successor Agency to the Industry Urban-Development Agency

RECOMMENDED ACTION: Approve Auditor's Communication Report for FY 19-20.

5.7 Consideration of Auditor's Communications with the Board of Directors for the Fiscal Year Ended June 30, 2020, for the Public Facilities Authority

RECOMMENDED ACTION: Approve Auditor's Communication Report for FY 19-20.

6. Adjournment

PUBLIC FACILITIES AUTHORITY
FEBRUARY 11, 2021

ITEM NO. 5.1

The Special Meeting of the Industry Public Facilities Authority of the City of Industry, California, was called to order by Chair Cory C. Moss at 8:36 a.m., telephonically using Conference Call Number 657-204-3264, Conference ID: 978 354 316#.

FLAG SALUTE

The flag salute was led by Chair Moss.

ROLL CALL

PRESENT: Cory C. Moss, Chair
Cathy Marcucci, Vice Chair
Michael Greubel, Board Member
Mark D. Radecki, Board Member
Newell Ruggles, Board Member

STAFF PRESENT: Troy Helling, City Manager, Bing Hyun, Assistant City Manager; James M. Casso, City Attorney; Bianca Sparks, Assistant City Attorney; Josh Nelson, Director of Public Works/City Engineer; and Julie Robles, Secretary.

PUBLIC COMMENTS

There were no public comments.

CONSENT CALENDAR

5.1 CONSIDERATION OF THE MINUTES OF THE JUNE 11, 2020 JOINT SPECIAL MEETING, JUNE 25, 2020 JOINT SPECIAL MEETING AND JULY 9, 2020 JOINT SPECIAL MEETING

RECOMMENDED ACTION: *Approve as submitted.*

5.2 CONSIDERATION OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT FOR FINANCIAL AUDITING SERVICES WITH WHITE NELSON DIEHL EVANS, LLP

RECOMMENDED ACTION: *Approve Amendment No. 1.*

MOTION BY BOARD MEMBER GREUBEL, AND SECOND BY VICE CHAIR MARCUCCI TO APPROVE THE CONSENT CALENDAR. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES:	COUNCIL MEMBERS:	GREUBEL, RADECKI, RUGGLES, MPT/MARCUCCI, M/MOSS
NOES:	COUNCIL MEMBERS:	NONE
ABSENT	COUNCIL MEMBERS:	NONE
ABSTAIN	COUNCIL MEMBERS:	NONE

ADJOURNMENT

There being no further business, the Industry Public Facilities Authority adjourned at 8:39 a.m.

Cory C. Moss, Chair

Julie Robles, Secretary

SUCCESSOR AGENCY TO THE

INDUSTRY URBAN-DEVELOPEMENT AGENCY

FEBRUARY 11, 2021

ITEM NO. 5.2

MEMORANDUM

TO: Chair and Board Members

FROM: Audit Committee

DATE: February 11, 2021

SUBJECT: Successor Agency to the Industry Urban-Development Agency Year Ended June 30, 2020 Annual Financial Reports

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RECOMMENDATION

Receive and file the following annual financial reports for the year ended June 30, 2020 and to instruct staff to present a summary of the year ended June 30, 2020 Annual Financial Reports to the Chair and Board Members. The Audit Committee has approved these financial reports.

City of Industry

1. Annual Audited Basic Financial Statements for the Year Ended June 30, 2020 with Independent Auditors' Report
2. Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters for the Year Ended June 30, 2020
3. Auditors' Communications with the Chair and Board Members for the Year Ended June 30, 2020

EXECUTIVE SUMMARY

The City's independent auditors, CliftonLarsonAllen, LLP, have completed their annual audit of the City's financial statements which include the financial activities of its component units (Successor Agency to the Industry Urban-Development Agency, the Civic-Recreational- Industrial Authority and the Industry Public Facilities Authority) for the year ended June 30, 2020. The financial statements received an unqualified (or clean) opinion. One material weakness in internal controls was noted by the Auditors, which was noted in the City's report.

DESCRIPTION OF REPORTS

The financial reports and management compliance letter for the year ended June 30, 2020

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are briefly described below:

Annual Financial Report

The annual financial statement is a comprehensive document reflecting the financial position of the City and its component units. The Auditors issued an unqualified (or clean) opinion on these financial statements.

Independent Auditors' 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

One material weakness in internal controls was noted by the Auditors, which was noted in the City's report.

The Auditors' Communications with the Audit Committee and the Chair and Board Members

Statement of Auditing Standards (SAS) No. 114 requires more and documented communications between the auditors and the Audit Committee and the Chair and Board Members. This letter provides an opportunity for the auditors to report on any difficulties or major concerns discovered during the audit and to further define their role. They provide commentary on management's responsibilities for accounting policies and estimates that no significant difficulties were encountered in performing the audit, and no disagreements occurred with management. They point out that management has corrected all known misstatements, even those that could be passed adjustments that would be not material either individually or in the aggregate.

Fiscal Impact

There is no fiscal impact as result of this action.

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY (A COMPONENT UNIT OF CITY OF INDUSTRY)

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
(A Component Unit of City of Industry)
Table of Contents
For the Year Ended June 30, 2020

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

To the Honorable City Council
of the Successor Agency to Industry
Urban-Development Agency
Industry, California

Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position of the Successor Agency to Industry Urban-Development Agency (the SA to IUDA) (a component unit of City of Industry) as of June 30, 2020 and the related Statement of Changes in the Fiduciary Net Position for the year then ended and the related notes to the financial statements, which collectively comprise the SA to IUDA's 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 an opinion 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 auditors' 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 auditors consider internal control relevant to the City'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 City'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SA to IUDA as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the SA to IUDA's financial statements. The schedules of long-term debt are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021, on our consideration of the SA to IUDA'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 SA to IUDA'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 SA to IUDA's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
January 20, 2021

FINANCIAL STATEMENTS

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Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Statement of Fiduciary Net Position
June 30, 2020

		Private-Purpose Trust Fund
ASSETS:		
Current Assets:		
Cash	$	824,187
Investments		30,092,735
Accounts		1,107,786
Notes receivables, current portion		3,214,153
Noncurrent assets:		
Property held for sale or disposition		222,094,683
Notes receivables, net of current portion		5,519,140
Restricted assets:		
Investments		60,253,406
Investments with fiscal agent		62,940,197
Capital assets, net of depreciation		183,854,578
Total assets		569,900,865
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net		11,495,952
Total deferred outflows of resources		11,495,952
LIABILITIES		
Current liabilities:		
Accounts payable		1,672,340
Interest payable		4,353,060
Bonds payable, due within one year		61,837,772
Total current liabilities		67,863,172
Noncurrent liabilities:		
Bonds payable, due in more than one year		148,445,178
Total noncurrent liabilities		148,445,178
Total liabilities		216,308,350
NET POSITION		
Fiduciary net position held in trust for Successor Agency	$	365,088,467

See accompanying notes to the financial statements.

Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

		Private-Purpose Trust Fund
ADDITIONS:		
Redevelopment agency property tax trust fund	$ 75,541,884	
Administrative expenses	(1,369,653)	
Pass through payments	(11,881,223)	
Redevelopment agency property tax trust fund, net		$ 62,291,008
Revenues from use of money and property		
Interest income		2,718,312
Rental and other income		7,310,071
Contribution from City of Industry		60,867,303
Other revenues		3,257
Total assets		133,189,951
DELETIONS:		
General administration		204,300
Project expenses		3,046,132
Bond interest expense		58,535,474
Total current liabilities		61,785,906
CHANGES IN NET POSITION		71,404,045
NET POSITION		
Beginning of the year		293,684,422
End of the year		$ 365,088,467

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The Industry-Urban-Development Agency (referred to as the IUDA) was a component unit and an integral part of the City of Industry (referred to as the City.) On December 29, 2011, the California Supreme Court upheld Assembly Bill XI 26 (referred to as the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to the other units of state and local government. The City has elected to become the Successor Agency to the Industry Urban Development Agency (referred to as the SA to IUDA). The City and the Successor Agency have separate Board of Directors. However, individuals serving on the City Council also serve on the Successor Agency Board. The Successor Agency is a component unit of the City that is fiduciary in nature and is reported in the statements of fiduciary net position and changes in fiduciary net position within the City's fiduciary funds.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are allocated revenue only in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

B. Basis of Accounting

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

The financial statements include a statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. These statements are presented on the accrual basis of accounting.

C. Cash and Investments

Cash include cash on hand and demand deposits and are carried at cost. Investments are reported at fair value. Changes in fair value that occur during the fiscal year are recognized as investment income for that fiscal year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Redevelopment Property Tax Revenues

Pursuant to the Redevelopment Dissolution Law, funds that would have been distributed to the former Agency as tax increment, hereafter referred to as redevelopment property tax revenues, are deposited into the SA to IUDA's Redevelopment Property Tax Trust Fund (Trust Fund) administered by the Los Angeles County's Auditor - Controller for the benefit of holders of the former IUDA's enforceable obligations and the taxing entities that receive pass-through payments. Any remaining funds in the Trust Fund, plus any unencumbered redevelopment cash and funds from asset sales are distributed by the County to the local agencies in the project area unless needed to pay enforceable obligations.

Distributions are to be made twice each year on the following cycles:

Distribution Dates	Covers Recognized Obligation Payment Schedules to be Paid
January 2	January 1 through June 30
June 1	July 1 through December 31

The amounts distributed for Recognized Obligation Payment Schedules (ROPS) are forward looking to the next six-month period.

E. Tax Override Monies

On September 26, 2013 pursuant to Resolution No. CC 2013-25, the City has established a segregated fund in the treasury designated the Agency Override Fund and shall deposit all Agency Override Portion received by the City into the Agency Override Fund. Upon notification by the SA to IUDA of the debt service shortfall, the City shall apply the necessary amount (but only to the extent available) from the Agency Override Fund to pay the bond trustee or, to the extent that there is no trustee for any bond issue, the bondholders directly, to cover the debt service shortfall. So long as the IUDA bonds remain outstanding, the City shall make withdrawals from the Agency Override Fund solely for the purpose of covering debt service shortfalls. See Note 5 for further discussion.

F. Property Held/or Sale or Disposition

Property held for resale represents land, structures and their related improvements that were acquired for resale in accordance with the objectives of the Redevelopment Projects and grants. These costs will be charged to current year project expenditures when the related land and structures are sold. Property held for resale is valued at the lower of cost or expected net realizable value.

