THE SUCCESSOR AGENCY TO THE FORMER MONTEREY PARK REDEVELOPMENT AGENCY

Annual Financial Report
For the Year Ended June 30, 2016

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WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Governing Board and Oversight Committee
of the Successor Agency to the Former Monterey Park Redevelopment Agency
Monterey Park, California

Report on Financial Statements

We have audited the accompanying statement of fiduciary net position of the Successor Agency to the Former Monterey Park Redevelopment Agency (the "Successor Agency") as of June 30, 2016, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Successor Agency'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 Successor Agency'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 fiduciary net position of the Successor Agency as of June 30, 2016, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Offices located in Orange and San Diego Counties

Emphasis of Matter

As discussed in Note 1B, the financial statements present only the Successor Agency and do not purport to, and do not present fairly the financial position of the City of Monterey Park, California, as of June 30, 2016, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis ("MD&A") that accounting principles generally accepted in the United States of America require to 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 considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

White Nelson Diehl Evans LLP

Irvine, California
November 28, 2016

SUCCESSOR AGENCY TO THE MONTEREY PARK REDEVELOPMENT AGENCY
Statement of Fiduciary Net Position
June 30, 2016

Current Assets:		
Cash and investments	$	625,184
Cash and investments held by fiscal agents		1,674,718
Interest receivable		354
Total Assets		2,300,256
Current Liabilities:		
Accounts payable		42,430
Deposits		225,266
Interest payable		290,404
Due to the City of Monterey Park		225,266
Current portion of noncurrent liabilities		1,235,000
Total Current Liabilities		2,018,366
Noncurrent Liabilities:		
Advances from City of Monterey Park		1,783,673
Bonds payable		18,031,276
Tax increment deferred loan		56,243,536
Low/Mod Housing deferred loans		1,186,222
Total Noncurrent Liabilities		77,244,707
Total Liabilities		79,263,073
Net Position (Deficit):		
Net position (deficit) held in trust for debt service and certain administrative expenses	$	(76,962,817)

See accompanying notes to basic financial statements.

SUCCESSOR AGENCY TO THE MONTEREY PARK REDEVELOPMENT AGENCY
Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2016

Additions:	
Redevelopment Property Tax Trust Fund	$ 2,487,101
Gain on sale of land held for resale (Note 3)	406,277
Investment income	7,040
Total Additions	2,900,418
Deductions:	
Administration	252,922
Disbursement to Los Angeles County (Note 3)	1,820,214
Interest expense and fiscal charges	4,343,016
Total Deductions	6,416,152
Change in net position before extraordinary item	(3,515,734)
Extraordinary Item (Note 5)	(5,638,626)
Change in net position	(9,154,360)
Net Position:	
Beginning of year, as restated	(67,808,457)
End of year	$ (76,962,817)

See accompanying notes to basic financial statements.

THE SUCCESSOR AGENCY TO THE FORMER
MONTEREY PARK REDEVELOPMENT AGENCY
Notes to the Financial Statements
For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (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 of Monterey Park (the "City") that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, the city of another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City Council elected to become the Successor Agency for the former Redevelopment Agency in accordance with the Bill as part of City Resolution No. 11455.

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).

In future fiscal years, successor agencies will only be allocated revenue 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.

The Bill directs the Department of Finance and State Controller of the State of California (the "State Controller") to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

In September 2015, the California Legislature passed Senate Bill 107 which made additional changes to the Bill.