G. Bond Issuance Costs and Premiums/Discounts

Bond premiums and discounts in the statement of fiduciary net position are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expenses in the period incurred in the statement of changes in fiduciary net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Use of Estimates

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

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2020, consisted of the following:

Cash	$ 824,187
Investments	30,092,735
Investments - Restricted	123,193,603
Total cash and investments	$ 154,110,525

Cash:	
Petty Cash	$ 500
Demand deposits	823,687
Investments	153,286,338
Total cash and investments	$ 154,110,525

The amounts held as "Investments Restricted" of $123,193,603, represents amounts specifically restricted to pay for project costs or bond payments to the City of Industry Public Facilities Authority.

A. Demand Deposits

The carrying amount of the SA to IUDA's cash deposits were $824,187 at June 30, 2020. Bank balances before reconciling items were $860,829 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the SA to IUDA's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the SA to IUDA'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 the SA to IUDA's name.

The market value of pledged securities must equal at least 110% of the SA to IUDA'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 SA to IUDA's total cash deposits. The SA to IUDA may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). The SA to IUDA, however, has not waived the collateralization requirements.

As of June 30, 2020, SA to IUDA's deposits exceeded federally insured limits by $610,829.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

B. Investments Authorized by SA to IUDA's Investment Policy

Under provision of SA to IUDA's Investment Policy, and in accordance with Section 53601 and Section 53635 of the California Government Code, and the Section 33603 of the Health and Safety Code, SA to IUDA 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 (composed entirely of security of U.S. government and agencies)	N/A	20%	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	None	None
Non-negotiable certificates of deposit	5 years	None	None
Local Agency Investment Fund ("LAIF")	N/A	None	None
Repurchase agreements	1 year	None	None
Los Angeles County Investment Pool	N/A	None	None
U.S. corporate bonds/notes	5 years	30%	None

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

C. Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements. The debt agreement held by SA to IUDA and its bond trustees have investment policies that are the same as SA to IUDA's general investment policy, as listed above.

SA to IUDA has monies held by trustees or fiscal agents pledged for the payment or security of tax allocation bonds. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinances, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions and indentures are generally less restrictive than SA to IUDA's general investment policy. In no instance have additional types of investments, not permitted by SA to IUDA's general investment policy, been authorized.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

D. Risk Disclosure

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 SA to IUDA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term 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. SA to IUDA monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

Investment Type	Amounts	Weighted Average Maturity (in months)
Investments:		
LAIF	$ 30,092,735	N/A
Investments - Restricted:		
LAIF	17,273	N/A
Commercial paper	6,140,071	1.87
Money market funds	54,096,062	N/A
Held by bond trustee:		
Money market funds	62,940,197	N/A
Total investments	$ 153,286,338	

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. Presented below is the minimum rating required by Section 53601 and Section 53635 of the California Government Code, Section 33603 of the Health and Safety Code, SA to IUDA's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

			Rating as of June 30, 2020		
Investment Type	Amount	Minimum Legal Rating	Actual Rating	Rated	Not Rated
LAIF	$ 30,092,735	N/A		$ -	$ 30,092,735
Investment - restricted:					
LAIF	17,273	N/A		-	17,273
Commercial paper	6,140,071	A/P-1	P-1	6,140,071	-
Money market funds	54,096,062	N/A	Aaa	54,096,062	-
Invested with fiscal agent:					
Money market funds	62,940,197	N/A	Aaa	62,940,197	-
Total investments	$ 153,286,338			$ 123,176,330	$ 30,110,008

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

D. Risk Disclosure (Continued)

State of California Local Agency Investment Fund

The SA to IUDA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the SA to IUDA's investment in this pool is reported in the accompanying financial statements at amounts based upon the SA to IUDA's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF.

E. Fair Value Measurement

The SA to IUDA categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are valued using a matrix pricing technique in where investments are valued based on the investments' relationship to benchmark quoted prices, and Level 3 inputs are significant unobservable inputs. The SA to IUDA has the following recurring fair value measurements as of June 30, 2020:

	Measurement Input			
Investment Type	Observable Input (Level 1)	Significant Other Observable Input (Level 2)	Uncategorized	Total
LAIF	$ -	$ -	$ 30,092,735	$ 30,092,735
Investment - restricted				
LAIF	-	-	17,273	17,273
Commercial paper	-	6,140,071 *	-	6,140,071
Money market funds	-	-	54,096,062	54,096,062
Investment with fiscal agent:				
Money market funds	-	-	62,940,197	62,940,197
Total	$ -	$ 6,140,071	$ 147,146,267	$ 153,286,338

* Valued based on a variety of market makers using a curve-based approach.

NOTE 3 - RECEIVABLES

As of June 30, 2020, receivables on the statement of net position consisted of the following:

Notes receivable	
Developer notes receivable - construction loans	$ 5,016,536
Developer note receivable - Nissan	3,716,757
Total notes receivable	$ 8,733,293

NOTE 3 - RECEIVABLES (CONTINUED)

A. Developer Notes Receivable - Grand Central Recycling

In June 2000, the IUDA entered into an agreement with a Developer to redevelop certain real property located within the City of industry, Redevelopment Plan for Project Area No. 1. As part of the agreement, the Developer purchased the land from IUDA for $12,900,000. In order to finance construction costs, the IUDA had provided the Developer with construction loans totaling $14,703,280. The promissory notes for the construction loans and land purchase is secured by a deed of trust and is payable in equal installments over 20 years including principal and interest at a rate of 4% per annum and consisted of the following:

Investment Type	Amount June 30, 2020	Principal Amounts Due in One Year	Non-current Principal
Due June, 2022, payable in monthly payments of $78,171 including interest at 4.00% per annum beginning July 2002	$ 2,396,528	$ 1,478,482 *	$ 918,046
Due June, 2022, payable in monthly payments of $66,658 including interest at 4.00% per annum beginning July 2002	659,895	396,347 *	263,548
Due June, 2022, payable in monthly payments of $22,441 including interest at 4.00% per annum beginning July 2002	1,960,113	1,177,285	782,828
Totals	$ 5,016,536	$ 3,052,114	$ 1,964,422

Total interest received on these notes during the year ended in June 30, 2020 was in the amount of $332,665.

B. Developer Notes Receivable - Nissan Auto Mall

In May 2010, IUDA entered into an agreement with a Developer to redevelop certain real property located within the City of Industry, Redevelopment Plan for Project Area No. 1. In order to finance the property acquisition, the IUDA had provided the Developer with a loan of $4,500,000. Under the agreement, the developer made interest only payments at $5,000 per month starting on May 1, 2010 through April 1, 2012. On May 1, 2012, the Developer started making monthly principal and interest payments at an annual rate of 4% due monthly on the outstanding note balance.

NOTE 3 - RECEIVABLES (CONTINUED)

B. Developer Notes Receivable - Nissan Auto Mall (Continued)

Investment Type	Amount June 30, 2020	Principal Amounts Due in One Year	Non-current Principal
Due May, 2022, payable in monthly payments of $25,069 including interest at 4.00% per annum beginning May 2012	$ 3,716,757	$ 162,039 *	$ 3,554,718

Total interest income received on this note during the year ended June 30, 2020 was in the amount of $137,492.

NOTE 4 - PROPERTY HELD FOR SALE OR DISPOSITION

All property is held for sale or disposition and is carried at the lower of cost or net realizable value. The SA to IUDA is no longer recording depreciation expense on its capital assets. At June 30, 2020, the SA to IUDA has the following assets held for sale or disposition

Property Held for Sale or Disposition	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
Land	$ 57,215,707	$ -	$ -	$ 57,215,707
Construction in progress	145,233,224	17,033,486	-	162,266,710
Buildings and improvements	2,969,734	-	-	2,969,734
Vehicles	33,312	-	-	33,312
Less accumulated depreciation:	(390,780)	-	-	(390,780)
Total property held for sale or disposition	$ 205,061,197	$ 17,033,486	$ -	$ 222,094,683

In addition, the SA to IUDA has the following capital assets at June 30, 2020.

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
Capital assets, being depreciated				
Infrastructure	204,294,396	-	-	204,294,396
Less accumulated depreciation:	(20,439,818)	-	-	(20,439,818)
Capital assets, net	$ 183,854,578	$ -	$ -	$ 183,854,578

NOTE 5 - BONDS PAYABLE

Summary of changes in the Successor Agency to IUDA's bonds payables for the year ended June 30, 2020, is as follows:

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020	Due Within One Year	Due in more than One Year
Project Area 1:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	$ 134,400,000	$ -	$ (37,925,000)	$ 96,475,000	$ 39,090,000	$ 57,385,000
Total Project Area 1	134,400,000	-	(37,925,000)	96,475,000	39,090,000	57,385,000
Project Area 2:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	5,210,000	-	(770,000)	4,440,000	805,000	3,635,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	154,155,000	-	(74,520,000)	79,635,000	17,490,000	62,145,000
Total Project Area 2	159,365,000	-	(75,290,000)	84,075,000	18,295,000	65,780,000
Project Area 3:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	5,275,000		(780,000)	4,495,000	815,000	3,680,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	28,395,000	-	(3,425,000)	24,970,000	3,530,000	21,440,000
Total Project Area 3	33,670,000	-	(4,205,000)	29,465,000	4,345,000	25,120,000
Total tax allocation bonds	327,435,000	-	(117,420,000)	210,015,000	61,730,000	148,285,000
Deferred amounts:						
Unamortized premium/discount	400,079	-	(132,129)	267,950	107,772	160,178
Total bonds payable	$ 327,835,079	$ -	$ (117,552,129)	$ 210,282,950	$ 61,837,772	$ 148,445,178

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

On July 1, 2015, the SA to IUDA issued the $239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) for the purpose to redeem all IUDA Project No. 1 outstanding 2002 Tax Allocation Refunding Bonds Series B, 2003 Tax Allocation Bonds, Series A, 2003 Tax Allocation Bonds, Series B, 2003 Subordinate Lien Tax Allocation Refunding Bonds, 2005 Subordinate Lien Tax Allocation Refunding Bonds, 2007 Subordinate Lien Tax Allocation Refunding Bonds, and 2008 Subordinate Lien Tax Allocation Refunding Bonds. Principal ranges from $6,835,000 to $39,090,000 maturing annually through July 1, 2024. The bonds bear interests at rates ranging from 3.471% to 4.344%, due semiannually on January 1 and July 1.

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 39,090,000	$ 3,649,628	$ 42,739,628
2022	30,740,000	2,292,814	33,032,814
2023	9,705,000	1,118,239	10,823,239
2024	10,105,000	725,769	10,830,769
2025	6,835,000	148,455	6,983,455
	$ 96,475,000	$ 7,934,905	$ 104,409,905

NOTE 5 - BONDS PAYABLE (CONTINUED)

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

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

For Series A, principal ranges from $805,000 to $975,000 maturing annually through January 1, 2025. The bonds bear interests at a rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 805,000	$ 222,000	$ 1,027,000
2022	845,000	181,750	1,026,750
2023	885,000	139,500	1,024,500
2024	930,000	95,250	1,025,250
2025	975,000	48,750	1,023,750
	$ 4,440,000	$ 687,250	$ 5,127,250

For Series B, the SA to IUDA early redeemed $57,615,000 of the bonds during the year ended June 30, 2020. The remaining principal ranges from $17,490,000 to $39,595,000 maturing annually through January 1, 2023. The remaining bonds bear interests at rates ranges from 4.121% to 4.294%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 17,490,000	$ 3,350,258	$ 20,840,258
2022	22,550,000	2,629,494	25,179,494
2023	39,595,000	1,700,210	41,295,210
	$ 79,635,000	$ 7,679,962	$ 87,314,962

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

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

NOTE 5 - BONDS PAYABLE (CONTINUED)

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

For Series A, principal ranges from $815,000 to $985,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January I and July I. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 815,000	$ 224,750	$ 1,039,750
2022	855,000	184,000	1,039,000
2023	900,000	141,250	1,041,250
2024	940,000	96,250	1,036,250
2025	985,000	49,250	1,034,250
	$ 4,495,000	$ 695,500	$ 5,190,500

For Series B, principal ranges from $3,530,000 to $3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rate ranges from 3.000% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 3,530,000	$ 1,259,487	$ 4,789,487
2022	3,435,000	1,081,434	4,516,434
2023	3,605,000	908,172	4,513,172
2024	3,795,000	726,336	4,521,336
2025	3,990,000	534,916	4,524,916
2026-2027	6,615,000	501,626	7,116,626
	$ 24,970,000	$ 5,011,971	$ 29,981,971

The 2015 Tax Allocation Revenue Refunding Bonds collectively resulted in an economic gain in the amount of $42,816,814 in principal and total savings in debt service payments in the amount of $149,432,987.

Prior Years' Defeased Obligations

In prior years, the SA to IUDA defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2020, the SA to IUDA had redeemed all prior year bonds that are considered defeased.

Revenue Pledged

All of the bonds described in this note are secured by a pledge of all future payments from the Redevelopment Property Tax Trust Fund (RPTTF) funds until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2020 amounted to $232,024,589. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the June 30, 2020, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to $75,541,884, which the SA received $62,291,008 after deductions.

NOTE 5 - BONDS PAYABLE (CONTINUED)

Revenue Pledged (Continued)

Prior to the dissolution of the Industry Urban-Development Agency, the IUDA undertook a program to redevelop each Project Area pursuant to the Community Redevelopment Law. The IUDA issued bonds discussed in the note and secured the bonds by a pledge of tax increment revenues allocated and paid to the IUDA pursuant to HSC Section 33670(b). In 1978, the City's voters authorized the City to levy an ad valorem tax (the Property Tax Override) and the City continues to levy the Property Tax Override on taxable properties in the City, including properties within three Project Areas.

Since the Property Tax Override was authorized in 1978, the tax increment revenues allocated and paid to the IUDA before its dissolution in 2012 included a portion of the Property Tax Override. Pursuant to the IUDA bond indentures, the tax increment revenues pledged to the IUDA bonds included the Property Tax Override. Pursuant to the mandate set forth in HSC Section 34175, the pledge of property tax revenues for the IUDA bonds must not be affected and pledged revenues must continue to include the Agency Override Portion. However the Los Angeles Auditor-Controller in administering the allocation of property taxes pursuant to AB XI 26, is disbursing the Agency Override Portion to the City of Industry, instead of depositing the Agency Override Portion into the Successor Agency's RPTTF fund.

In recognition of the above the SA to IUDA has adopted resolution no. SA 2013-10 on September 25, 2013 authorizing the Executive Director to do as follows, if during each six month ROPS period the moneys received by the SA to IUDA from the Los Angeles Auditor-Controller's RPTTF disbursement is insufficient to pay the principal and interest payments with respect to the IUDA bonds coming due during the ROPS period, the Executive Director shall notify the City of the shortfall.

On September 26, 2013, pursuant to resolution no. CC 2013-25, the City has established a segregated fund in the treasury designated the Agency Override Fund and shall deposit all Agency Override Portion received by the City into the Agency Override Fund. Upon notification by the SA to IUDA of the Debt Service Shortfall, the City shall apply the necessary amount (but only to the extent available) from the Agency Override Fund to pay the bond trustee or, to the extent that there is no trustee for any bond issue, the bondholders directly, to cover the Debt Service Shortfall. The City subsequently assigns, and covenants and agrees to transfer to the PFA and only to the PFA as and when received by the City, all such override revenues for deposit in the revenue fund, to the extent permitted by law, as consideration to PFA for refunding all SA to IUDA debts by the PFA.

The SA to IUDA received RPTTF Funds for the year ended June 30, 2020, are as follows:

RPTTF Funds	$ 75,541,844
Less:	
Administrative expenses	(1,369,653)
Pass through payments	(11,881,223)
Net RPTTF Funds	$ 62,290,968

NOTE 6 - RENTAL PROPERTY

The SA to IUDA rents land, buildings and housing to others through non-cancelable rental agreements. Future minimum rental income payments based on terms in effect at June 30, 2020, are as follows:

Year Ending June 30,	Amount
2021	$ 7,415,858
2022	10,797,603
2023	7,259,933
2024	7,259,933
2025	7,259,933
2026-2030	36,299,665
2031-2035	36,299,665
2036-2040	36,299,665
Thereafter	202,753,964

On April 28, 2005, IUDA entered into an agreement with a private company (the Company) to lease land owned by IUDA to the Company for the purpose of having the land developed and operated by the Company. SA to IUDA is required to perform substantial public improvements surrounding the project area. The term of the agreement continues for 65 years from the commencement date. The agreement allows for SA to IUDA and the Company to split revenues generated by rents of the buildings after deductions for any loan payments or costs associated with the ownership, operation, financing, maintenance, and leasing of the various buildings.

In the event that rental income on the buildings is insufficient to repay any loans outstanding related to any financing of such building projects, and operation and maintenance of the various buildings, the SA to IUDA is required to contribute fifty percent for any shortfall as a capital contribution if the Company issues a demand for additional capital. Such payments if made by SA to IUDA on the projects would be subject to return by the Company with interest at the prime rate plus three percent provided that future rents generate revenue for SA to IUDA. During the year ended June 30, 2020, SA to IUDA earned and received $7,310,071 in rental income from the Company.

NOTE 7 - SELF-INSURANCE PLAN

The City has established a Self-Insurance Plan (the Plan) to pay for liability claims against the City and SA to IUDA. The Plan is administered by an insurance committee which is responsible for approving all claims of $25,000 or less and for making provision to have sufficient funds available to pay approved claims and legal and investigative expenses. The insurance committee has vested this authority with the City Manager. Potential liability for claims in excess of $250,000 up to $10,000,000 is covered by excess liability insurance policies.

As of June 30, 2020, there are no pending claims outstanding against the SA to IUDA.
Note 8 - Commitment and Contingencies

A Risk Management

The SA to IUDA is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, and general liabilities. As further discussed in Note 7, the City has a self-insurance plan to cover such risks. Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 7 - SELF-INSURANCE PLAN (CONTINUED)

B. Project Commitments

As of June 30, 2020, the total net position held in trust was $365,088,467. All of the fiduciary net position are committed to fund project obligations and the debt service on the bonds payable.

NOTE 8 - TRANSACTIONS WITH RELATED PARTIES

A total of $210,015,000 SA to IUDA bonds are owned by the City of Industry Public Facilities Authority, a component unit of the City of industry.

As of June 30, 2020, SA to IUDA had net amount due to the City in the amount of $533,909. This arose from administrative expenses incurred by the SA to IUDA and paid by the City.

SUPPLEMENARY INFORMATION

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SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
Schedules of Long-Term Debt
$239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A
Civic-Recreational-Industrial Redevelopment Project No. 1
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2020	$ -	3.471%	$ 1,824,814	$ 1,824,814	$ -
1/1/2021	39,090,000	3.471%	1,824,814	40,914,814	42,739,628
7/1/2021	-	3.821%	1,146,407	1,146,407	-
1/1/2022	30,740,000	3.821%	1,146,407	31,886,407	33,032,814
7/1/2022	-	4.044%	559,120	559,120	-
1/1/2023	9,705,000	4.044%	559,120	10,264,120	10,823,240
7/1/2023	-	4.244%	362,884	362,884	-
1/1/2024	10,105,000	4.244%	362,885	10,467,885	10,830,769
7/1/2024	6,835,000	4.344%	148,456	6,983,456	6,983,456
Totals	$ 96,475,000		$ 7,934,907	$ 104,409,907	$ 104,409,907

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
Schedules of Long-Term Debt (Continued)
$7,140,000 Tax Allocation Revenue Refunding Bonds, Series 2015A
Transportation-Distribution-Industrial Redevelopment Project No. 2
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2020	$ -	5.000%	$ 111,000	$ 111,000	$ -
1/1/2021	805,000	5.000%	111,000	916,000	1,027,000
7/1/2021	-	5.000%	90,875	90,875	-
1/1/2022	845,000	5.000%	90,875	935,875	1,026,750
7/1/2022	-	5.000%	69,750	69,750	-
1/1/2023	885,000	5.000%	69,750	954,750	1,024,500
7/1/2023	-	5.000%	47,625	47,625	-
1/1/2024	930,000	5.000%	47,625	977,625	1,025,250
7/1/2024	-	5.000%	24,375	24,375	-
1/1/2025	975,000	5.000%	24,375	999,375	1,023,750
Totals	$ 4,440,000		$ 687,250	$ 5,127,250	$ 5,127,250