The Successor Agency of the Former Monterey Park Redevelopment Agency (the "Successor Agency") was activated on February 1, 2012. The City Council serves as the governing body of the Successor Agency and exercises all rights, powers, duties and privileges of the Successor Agency. The primary purpose of the Successor Agency is to wind down the affairs of the dissolved Community Redevelopment Agency of the City of Monterey Park (the "Agency") and to, among other things, make payments due for enforceable obligations, perform obligations required pursuant to any enforceable obligation, dispose of all assets of the former Redevelopment Agency, and remit unencumbered balances of the former Redevelopment Agency's funds, including housing funds, to the L.A. County Auditor-Controller for distribution to taxing entities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Financial Statements

The accompanying financial statements present only the Successor Agency and are not intended to present fairly the financial position or changes in financial position of the City in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

C. Basis of Accounting

The Successor Agency's financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. The financial statements are presented on the accrual basis of accounting. Under the accrual basis of accounting, Redevelopment Property Tax Trust Fund ("RPTTF") revenues are recognized in the period in which they are received, and investment income is recognized in the period in which it is earned, while expenses are recognized in the period in which the liability is incurred.

D. Investments

Investments are reported in the accompanying financial statements at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in external pools are valued based on the stated fair value represented by the external pool.

E. Redevelopment Property Tax Trust Fund

The Successor Agency's primary source of revenue comes from the RPTTF allocation distributed by the County. Property tax revenues for each Project Area are deposited into the RPTTF, which redistributes each Project Area's tax increment under specified formulas. The County Auditor administers the RPTTF and disburses twice annually from this fund pass-through payments to affected taxing entities, an amount equal to the total of obligation payments that are required to be paid from tax increment as denoted on the Recognized Obligation Payment Schedule ("ROPS"). The disbursements are established in the treasury of the Successor Agencies, and various allowed administrative fees and allowances. Any remaining balance is then distributed by the County Auditor back to affected taxing entities under a prescribed method that accounts for pass-through payments. The County Auditor is also responsible for distributing other monies received from the Successor Agency (from sale of assets, etc.) to the affected taxing entities. Successor agencies in turn will use the amounts deposited into their respective funds for making payments on the principal and interest on loans, and monies advanced to or indebtedness incurred by the dissolved redevelopment agencies.

F. Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America ("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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

G. New Accounting Pronouncements

Current Year Standards

In fiscal year 2015-2016, the Successor Agency implemented Governmental Accounting Standards Board ("GASB") Statement No. 72, "*Fair Value Measurement and Application*". GASB Statement No. 72 requires the Successor Agency to use valuation techniques that are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the Successor Agency's financial statements as a result of the implementation of GASB Statement No. 72.

GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", was required to be implemented in the current fiscal year, except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, and is effective for periods beginning after June 15, 2016, and did not impact the Successor Agency.

GASB Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", was required to be implemented in the current fiscal year, and did not impact the Successor Agency.

GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*", was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the Successor Agency.

GASB Statement No. 82, "*Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73*", changed the measurement of covered payroll reported in required supplementary information, and did not impact the Successor Agency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

G. New Accounting Pronouncements (Continued)

Pending Accounting Standards

GASB has issued the following statements, which may impact the Successor Agency's financial reporting requirements in the future:

- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", contains provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", effective for periods beginning after June 15, 2017.
- GASB 77 - "*Tax Abatement Disclosure*", effective for periods beginning after December 15, 2015.
- GASB 78 - "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*", effective for periods beginning after December 15, 2015.
- GASB 79 - "*Certain External Investment Pools and Pool Participants*", contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015.
- GASB 80 - "*Blending Requirements for Certain Component Units*", effective for periods beginning after June 15, 2016.
- GASB 81 - "*Irrevocable Split-Interest Agreements*", effective for periods beginning after December 15, 2016.
- GASB 82 - "*Pension Issues*", effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2016 are classified in the accompanying financial statements as follows:

Cash	$	625,184
Cash and investments held by fiscal agent		1,674,718
Total Cash and Investments	$	2,299,902

Cash and investments at June 30, 2016 consist of the following:

Demand deposits with financial institutions	$	625,184
Money market mutual funds		1,674,718
Total Cash and Investments	$	2,299,902

2. CASH AND INVESTMENTS, CONTINUED

Funds required to be held by outside fiscal agents under the provisions of bond indentures are reported as investments held by fiscal agent. Proceeds obtained from long-term debt issuances including construction and reserve fund balances are held by the fiscal agents on behalf of the Successor Agency and invested in the Successor Agency's name. Interest income on proceeds of debt is credited directly to the fund, as defined by the Bond Indenture.