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
Schedules of Long-Term Debt (Continued)
$249,770,000 Tax Allocation Revenue Refunding Bonds, Series 2015B
Transportation-Distribution-Industrial Redevelopment Project No. 2 (Continued)
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2020	$ -	4.121%	$ -	$ -	$ -
1/1/2021	17,490,000	4.121%	3,350,258	20,840,258	20,840,258
7/1/2021	-	4.121%	-	-	-
1/1/2022	22,550,000	4.121%	2,629,494	25,179,494	25,179,494
7/1/2022	-	4.294%	-	-	-
1/1/2023	39,595,000	4.294%	1,700,210	41,295,210	41,295,210
Totals	$ 79,635,000		$ 7,679,962	$ 87,314,962	$ 87,314,962

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
Schedules of Long-Term Debt (Continued)
$7,230,000 Tax Allocation Revenue Refunding Bonds, Series 2015A
Transportation-Distribution-Industrial Redevelopment Project No. 3
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2020	$ -	5.000%	$ 112,375	$ 112,375	$ -
1/1/2021	815,000	5.000%	112,375	927,375	1,039,750
7/1/2021	-	5.000%	92,000	92,000	-
1/1/2022	855,000	5.000%	92,000	947,000	1,039,000
7/1/2022	-	5.000%	70,625	70,625	-
1/1/2023	900,000	5.000%	70,625	970,625	1,041,250
7/1/2023	-	5.000%	48,125	48,125	-
1/1/2024	940,000	5.000%	48,125	988,125	1,036,250
7/1/2024	-	5.000%	24,625	24,625	-
1/1/2025	985,000	5.000%	24,625	1,009,625	1,034,250
Totals	$ 4,495,000		$ 695,500	$ 5,190,500	$ 5,190,500

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
Schedules of Long-Term Debt (Continued)
$37,425,000 Tax Allocation Revenue Refunding Bonds, Series 2015B
Transportation-Distribution-Industrial Redevelopment Project No. 3 (Continued)
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2020	$ -	5.044%	$ 629,744	$ 629,744	$ -
1/1/2021	3,530,000	5.044%	629,743	4,159,743	4,789,487
7/1/2021	-	5.044%	540,717	540,717	-
1/1/2022	3,435,000	5.044%	540,717	3,975,717	4,516,434
7/1/2022	-	5.044%	454,086	454,086	-
1/1/2023	3,605,000	5.044%	454,086	4,059,086	4,513,172
7/1/2023	-	5.044%	363,168	363,168	-
1/1/2024	3,795,000	5.044%	363,168	4,158,168	4,521,336
7/1/2024	-	5.044%	267,458	267,458	-
1/1/2025	3,990,000	5.044%	267,458	4,257,458	4,524,916
7/1/2025		5.044%	166,830	166,830	-
1/1/2026	3,285,000	5.044%	166,830	3,451,830	3,618,660
7/1/2026		5.044%	83,983	83,983	-
1/1/2027	3,330,000	5.044%	83,983	3,413,983	3,497,966
Totals	$ 24,970,000		$ 5,011,971	$ 29,981,971	$ 29,981,971

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INDUSTRY PUBLIC FACILITIES AUTHORITY

FEBRUARY 11, 2021

ITEM NO. 5.3

INDUSTRY PUBLIC FACILITIES AUTHORITY

MEMORANDUM

TO: **Chair and Board Members**

FROM: **Audit Committee**

DATE: **February 11, 2021**

SUBJECT: **Industry Public Facilities Authority Year Ended June 30, 2020 Annual Financial Reports**

RECOMMENDATION

Receive and file the following annual financial reports for the year ended June 30, 2020 and to instruct staff to present a summary of the year ended June 30, 2020 Annual Financial Reports to the Chair and Board Members. The Audit Committee has approved these financial reports.

City of Industry

1. Annual Audited Basic Financial Statements for the Year Ended June 30, 2020 with Independent Auditors' Report
2. Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters for the Year Ended June 30, 2020
3. Auditors' Communications with the Chair and Board Members for the Year Ended June 30, 2020

EXECUTIVE SUMMARY

The City's independent auditors, CliftonLarsonAllen, LLP, have completed their annual audit of the City's financial statements which include the financial activities of its component units (Successor Agency to the Industry Urban-Development Agency, the Civic-Recreational- Industrial Authority and the Industry Public Facilities Authority) for the year ended June 30, 2020. The financial statements received an unqualified (or clean) opinion. One material weakness in internal controls was noted by the Auditors, which was noted in the City's report.

DESCRIPTION OF REPORTS

15625 E. Stafford Street • City of Industry, California 91744 • 626.333.2211 • www.cityofindustry.org

The financial reports and management compliance letter for the year ended June 30, 2020 are briefly described below:

Annual Financial Report

The annual financial statement is a comprehensive document reflecting the financial position of the City and its component units. The Auditors issued an unqualified (or clean) opinion on these financial statements.

Independent Auditors' 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

One material weakness in internal controls was noted by the Auditors, which was noted in the City's report.

The Auditors' Communications with the Audit Committee and the Chair and Board Members

Statement of Auditing Standards (SAS) No. 114 requires more and documented communications between the auditors and the Audit Committee and the Chair and Board Members. This letter provides an opportunity for the auditors to report on any difficulties or major concerns discovered during the audit and to further define their role. They provide commentary on management's responsibilities for accounting policies and estimates that no significant difficulties were encountered in performing the audit, and no disagreements occurred with management. They point out that management has corrected all known misstatements, even those that could be passed adjustments that would be not material either individually or in the aggregate.

Fiscal Impact

There is no fiscal impact as result of this action.

CITY OF INDUSTRY, CALIFORNIA
PUBLIC FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF INDUSTRY)

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

CITY OF INDUSTRY, CALIFORNIA
PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Industry)
Table of Contents
For the Year Ended June 30, 2020

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

To the Honorable City Council
of the City of Industry Public Financing Authority
Industry, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Industry Public Financing Authority (the "IPFA"), a component unit of the City of Industry, California (the City), as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the IPFA's 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 auditors' 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 auditors consider internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the IPFA as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America 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 consider 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 opinions on the financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the IPFA's basic financial statements. The schedules of long-term debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021, on our consideration of the IPFA'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 IPFA'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 IPFA's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
January 20, 2021

FINANCIAL STATEMENTS

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Government-Wide Financial Statements

City of Industry
Public Facilities Authority
(A Component Unit of City of Industry)
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Current assets:	
Accrued interest	$ 5,874,863
Site lease prepayment, current	373,144
Investments with fiscal agent, restricted	59,587,257
Total current assets	65,835,264
Non-current assets:	
Prepaid items, noncurrent	4,092,273
Site lease prepayment, noncurrent	3,358,293
Investments with IUDA bonds	210,015,000
Investment in City bonds	47,494,574
Total non-current assets	264,960,140
Total assets	330,795,404
LIABILITIES	
Current liabilities:	
Accounts payable	1,000
Interest payable	5,890,995
Total current liabilities	5,891,995
Long-term liabilities:	
Due within on year	63,293,055
Due in more than one year	197,855,177
Total non-current liabilities	261,148,232
Total liabilities	267,040,227
NET POSITION	
Restricted for debt service	55,932,467
Unrestricted	7,822,710
Total net position	$ 63,755,177

See accompanying notes to financial statements.

City of Industry
Public Facilities Authority
(A Component Unit of City of Industry)
Statement of Activities
For the Year Ended June 30, 2020

	Expenses	Operating Grants and Contributions Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities:			
General administration	$ 61,149,385	$ 57,946,632	$ (3,202,753)
Interest and fiscal charges	17,043,176	-	(17,043,176)
Total governmental activities	$ 78,192,561	$ 57,946,632	(20,245,929)
General revenues and transfers:			
Investment income			12,889,164
Total General revenues and transfers:			12,889,164
Change in net position			(7,356,765)
Net position:			
Beginning of year, as restated			71,111,942
End of year			$ 63,755,177

See accompanying notes to financial statements.

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Fund Financial Statements

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Balance Sheet
Governmental Fund
June 30, 2020

	General Fund
ASSETS	
Investments with fiscal agent - restricted	$ 59,587,257
Investments in City and SA to IUDA bonds	257,509,574
Accrued Interest receivable	5,874,863
Prepaid items	4,092,273
Site Lease prepayment	3,731,437
Total assets	$ 330,795,404
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	1,000
Total liabilities	1,000
Fund balance:	
Nonspendable	7,822,710
Restricted for debt service	322,971,694
Total fund balance	330,794,404
Total liabilities and fund balance	$ 330,795,404

See accompanying notes to financial statements.

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Reconciliation of the Governmental Fund Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Fund balances of governmental funds	$ 330,794,404
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Accrued interest payable on outstanding bonds payable do not require the use of current financial resources, and accordingly, are not reported as expenditures in the governmental funds.	(5,890,995)
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.	
Long-term liabilities are included in the statement of net position as follows:	
City Loan	(49,950,000)
Tax allocation revenue bonds	(210,015,000)
Refunding lease revenue bonds	(915,000)
Issuance discount (premium)	(268,232)
Subtotal	(261,148,232)
Net position of governmental activities	$ 63,755,177

See accompanying notes to financial statements.

City of Industry
Public Facilities Authority
(A Component Unit of City of Industry)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2020

	General Fund
REVENUES:	
Intergovernmental revenue	$ 57,946,632
Interest income	12,889,164
Total revenues	70,835,796
EXPENDITURES:	
Contribution to Successor Agency to the Industry Urban-Development Agency	61,149,385
Debt Service:	
Principal retirement	118,820,000
Interest and fiscal charges	19,595,152
Total expenditures	199,564,537
NET CHANGE IN FUND BALANCE	(128,728,741)
FUND BALANCE	
Beginning of year, as restated	459,523,145
End of year	$ 330,794,404

See accompanying notes to financial statements.

City of Industry
Public Facilities Authority
(A Component Unit of the City of Industry)
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Government-Wide Statement of Net Position
For the Year Ended June 30, 2020

Net change in fund balance - governmental fund	$ (128,728,741)
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments	118,820,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Change in accrued interest payable	2,419,015
Net change in bond premium/discount	132,961
Change in net position of governmental activities	$ (7,356,765)

See accompanying notes to financial statements.