A. Deposits

At June 30, 2016, the carrying amount of the Successor Agency's demand deposits was $625,184 and the bank balance was $863,770. The $238,586 difference represented outstanding checks, deposits in transit, or other reconciling items.

B. Investments Authorized by the California Government Code

There is no adopted investment policy for the Successor Agency. The Successor Agency may invest in accordance with Section 53601 of the California Government Code. At June 30, 2016, there were no investments, except for those authorized by the debt agreements and held by fiscal agents.

C. Investments Authorized by Debt Agreements

In addition to the investment types listed above, the Successor Agency may also invest appropriate funds in money market mutual funds and the Local Agency Investment Fund (LAIF) in accordance with bond indentures.

D. Credit Risk

Generally, credit risk is 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 rating organization. The investments in the money market mutual funds held by fiscal agent have a rating of AAA.

E. Concentration of Credit Risk

The investment policy of the Successor Agency, as summarized above, contains certain limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer that represent more than 5% of total Successor Agency investments.

F. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) 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 Successor Agency's investment policy contains the following policy requirements that would limit the exposure to custodial credit risk for deposits: The Successor Agency's investment policy limits investments in Certificates of Deposits to those insured up to $250,000 by the Federal Deposit Insurance Corporation.

2. CASH AND INVESTMENTS, CONTINUED

F. Custodial Credit Risk (Continued)

The California Government Code requires California banks and savings and loan associations to secure a Successor Agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the face value of the deposits. California law also allows financial institutions to secure Successor Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the Successor Agency's total deposits. The Successor Agency may waive collateral requirements for deposits that are fully insured by federal depository insurance. However, the Successor Agency has not waived the collateralization requirements.

G. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates 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 market interest rates.

Information about the sensitivity of the fair values of the Successor Agency's investments to market interest rates is provided by the following table that shows the remaining maturity of each investment:

Investments	Credit Rating	Fair Value June 30, 2016	12 Months or Less
Investments Held by Fiscal Agents:			
Money market mutual funds	AAA	$ 1,674,718	$ 1,674,718
Total Investments Held by Fiscal Agents		$ 1,674,718	$ 1,674,718

H. Fair Value Measurements

The Successor Agency categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Successor Agency has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

2. CASH AND INVESTMENTS, CONTINUED

H. Fair Value Measurements (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Successor Agency's own assumptions about the inputs market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Successor Agency's own data.

The Successor Agency 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Successor Agency's investments in money market mutual funds are not subject to the fair value hierarchy disclosure requirement.

3. LAND HELD FOR RESALE

Land held for resale is generally acquired for redevelopment through the use of disposition and development agreements.

On June 7, 2016, the Successor Agency sold the Garvey Lot for total net proceeds of $1,820,214. The entire net proceeds of $1,820,214 were transferred to the L.A. County Auditor-Controller's Office on June 17, 2016 for distribution to affected taxing entities. At June 30, 2016, the Successor Agency had no other land held for resale.

4. LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2016 are as follows:

	Restated Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year	Due in More Than One Year
2013A Tax Refunding Bonds - Atlantic-Garvey Redevelopment Project	$ 12,815,000	$ -	$ (845,000)	$ 11,970,000	$ 875,000	$ 11,095,000
2013B Tax Refunding Bonds - Merged Redevelopment Project	6,640,000	-	(345,000)	6,295,000	360,000	5,935,000
Subtotal	19,455,000	-	(1,190,000)	18,265,000	1,235,000	17,030,000
Add deferred amounts:						
Bond premium	1,094,693	-	(93,417)	1,001,276	-	1,001,276
Total bonds payable	20,549,693	-	(1,283,417)	19,266,276	1,235,000	18,031,276
Tax Increment Deferred Loan - Atlantic-Garvey Project	$ 9,207,573	$ 644,335	$ -	$ 9,851,908	$ -	$ 9,851,908
Tax Increment Deferred Loan - Merged Project (1)	43,478,857	2,912,771	-	46,391,628	-	46,391,628
Total Tax Increment Deferred Loans	52,686,430	3,557,106	-	56,243,536	-	56,243,536
Advance from City of Monterey Park	1,921,015	-	(137,342)	1,783,673	-	1,783,673
Low/Mod Housing Deferred Loans	1,186,222	-	-	1,186,222	-	1,186,222
Total Long-Term Debt	$ 76,343,360	$ 3,557,106	$ (1,420,759)	$ 78,479,707	$ 1,235,000	$ 77,244,707