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Notes to Financial Statements

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

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

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

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

The IPFA is a component unit and an integral part of the City and accordingly has also been included in the basic financial statements of the City issued as of June 30 of each year. Only the funds of IPFA are included herein; therefore, these financial statements do not purport to represent the financial position or results of operations of the City. Financial statements for IPFA and the City may be obtained from the Finance Department located at 15625 East Stafford Street, City of Industry, California.

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

The component unit financial statements of IPFA 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.

Government-Wide Financial Statements

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements (Continued)

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures.

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

Fund Financial Statements

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

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

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Revenues are considered available if they are collected within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which are recognized when due.

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

The proceeds of long-term debt are recorded as other financing sources rather than a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

General Fund

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Investments

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

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

D. Bond Issuance Costs and Premiums/Discounts

Bond premiums and discounts in the government-wide financial statements are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expense in the period incurred on the statement of changes in net position. In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, at the time the bonds are issued. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

E. Net Position

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

F. Fund Balance

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

Nonspendable - items that cannot be spent because they are not in spendable form or items that are legally or contractually required to be maintained intact.

Restricted - restricted fund balances are amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (b) imposed by law by constitutional provisions or enabling legislation.

Committed - committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that IPFA 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. IPFA has no committed fund balances at June 30, 2020.

Assigned - assigned fund balances are amounts that are constrained by IPFA'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. IPFA has no assigned fund balances at June 30, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance (Continued)

Unassigned - this category represents fund balances that have not been restricted, committed, or assigned to specific purposes. IPFA has no unassigned fund balances at June 30, 2020.

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources as committed, assigned, or unassigned amounts are considered to have been spent when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

G. 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.

NOTE 2 - INVESTMENTS

Investments as of June 30, 2020, consisted of the following:

Investments with fiscal agent	$ 59,587,257
Investments with SA to IUDA bonds	210,015,000
Investments in City bonds	47,494,574
Total cash and investments	$ 317,096,831

Investments with fiscal agents are restricted for future bond principal and interest payments. As of June 30, 2020, IPFA's carrying value of these funds amounted to $59,587,257.

A. Investments Authorized by the Authority's Investment Policy

Under provision of IPFA's Investment policy, and in accordance with Section 53601 and Section 53635 of the California Government Code, IPFA 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	25%	10%
Local Agency Investment Fund ("LAIF")	N/A	None	None
Repurchase agreements	1 year	None	None
Los Angeles County Investment Pool	N/A	None	None
U.S. corporate bonds/notes	5 years	30%	None

CITY OF INDUSTRY, CALIFORNIA
PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Industry)
Notes to Financial Statements
For the Year Ended June 30, 2020

NOTE 2 - INVESTMENTS (CONTINUED)

A. Investments Authorized by the Authority's Investment Policy (Continued)

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

B. Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or IPFA's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity (in months)	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury obligations	None	None	None
U.S. government sponsored enterprise securities	None	None	None
Money market funds	None	None	None
Certificates of deposit	None	None	None
Commercial paper	None	None	None
Banker's acceptances	18 months	None	None
U.S. corporate bonds/notes	None	None	None
Municipal bonds	None	None	None
Non-investment grade bonds	None	10%	None
Exchange traded funds	None	None	None
Mortgage-backed securities	None	None	None
Investment contracts	None	None	None
LAIF	None	None	None
Foreign government bonds	None	None	None
Foreign corporate bonds/notes	None	None	None

C. Fair Value Measurement

The IPFA categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are valued using a matrix pricing technique in where investments are valued based on the relative investments' relationship to benchmark quoted prices, and Level 3 inputs are significant unobservable inputs. The IPFA has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Value	Fair Value Measurement Level 2 Input
Investments - unrestricted:		
City bonds	$ 47,494,574 *	$ 47,494,574

* Valued based on institutional bond quotes.

NOTE 2 - INVESTMENTS (CONTINUED)

D. Investment in Successor Agency to Industry Urban-Development Agency

The IPFA to holds the investments in SA to IUDA bonds through maturity. Accordingly, these investments are reported at amortized cost instead of fair value.

E. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. The IPFA manages its exposure to interest rate risk by purchasing short-term investments and/or by timing cash flows from maturities so that a portion of the portfolio is maturing, or coming close to maturity, evenly over time as necessary to provide the cash flow and liquidity needed for operations. IPFA's long-term investments in the Successor Agency to Industry Urban-Development Agency (SA to IUDA) and the City bonds have set interest rates between 3.000% and 7.750% over the life of the bonds.

Investment Type	Amounts	Weighted Average Maturity (in months)
Investments - unrestricted:		
SA to IUDA bonds	$ 210,015,000	23.40
City bonds	47,494,574	52.13
Investment held by fiscal agent:		
Money market funds	59,587,257	N/A
	$ 317,096,831	

Credit Risk

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

Investment Type	Total as of July 1, 2020	Minimum Legal Rating	A1	Aaa/P-1	Not Rated
Investments - unrestricted:					
SA to IUDA bonds	$ 210,015,000	None	$ -	$ -	$ 210,015,000
City bonds	47,494,574	None	47,494,574	-	-
Investment held by fiscal agent:					
Money market funds	59,587,257	Aaa/P+1	-	59,587,257	-
Total	$ 317,096,831		$ 47,494,574	$ 59,587,257	$ 210,015,000

NOTE 2 - INVESTMENTS (CONTINUED)

E. Risk Disclosures (Continued)

Concentration of Credit Risk

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

Issuer	Investment Type		Amount
Successor Agency to Industry			
Urban-Development Agency	Municipal bonds	$	210,015,000
City of Industry	Municipal bonds		47,494,574

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

NOTE 3 - INVESTMENT IN THE SA TO THE IUDA AND THE CITY BONDS

The following schedule represents the future payments to be paid by the SA to the IUDA on the 2015A and 2015B.

SA to IUDA Bonds and by the City on the 2015 Sales Tax Revenue Subordinate Bonds, Series B.

Year Ending June 30,	Principal	Interest	Total
2021	$ 62,270,000	$ 15,226,221	$ 77,496,221
2022	58,985,000	12,866,642	71,851,642
2023	55,275,000	10,479,319	65,754,319
2024	615,000	3,592,510	4,207,510
2025	645,000	3,561,760	4,206,760
2026-2030	10,430,000	17,719,886	28,149,886
2031-2035	5,275,000	15,756,466	21,031,466
2036-2040	7,505,000	13,526,702	21,031,702
2041-2045	10,810,000	10,227,688	21,037,688
2046-2050	15,695,000	5,344,012	21,039,012
2051	3,905,000	302,638	4,207,638
	$ 231,410,000	$ 108,603,844	$ 340,013,844
Fair value adjustment	(2,455,426)		
Total	$ 228,954,574		

NOTE 4 - LONG-TERM LIABILITIES

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

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020	Due Within One Year	Due in more than One Year
Governmental activities:						
Bonds payable:						
Tax allocation bonds	$ 327,435,000	$ -	$ (117,420,000)	$ 210,015,000	$ 61,730,000	$ 148,285,000
Lease revenue bonds	1,795,000	-	(880,000)	915,000	915,000	-
Subtotal	329,230,000	-	(118,300,000)	210,930,000	62,645,000	148,285,000
Deferred amounts:						
Unamortized premium/discount	401,193		(132,960)	268,233	108,055	160,178
Total bonds payable	329,631,193	-	(118,432,960)	211,198,233	62,753,055	148,445,178
City of Industry Loan	50,470,000	-	(520,000)	49,950,000	540,000	49,410,000
Total long-term liabilities	$ 380,101,193	$ -	$ (118,952,960)	$ 261,148,233	$ 63,293,055	$ 197,855,178

NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

A. Tax Allocation Revenue Bonds

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020	Due Within One Year
Tax allocation revenue bonds:					
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)	$ 134,400,000	$ -	$ (37,925,000)	$ 96,475,000	$ 39,090,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 2)	5,210,000	-	(770,000)	4,440,000	805,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 2)	154,155,000	-	(74,520,000)	79,635,000	17,490,000
2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 3)	5,275,000	-	(780,000)	4,495,000	815,000
2015 Tax Allocation Revenue Refunding Bonds, Series B (Project No. 3)	28,395,000	-	(3,425,000)	24,970,000	3,530,000
Total long-term liabilities	$ 327,435,000	$ -	$ (117,420,000)	$ 210,015,000	$ 61,730,000

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

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

The IPFA has funded its debt service bond reserve requirement by purchasing insurance in the amount of $23,952,000.

Principal ranges from $6,835,000 to $39,090,000 maturing annually through January 1, 2025. The bonds bear interests at rates range from 3.471% to 4.344%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 39,090,000	$ 3,649,628	$ 42,739,628
2022	30,740,000	2,292,814	33,032,814
2023	9,705,000	1,118,239	10,823,239
2024	10,105,000	725,769	10,830,769
2025	6,835,000	148,456	6,983,456
	$ 96,475,000	$ 7,934,906	$ 104,409,906

NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

A. Tax Allocation Revenue Bonds

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

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

For Series A, principal ranges from $805,000 to $975,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 805,000	$ 222,000	$ 1,027,000
2022	845,000	181,750	1,026,750
2023	885,000	139,500	1,024,500
2024	930,000	95,250	1,025,250
2025	975,000	48,750	1,023,750
	$ 4,440,000	$ 687,250	$ 5,127,250

For Series B, the IPFA early redeemed $57,615,000 of the bonds during the year ended June 30, 2020. The remaining principal ranges from $17,490,000 to $39,595,000 maturing annually through January 1, 2025. The bonds bear interests at rates ranges from 4.121% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 17,490,000	$ 6,201,908	$ 23,691,908
2022	22,550,000	5,481,146	28,031,146
2023	39,595,000	4,551,860	44,146,860
	$ 79,635,000	$ 16,234,914	$ 95,869,914

NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

A. Tax Allocation Revenue Bonds (Continued)

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

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

The IPFA has funded its debt service reserve fund requirement by purchasing insurance in the amount of $4,524,216.

For Series A, principal ranges from $815,000 to $985,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 815,000	$ 224,750	$ 1,039,750
2022	855,000	184,000	1,039,000
2023	900,000	141,250	1,041,250
2024	940,000	96,250	1,036,250
2025	985,000	49,250	1,034,250
	$ 4,495,000	$ 695,500	$ 5,190,500

For Series B, principal ranges from $3,530,000 to $3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 3,530,000	$ 1,259,487	$ 4,789,487
2022	3,435,000	1,081,434	4,516,434
2023	3,605,000	908,172	4,513,172
2024	3,795,000	726,336	4,521,336
2025	3,990,000	534,916	4,524,916
2026	3,285,000	333,660	3,618,660
2027	3,330,000	167,966	3,497,966
	$ 24,970,000	$ 5,011,971	$ 29,981,971

NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

A. Tax Allocation Revenue Bonds (Continued)

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

Revenue Pledged

All of the 2015 Tax Allocation Refunding Bonds are secured and payable in the following order of priority: (1) pledged tax revenue through ownership to local obligation bonds, (2) investment income with respect to the funds and accounts established under the indenture, and (3) certain override revenues until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2020 amounted to $232,024,589.

At June 30, 2020, IPFA and the Successor Agency had funds held by the bond trustee that was and will be used to fund the bond payments on the 2015 A & B Public Facilities Authority Tax Allocation Revenue Refunding Bonds as follows:

PFA Tax Override Funds:	
Tax Override Funds transferred during the year ended June 30, 2020	$ 57,932,929
Carryover from prior year and interest income	802,294
Total Tax Override Funds Held by PFA Bond Trustee at June 30, 2020	58,735,223
Successor Agency RPTTF Funds:	62,940,197
Total Tax Override and SA RPTTF Funds Held by PFA Bond Trustee at June 30, 2020	$ 121,675,420

2015A & B IPFA Tax Allocation Revenue Refunding Bond Payments during the year ended June 30, 2020:

Payment Date	Principal	Interest	Total
July 1, 2020	$ -	$ 4,353,061	$ 4,353,061
January 1, 2021	61,730,000	4,353,061	66,083,061
	$ 61,730,000	$ 8,706,122	$ 70,436,122

IPFA will have approximately $48,000,000 funds available to fund an early redemption of the 2015 A & B Public Facilities Authority Tax Allocation Revenue Refunding Bonds.

Prior Years' Defeased Obligations

In prior years, the IPFA defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2020, the IPFA had redeemed all prior year bonds that are considered defeased.

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020	Due Within One Year
Lease revenue refunding bonds					
2010 Lease Revenue Refunding Bonds	$ 1,795,000	$ -	$ (880,000)	$ 915,000	$ 915,000

NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

A. Tax Allocation Revenue Bonds (Continued)

2010 Lease Revenue Refunding Bonds and City Certificates of Participation

In order to assist the City in financing the construction of various projects, on August 1, 2000, IUDA and the City entered into a lease agreement for certain properties owned by the City for a one-time site lease payment in the amount of $11,000,000. The IUDA agreed to lease back these properties to the City. In conjunction with the signing of these lease agreements on August 30, 2000, the City issued $12,620,000 of Certificates of Participation Series 2000 bonds (2000 Certificates) to fund IUDA's site lease payment. Under the lease agreement, the certificates represented direct, undivided fractional interests of the owners in lease payments to be made by the City to IUDA.

The term of both leases ceased on the date in which all the outstanding 2000 Certificates were paid in full as discussed below.

In March 2010, the City terminated its lease agreement with IUDA and leased the properties to IPFA under a Site Lease Agreement between the City and IPFA. As consideration, IPFA paid an upfront rental payment of approximately $8,500,000 to the City for the lease of certain properties. The funds were then used by the City to prepay the 2000 Certificates. These funds were placed in an irrevocable trust to provide for all future debt service payments on the 2000 Certificates.

In order to prepay the Site Lease, IPFA issued $8,460,000 of 2010 Refunding Lease Revenue Bonds. Principal of $915,000 matures on August 1, 2020. The bonds bear interests at rate of 4.250% to 4.250%, due semiannually on February 1 and August 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 915,000	$ 19,444	$ 934,444

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

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

NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

B. Public Facilities Authority Lease Revenue Refunding Bonds

IPFA will amortize the site lease prepayment over the term of the lease as follows:

Year Ending June 30,		Lease Expense
2021	$	373,144
2022		373,144
2023		373,144
2024		373,144
2025		373,144
Thereafter		1,865,717

The following is a schedule of future minimum lease payments to be received by IPFA and paid by the City:

Year Ending June 30,		Amount
2021	$	937,658

C. Loans from the City of Industry

On December 1, 2015, the IPFA entered into loan agreement with the City to borrow $51,460,000 for the purchase of City of Industry Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable). The loan bears interest ranges from 3.750% to 7.750% annually, due February 1 and August 1 each year. The principal payments are due on February 1 each year and range from $540,000 to $3,905,000. As of June 30, 2020, total outstanding balance payable to the City was in the amount of $51,471,801, which included principal in the amount of $49,950,000 and accrued interest in the amount of $1,521,801.

Year Ending June 30,		Principal		Interest		Total
2021	$	540,000	$	3,668,448	$	4,208,448
2022		560,000		3,645,497		4,205,497
2023		585,000		3,620,298		4,205,298
2024		615,000		3,592,510		4,207,510
2025		645,000		3,561,760		4,206,760
2026-2030		3,815,000		17,218,258		21,033,258
2031-2035		5,275,000		15,756,463		21,031,463
2036-2030		7,505,000		13,526,700		21,031,700
2041-2045		10,810,000		10,227,687		21,037,687
2046-2050		15,695,000		5,344,013		21,039,013
2051		3,905,000		302,637		4,207,637
	$	49,950,000	$	80,464,271	$	130,414,271

NOTE 5 - SELF-INSURANCE PLAN

The City has established a Self-Insurance Plan (the Plan) to pay for liability claims against the City and IPFA. The Plan is administered by an insurance committee which is responsible for approving all claims of $25,000 or less and for making a provision for having sufficient funds available to pay approved claims and legal and investigative expenses. The insurance committee has given this authority to the City Manager. Potential liabilities of claims in excess of $250,000, up to $10,000,000, are covered by excess liability insurance policies. At June 30, 2020, there are no pending liability claims outstanding against IPFA.

NOTE 6 - RESTATEMENT OF NET POSITION/FUND BALANCE

Net position and fund balance at July 1, 2019 was restated as follows:

	Governmental Activities	General Fund
Net Position/Fund balance, as originally reported	$ 9,962,557	$ 396,845,605
To recognize transfer of tax override payments as transfers in instead of bond payments deposits	61,149,385	61,149,385
To remove interest accrual related to advances	-	1,528,155
Net Position/Fund Balance, as restated	$ 71,111,942	$ 459,523,145

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SUPPLEMENTARY INFORMATION

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CITY OF INDUSTRY, CALIFORNIA
PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Industry)
Schedules of Long-Term Debt
2010 Refunding Lease Revenue Bonds
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
8/1/2020	$ 915,000	4.250%	$ 19,444	$ 934,444	$ 934,444
Totals	$ 915,000		$ 19,444	$ 934,444	$ 934,444

CITY OF INDUSTRY, CALIFORNIA
PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Industry)
Schedules of Long-Term Debt (Continued)
Tax Allocation Revenue Bonds, Series 2015A (Taxable)
Civic – Recreational-Industrial Redevelopment Project No. 1
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2020	$ -	3.471%	$ 1,824,814	$ 1,824,814	$ -
1/1/2021	39,090,000	3.471%	1,824,814	40,914,814	42,739,628
7/1/2021	-	3.821%	1,146,407	1,146,407	-
1/1/2022	30,740,000	3.821%	1,146,407	31,886,407	33,032,814
7/1/2022	-	4.044%	559,119	559,119	-
1/1/2023	9,705,000	4.044%	559,120	10,264,120	10,823,239
7/1/2023	-	4.244%	362,884	362,884	-
1/1/2024	10,105,000	4.244%	362,885	10,467,885	10,830,769
7/1/2024	6,835,000	4.344%	148,456	6,983,456	6,983,456
Totals	$ 96,475,000		$ 7,934,906	$ 104,409,906	$ 104,409,906

CITY OF INDUSTRY, CALIFORNIA
PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Industry)
Schedules of Long-Term Debt (Continued)
Tax Allocation Revenue Bonds, Series A (Taxable)
Transportation-Distribution-Industrial Redevelopment Project No. 2
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2020	$ -	5.000%	$ 111,000	$ 111,000	$ -
1/1/2021	805,000	5.000%	111,000	916,000	1,027,000
7/1/2021	-	5.000%	90,875	90,875	-
1/1/2022	845,000	5.000%	90,875	935,875	1,026,750
7/1/2022	-	5.000%	69,750	69,750	-
1/1/2023	885,000	5.000%	69,750	954,750	1,024,500
7/1/2023	-	5.000%	47,625	47,625	-
1/1/2024	930,000	5.000%	47,625	977,625	1,025,250
7/1/2024	-	5.000%	24,375	24,375	-
1/1/2025	975,000	5.000%	24,375	999,375	1,023,750
Totals	$ 4,440,000		$ 687,250	$ 5,127,250	$ 5,127,250

CITY OF INDUSTRY, CALIFORNIA
PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Industry)
Schedules of Long-Term Debt (Continued)
Tax Allocation Revenue Bonds, Series 2015B (Tax-Exempt)
Transportation-Distribution-Industrial Redevelopment Project No. 2
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2020	$ -	4.121%	$ 3,100,954	$ 3,100,954	$ -
1/1/2021	17,490,000	4.121%	3,100,954	20,590,954	23,691,908
7/1/2021	-	4.121%	2,740,573	2,740,573	-
1/1/2022	22,550,000	4.121%	2,740,573	25,290,573	28,031,146
7/1/2022	-	4.294%	2,275,930	2,275,930	-
1/1/2023	39,595,000	4.294%	2,275,930	41,870,930	44,146,860
Totals	$ 79,635,000		$ 16,234,914	$ 95,869,914	$ 95,869,914

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CITY OF INDUSTRY, CALIFORNIA
PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Industry)
Schedules of Long-Term Debt (Continued)
Tax Allocation Revenue Bonds, Series 2015A (Taxable)
Transportation-Distribution-Industrial Redevelopment Project No. 3
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2020	$ -	5.000%	$ 112,375	$ 112,375	$ -
1/1/2021	815,000	5.000%	112,375	927,375	1,039,750
7/1/2021	-	5.000%	92,000	92,000	-
1/1/2022	855,000	5.000%	92,000	947,000	1,039,000
7/1/2022	-	5.000%	70,625	70,625	-
1/1/2023	900,000	5.000%	70,625	970,625	1,041,250
7/1/2023	-	5.000%	48,125	48,125	-
1/1/2024	940,000	5.000%	48,125	988,125	1,036,250
7/1/2024	-	5.000%	24,625	24,625	-
1/1/2025	985,000	5.000%	24,625	1,009,625	1,034,250
Totals	$ 4,495,000		$ 695,500	$ 5,190,500	$ 5,190,500