(1) The beginning balance of the tax increment deferred loans – merged project has been increased by $3,268,716 to report an existing deferred loan related to the former Central Commercial 99 Annex Project Area.

Tax Allocation Refunding Bond, Series 2013A (Atlantic-Garvey Redevelopment Project No. I)

On December 1, 2013, the County of Los Angeles Redevelopment Refunding Authority assisted the Successor Agency to issue the $13,835,000 Tax Allocation Refunding Bond, Series 2013A, for the Atlantic-Garvey Redevelopment Project No. 1. These Bonds were issued to redeem the outstanding 2002 Tax Allocation Revenue Bonds. The bonds are secured by a pledge of the tax revenues from the Project area and were issued in denominations of $1, with interest rates ranging from 3.0% to 5.0%. Interest payments are payable semiannually on September 1 and March 1. Principal payments are made on September 1 of each year and continue until the year 2026.

Optional Redemption: The bonds maturing on or before September 1, 2024, are not subject to optional redemption prior to maturity. The bonds maturing on and after September 1, 2024, are subject to optional redemption on any date on and after September 1, 2023, in integral multiples of $5,000, from any available source of funds, at the times, at a redemption price equal to the principal amount of the bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

4. LONG-TERM DEBT, CONTINUED

Tax Allocation Refunding Bond, Series 2013A (Atlantic-Garvey Redevelopment Project No. I) (Continued)

The bonds are secured by a first and prior lien on tax increment revenues, excluding any portion of revenues that are required to be deposited to Rebate Fund. Annual Principal and interest payments on the bonds are expected to require less than 90% of net revenues. Interest paid for the current year is $586,281 and the net tax increment revenue is collected and withheld by the County of Los Angeles due to the dissolution of the former Redevelopment Agency.

The annual debt service requirements on the Tax Allocation Refunding Bond, Series 2013A (Atlantic-Garvey Redevelopment Project No. 1) are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 875,000	$ 547,506	$ 1,422,506
2018	915,000	502,756	1,417,756
2019	965,000	455,756	1,420,756
2020	1,010,000	406,381	1,416,381
2021	1,065,000	354,506	1,419,506
2022 - 2026	5,885,000	938,368	6,823,368
2027 - 2030	1,255,000	27,453	1,282,453
Total	$ 11,970,000	$ 3,232,726	$ 15,202,726

Tax Allocation Refunding Bond, Series 2013B (Merged Redevelopment Project Area)

On December 1, 2013, the County of Los Angeles Redevelopment Refunding Authority assisted the Successor Agency to issue the $7,080,000 Tax Allocation Refunding Bond, Series 2013B, for the Merged Redevelopment Project No. 1. These bonds were issued to redeem the outstanding 1998 Tax Allocation Revenue Bonds. The bonds are secured by a pledge of the tax revenues from the project area and were issued in denominations of $1, with interest rates ranging from 3.0% to 5.0%. Interest payments are payable semiannually on September 1 and March 1. Principal payments are made on September 1 of each year and continue until the year 2028.