CITY OF INDUSTRY, CALIFORNIA
PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Industry)
Schedules of Long-Term Debt (Continued)
Tax Allocation Revenue Bonds, Series 2015B (Tax-Exempt)
Transportation-Distribution-Industrial Redevelopment Project No. 3
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
7/1/2020	$ -	5.044%	$ 629,744	$ 629,744	$ -
1/1/2021	3,530,000	5.044%	629,743	4,159,743	4,789,487
7/1/2021	-	5.044%	540,717	540,717	-
1/1/2022	3,435,000	5.044%	540,717	3,975,717	4,516,434
7/1/2022	-	5.044%	454,086	454,086	-
1/1/2023	3,605,000	5.044%	454,086	4,059,086	4,513,172
7/1/2023	-	5.044%	363,168	363,168	-
1/1/2024	3,795,000	5.044%	363,168	4,158,168	4,521,336
7/1/2024	-	5.044%	267,458	267,458	-
1/1/2025	3,990,000	5.044%	267,458	4,257,458	4,524,916
7/1/2025	-	5.044%	166,830	166,830	-
1/1/2026	3,285,000	5.044%	166,830	3,451,830	3,618,660
7/1/2026	-	5.044%	83,983	83,983	-
1/1/2027	3,330,000	5.044%	83,983	3,413,983	3,497,966
Totals	$ 24,970,000		$ 5,011,971	$ 29,981,971	$ 29,981,971

CITY OF INDUSTRY, CALIFORNIA
PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Industry)
Schedules of Long-Term Debt (Continued)
City of Industry Loan
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
8/1/2020	-	3.750%	1,834,224	$ 1,834,224	$ -
2/1/2021	540,000	4.250%	1,834,224	2,374,224	4,208,448
8/1/2021	-	4.250%	1,822,749	1,822,749	-
2/1/2022	560,000	4.500%	1,822,749	2,382,749	4,205,498
8/1/2022	-	4.500%	1,810,149	1,810,149	-
2/1/2023	585,000	4.750%	1,810,149	2,395,149	4,205,298
8/1/2023	-	4.750%	1,796,255	1,796,255	-
2/1/2024	615,000	5.000%	1,796,255	2,411,255	4,207,510
8/1/2024	-	5.000%	1,780,880	1,780,880	-
2/1/2025	645,000	5.250%	1,780,880	2,425,880	4,206,760
8/1/2025	-	5.250%	1,763,949	1,763,949	-
2/1/2026	680,000	5.550%	1,763,949	2,443,949	4,207,898
8/1/2026	-	5.550%	1,745,079	1,745,079	-
2/1/2027	715,000	5.850%	1,745,079	2,460,079	4,205,158
8/1/2027	-	5.850%	1,724,165	1,724,165	-
2/1/2028	755,000	6.150%	1,724,165	2,479,165	4,203,330
8/1/2028	-	6.150%	1,700,949	1,700,949	-
2/1/2029	805,000	6.450%	1,700,949	2,505,949	4,206,898
8/1/2029	-	6.450%	1,674,988	1,674,988	-
2/1/2030	860,000	6.750%	1,674,988	2,534,988	4,209,976
8/1/2030	-	6.750%	1,645,963	1,645,963	-
2/1/2031	915,000	7.000%	1,645,963	2,560,963	4,206,926
8/1/2031	-	7.000%	1,613,938	1,613,938	-
2/1/2032	980,000	7.250%	1,613,938	2,593,938	4,207,876
8/1/2032	-	7.250%	1,578,413	1,578,413	-
2/1/2033	1,050,000	7.250%	1,578,413	2,628,413	4,206,826
8/1/2033	-	7.250%	1,540,350	1,540,350	-
2/1/2034	1,125,000	7.250%	1,540,350	2,665,350	4,205,700
8/1/2034	-	7.250%	1,499,569	1,499,569	-
2/1/2035	1,205,000	7.250%	1,499,569	2,704,569	4,204,138
8/1/2035	-	7.250%	1,455,888	1,455,888	-
2/1/2036	1,295,000	7.250%	1,455,888	2,750,888	4,206,776
8/1/2036	-	7.250%	1,408,944	1,408,944	-
2/1/2037	1,390,000	7.500%	1,408,944	2,798,944	4,207,888
8/1/2037	-	7.500%	1,356,819	1,356,819	-
2/1/2038	1,490,000	7.500%	1,356,819	2,846,819	4,203,638
8/1/2038	-	7.500%	1,300,944	1,300,944	-
2/1/2039	1,605,000	7.500%	1,300,944	2,905,944	4,206,888
8/1/2039	-	7.500%	1,240,756	1,240,756	-

(Continued)

CITY OF INDUSTRY, CALIFORNIA
PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Industry)
Schedules of Long-Term Debt (Continued)
City of Industry Loan
June 30, 2020

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
2/1/2040	1,725,000	7.500%	1,240,756	2,965,756	4,206,512
8/1/2040	-	7.500%	1,176,069	1,176,069	-
2/1/2041	1,855,000	7.500%	1,176,069	3,031,069	4,207,138
8/1/2041	-	7.500%	1,106,506	1,106,506	-
2/1/2042	1,995,000	7.750%	1,106,506	3,101,506	4,208,012
8/1/2042	-	7.750%	1,029,200	1,029,200	-
2/1/2043	2,150,000	7.750%	1,029,200	3,179,200	4,208,400
8/1/2043	-	7.750%	945,888	945,888	-
2/1/2044	2,315,000	7.750%	945,888	3,260,888	4,206,776
8/1/2044	-	7.750%	856,181	856,181	-
2/1/2045	2,495,000	7.750%	856,181	3,351,181	4,207,362
8/1/2045	-	7.750%	759,500	759,500	-
2/1/2046	2,685,000	7.750%	759,500	3,444,500	4,204,000
8/1/2046	-	7.750%	655,456	655,456	-
2/1/2047	2,900,000	7.750%	655,456	3,555,456	4,210,912
8/1/2047	-	7.750%	543,081	543,081	-
2/1/2048	3,120,000	7.750%	543,081	3,663,081	4,206,162
8/1/2048	-	7.750%	422,181	422,181	-
2/1/2049	3,365,000	7.750%	422,181	3,787,181	4,209,362
8/1/2049	-	7.750%	291,788	291,788	-
2/1/2050	3,625,000	7.750%	291,788	3,916,788	4,208,576
8/1/2050	-	7.750%	151,319	151,319	-
2/1/2051	3,905,000	7.750%	151,319	4,056,319	4,207,638
Totals	$ 49,950,000		$ 80,464,280	$ 130,414,280	$ 130,414,280

(Concluded)

SUCCESSOR AGENCY TO THE

INDUSTRY URBAN-DEVELOPEMNT AGENCY

& INDUSTRY PUBLIC FACILITIES AUTHORITY

FEBRUARY 11, 2021

ITEM NO. 5.4 & 5.5

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' 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*

To the Honorable City Council
of the City of Industry
Industry, California

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Industry, Successor Agency to the Industry Urban-Development Agency, Industry Public Facilities Authority and Civic Recreational Industrial Authority (collectively, the City), as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described below to be a material weakness.

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Significant Audit Adjustments

Auditors' Comment and Recommendation

An important part of financial reporting is to have accurate financial data. Multiple auditor proposed journal entries, as described below, were recorded based on procedures performed during our audit.

- Restate beginning fund balance of the Debt Service Fund for overstatement of prepaid bond insurance.
- Restate beginning fund balance of the Public Facilities Authority Debt Service Fund to reclassify bond deposits payable to transfers in.
- Adjustment in investments in IUDA bonds for bonds that have been redeemed as of yearend.
- Adjustment to correct the beginning balance of the net pension liability and related deferred outflows of resources and deferred inflows of resources.
- Adjustment to correct interest payable accrued in prior year in the statement of net position of the governmental activities.

The misstatements were due to several factors, which includes a difference in interpretation of the accounting treatment of the transactions, error in the calculation of balances and error in the statements provided by the financial institution. We recommend that the City reviews its closing procedures for reviewing general ledger balances before the start of the next audit to reduce the number of auditor proposed journal entries.

Management's Response

The City has some of the more unique and complex debt transactions, and there are different views and interpretations of these transactions. While we agree with the auditors' recommendation for this year's audit, the same can be said with the prior years' presentation and recording of the transactions that was substantially discussed with the prior audit firm. Adjustments related to outside sources, we rely on certain external parties to provide statements or reports as part of our closing procedures. While these reports are generally accurate as discovered during the audit process there were errors in the reports or an oversight in some of the externally produced reports that were not brought to the attention of management. Ultimately we are responsible for the end product and we strive to continue to enhance our vigorous review processes to reduce the audit adjustments in the future.

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. We consider the deficiencies described below to be significant deficiencies.

Procurement Process

Auditors' Comment and Recommendation

Management is responsible for establishing sound internal controls over procurement process and for complying with California Public Contract Code. During our review of internal control over procurement process, one of the sample selected for testing were under a contract that did not have an expiration date and City rolled over the contract every year. When there are no termination dates for the contracts or when the contracts were procured without bidding/RFP/RFQ process, it diminishes the City's ability to promote open competition on all purchases. We recommended the City enhance its internal control over procurement process and purchasing policy that will ensure open competition on all purchases.

Procurement Process (Continued)

Management's Response

The current Procurement Policy was adopted in June 2013 and the City is in the process of reviewing and updating the contracts to be compliant with the 2013 policy while dealing with other pressing matters. The prior contracts met the procurement policies at that time and were either approved by the City's Procurement Officer or the then City Council depending on the types of contracts and services to be provided. It is the management's belief that the City has not experienced any budget mismanagement related to these contracts not being updated to current standards or not having a termination date. In addition, some of these contracts are subject to 30-day notice of cancellation, which provides the City flexibility and ability to monitor and manage these contracts. City's current management continues to review agreements and bring them in compliance with current procurement policies and procedures.

Property Held for Sale or Disposition

Auditors' Comment and Recommendation

An important part of financial reporting is to have accurate financial data, including proper classification of financial data. During our review of inventory of assets held for sale or disposition in the Successor Agency to Industry-Urban Development Agency Fund (SA to IUDA), we noted that the list includes infrastructure of approximately $204,000,000. We understand the SA to IUDA is in the process of winding down and that all the property will be disposed of at some point in time. However due to the nature of infrastructure, including them as property held for sale is misleading. We recommend that the City establish and implement procedures to review all properties held for sale owned by the SA to IUDA to ensure properties are accurately classified in the financial statements. In addition, the City should review on whether these properties are for governmental use and take appropriate actions to transfer them to the City or Agency that will be responsible for maintaining the infrastructure assets.

Management's Response

When SA to IUDA was originally created, it was expected to complete the winding down process and transfer the assets held for sale or disposition in a relatively short amount time after its inception. The winding down process has taken more time than anticipated due to various construction projects still being completed which partially contributed to the presentation of infrastructure as part of the assets held for sale. The City is ultimately responsible for maintaining the infrastructure assets and these assets will eventually be transferred to the City. However, management agrees with the reclassification of the infrastructure and the presentation is more representative of the nature of the assets.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described below.

Investment Policy

Auditors' Comment and Recommendation

The City has an investment policy that provides a list of investments that the City is authorized to invest surplus funds. We noted that the City has investments in City bonds. While Municipal bonds is an authorized investment under the California Government Code, however, the City's investment policy does not specifically list municipal bonds as an authorized investment. While the investment in City bonds was appropriately approved by the Council, the investments are not authorized by the investment policy resulting in the City not in compliance with the policy. We recommend that management add municipal bonds to the list of authorized investments in the City's investment policy.

Management's Response

Management and Council takes a very conservative approach in the City's investment policy and closely monitors these investments with the purpose of conserving resources to meet the City's current and future obligations. These municipal bonds are the City's or the related Agencies' issued bonds. This one sentence was an oversight and we agree with the recommendation and will fine tune the language in the investment policy in regards to the allowable investment to specifically include these investments.

City of Industry's Responses to Findings

The City's responses to the findings identified in our audit are described above. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
January 20, 2021

SUCCESSOR AGENCY TO THE

INDUSTRY URBAN-DEVELOPEMENT AGENCY

& INDUSTRY PUBLIC FACILITIES AUTHORITY

FEBRUARY 11, 2021

ITEM NO. 5.6 & 5.7

CliftonLarsonAllen LLP
CLAconnect.com

To the Honorable City Council
of the City of Industry
Industry, California

We have audited the financial statements of the governmental activities, business-type activities, each major fund and aggregate remaining fund information of the City of Industry, California (the City), for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America 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 engagement letter dated May 15, 2020 and our letter on planning matters dated June 15, 2020. 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 City 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 fiscal year ended 2020. We noted no transactions entered into by the City 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 City's financial statements were as follows:

a. Management's estimate of the allowance for doubtful accounts for loans receivable is based on an analysis of the collectability of individual loans.

b. The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the City's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.

c. The OPEB expense, total net OPEB asset, and corresponding deferred outflows of resources and deferred inflows of resources for the City's OPEB plans are based on certain actuarial assumptions and methods prepared by an outside consultant.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

We evaluated the key factors and assumptions used to develop these estimates in determining that they were 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 reported in Note 4 regarding notes receivable and corresponding allowance for doubtful accounts, Note 12 regarding defined benefit pension plans, Note 14 regarding the City's other post-employment benefit plans, and Note 23 regarding restatement of net position and fund balance.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management:

a. Prior-period adjustment was recorded to adjust prepaid insurance in the Debt Service Fund.

b. Prior-period adjustment was recorded to reclassify bond deposits payable in the Public Facilities Authority Debt Service Fund to transfers in.

- An adjustment was made to investments in IUDA bonds for bonds that have been redeemed as of yearend.

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 auditors' 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 January 20, 2021.

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 City'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.

Significant Audit Findings (Continued)

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 City's auditors. During the fiscal year 2019-2020, we discussed the matters described below. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Industry Convalescent Hospital</u>

Management and officials entrusted public resources are responsible to carry out public functions and providing service to the public effectively, efficiently, economically, ethically, and equitably within the context of the statutory boundaries of the specific government program. The notes receivable from Industry Convalescent Hospital (the "Hospital") was result of advances made by the City to the Hospital back in 1992 pursuant to resolution adopted by the City Council. There is no repayment schedule as these loans are due on demand. The City management has determined that the collectability of the notes receivable and the accrued interest is uncertain. Despite the uncertainty in collection, the City continued to advance funds to the Hospital during the year ended June 30, 2020. Total amount advanced in the year ended June 30, 2020 was $1,904,364. As of June 30, 2020, the principal was in the amount of $23,114,364 with accrued interest in the amount of $28,360,716 based on 6% simple interest per annum. As a result, the entire $51,4750,80 outstanding balance is offset with allowance for doubtful account in the financial statements. In addition to the advances, the Hospital also leased the property from the Successor Agency to the Industry Urban Development Agency (the "SA to IUDA") at $1 a year, renewed annually. In November 2018, the SA to IUDA sold the property to the City and assign the lease to the City. During the year ended June 30, 2020, the City also incurred expenses in the amount of $422,399 relating to contract labor, security and repair and maintenance of the property leased to the Hospital.

The collectability of the advances is in question and the public funds could not be used for other public purposes. The City has been subsidizing the Hospital's operations by charging $1 rent per year and maintaining the property for the Hospital. We recommended the City continue working with the Hospital and establish a repayment plan. Also, the City should conduct a review of the expenses incurred on the Hospital property and renegotiate a reasonable rent amount to at cover, at a minimum, the operating and maintenance expenses for the property.

<u>San Gabriel Valley Water and Power LLC</u>

The City entered into a Master Ground Lease agreement (the "Agreement") with San Gabriel Valley Water and Power, LLC ("SGVWP") and advanced $20 million to SGVWP for development of a solar farm project. Lawsuit was filed against SGVWP during the year ended June 30, 2019 after the City terminated the Agreement for cause. Due to the uncertainly with the lawsuit, $20 million of public funds could not be used for other public purposes until advances are collected back from SGVWP. We recommended the City continue to monitor the collectability of the receivable based on the solvency of SGVWP. We also recommended the City evaluate the viability of all future projects prior to enter into any agreements with other parties or advance funds.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison schedules - general fund, the schedule of proportionate share in net pension liability and related ratios, the schedule of plan contribution - pension, the schedules of changes in the total other post-employment benefit (OPEB) liability and related ratios and schedule of plan contribution - OPEB, which are required supplementary information (RSI) that supplements the 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.

Other Matters (Continued)

We were engaged to report on the combining and individual non-major fund financial statements and schedules and schedules of long-term debt (supplementary information), 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 information and use of City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
January 20, 2021

City of Industry
Waived Adjusting Journal Entries
June 30, 2020

DESCRIPTION	ASSET	LIABILITY	NET POSITION	REVENUE	EXPENSE
	DEBIT (CREDIT)				
Government-Wide Waived Adjusting Journal Entries:					
Governmental Activities					
To accrue payroll for pay period ending 06/26/20					
Wages and benefits payable		(98,866)			
Payroll expense					98,866
To waive LAIF FMV adjustment					
Investments	429,685				
Unrealized gains or loss on investments				(429,685)	
To waive FMV adjustment					
Investments	503,168				
Unrealized gains or loss on investments				(503,168)	
To adjust note receivable balance					
Interest income				248,722	
Note receivable	(248,722)				
To adjust retentions payable balance					
Retention payable					
Fund balance		(55,296)			
			55,296		
	684,131	(154,162)	55,296	(684,131)	98,866
Business-Type Activities					
To waive LAIF FMV adjustment					
Investments	94,762				
Unrealized gains or loss on investments				(94,762)	
	94,762	-	-	(94,762)	-

City of Industry
Waived Adjusting Journal Entries
June 30, 2020

DESCRIPTION	ASSET	LIABILITY	NET POSITION	REVENUE	EXPENSE
	DEBIT (CREDIT)				
Fund FS Waived Adjusting Journal Entries:					
General Fund					
To accrue payroll for pay period ending 06/26/20					
Wages and benefits payable		(98,866)			
Payroll expense					98,866
To waive LAIF FMV adjustment					
Investments	261,178				
Unrealized gains or loss on investments				(261,178)	
To waive FMV adjustment					
Investments	461,206				
Unrealized gains or loss on investments				(461,206)	
	722,384	(98,866)	-	(722,384)	98,866
Capital Projects Fund					
To waive LAIF FMV adjustment					
Investments	4,411				
Unrealized gains or loss on investments				(4,411)	
To adjust retentions payable balance					
Retention payable		(55,296)			
Fund balance			55,296		
	4,411	(55,296)	55,296	(4,411)	-
Debt Service Fund					
To waive LAIF FMV adjustment					
Investments	9,367				
Unrealized gains or loss on investments				(9,367)	
To waive FMV adjustment					
Investments	6,929				
Unrealized gains or loss on investments				(6,929)	
	16,296	-	-	(16,296)	-
IPUC Enterprise Fund					
To waive LAIF FMV adjustment					
Investments	94,339				
Unrealized gains or loss on investments				(94,339)	
	94,339	-	-	(94,339)	-
CRIA Enterprise Fund					
To waive LAIF FMV adjustment					
Investments	407				
Unrealized gains or loss on investments				(407)	
	407	-	-	(407)	-

City of Industry
Waived Adjusting Journal Entries
June 30, 2020

DESCRIPTION	ASSET	LIABILITY	NET POSITION	REVENUE	EXPENSE
			DEBIT (CREDIT)		
Property and Housing Management Authority Enterprise Fund					
To waive LAIF FMV adjustment					
Investments	16				
Unrealized gains or loss on investments				(16)	
	16	-	-	(16)	-
Other Governmental Funds					
To adjust note receivable balance					
Interest income				248,722	
Note receivable	(248,722)				
To waive LAIF FMV adjustment					
Investments	154,729				
Unrealized gains or loss on investments				(154,729)	
To waive FMV adjustment					
Investments	35,033				
Unrealized gains or loss on investments				(35,033)	
	(58,960)	-	-	58,960	-