Optional Redemption: The bonds maturing on or before September 1, 2024, are not subject to optional redemption prior to maturity. The bonds maturing on and after September 1, 2024, are subject to optional redemption on any date on and after September 1, 2023, in integral multiples of $5,000, from any available source of funds, at that time, at a redemption price equal to the principal amount of the bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The bonds are secured by a first and prior lien on tax increment revenues, excluding any portion of revenues that are required to be deposited to the Rebate Fund. Annual principal and interest payments on the bonds are expected to require less than 90% of net revenues. Interest paid for the current year is $308,731 and the net tax increment revenue is collected and withheld by the County of Los Angeles due to the dissolution of the former Redevelopment Agency.

4. LONG-TERM DEBT, CONTINUED

Tax Allocation Refunding Bond, Series 2013B (Merged Redevelopment Project Area) (Continued)

The annual debt services requirement on the Tax Allocation Refunding Bond, Series 2013B (Merged Redevelopment Project Area) are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 360,000	$ 292,831	$ 652,831
2018	380,000	274,331	654,331
2019	400,000	254,831	654,831
2020	420,000	234,331	654,331
2021	435,000	212,956	647,956
2022 - 2026	2,520,000	716,400	3,236,400
2027 - 2030	1,780,000	134,484	1,914,484
Total	$ 6,295,000	$ 2,120,164	$ 8,415,164

Tax Increment Deferred Loan - (Atlantic-Garvey Project)

On August 20, 1987, the former Redevelopment Agency entered into an agreement for reimbursement of tax increment funds with the County of Los Angeles (the "County"). In the Agreement, the County agreed to loan its portion of the tax increment revenues received from the amended area (88 Annex) to the former Redevelopment Agency at a 7% compound interest rate, beginning fiscal year 1989-90. The percentage distribution from the basic tax levy for the 88 Annex area for the County and the former Redevelopment Agency is 43.7% and 56.3% respectively. The former Redevelopment Agency will commence repayment of this loan annually beginning with the fiscal year in which the former Redevelopment Agency's share of tax increment revenues (excluding Housing Fund contributions) from the 88 Annex areas exceeds $800,000.

The outstanding balance of the Tax Increment Deferred Loan - (Atlantic-Garvey Project) was $9,851,908 at June 30, 2016.

Tax Increment Deferred Loan - (Merged Project)

The former Redevelopment Agency and the County Taxing Entities (the County of Los Angeles, the Los Angeles County Flood Control District, and the Los Angeles County Office of Education) entered into four agreements for reimbursement of the tax increment deferred amounts. In the agreements, the County Taxing Entities agreed to loan their portions of the tax increment revenues received from the Southeast Project area, Freeway '99 Annex area, Central Commercial Project area, and Merged Monterey Pass Road area to the former Redevelopment Agency at specified interest rates ranging from 0% to 7%. The percentage distribution from the basic tax levy and the repayment schedule of the deferred loans are also based on a specified formula for each taxing entity.

The outstanding balance of the Tax Increment Deferred Loan - (Merged Project) was $46,391,628 at June 30, 2016.

4. LONG-TERM DEBT, CONTINUED

Advances from the City of Monterey Park

In 2009, the State of California passed legislation that takes away redevelopment funds from local agencies as part of an effort to address its budget deficit. Furthermore, SB 68 was signed into law which allowed agencies to use accumulated housing funds to pay for the state required Supplemental Educational Revenue Augmentation Funds (SERAF) payments. On August 4, 2010, the former Redevelopment Agency passed two resolutions, RA 661 and 662, authorizing the Takeaway Loan to be made from the former Redevelopment Agency Capital Projects Fund (Housing Set Aside Fund) to the former Redevelopment Agency Debt Service Fund (Atlantic-Garvey and Merged Project Areas), in an amount of $1,459,258 and $1,142,640, respectively, without interest.

On May 4, 2011, the former Redevelopment Agency passed two resolutions, RA 682 and 683, authorizing additional Takeaway Loans to be made from the Redevelopment Agency Capital Projects Fund (Housing Set Aside Fund) to the Redevelopment Agency Debt Service Fund (Atlantic-Garvey and Merged Project Areas), in an amount of $300,436 and $235,249, respectively. The interest is accumulated at LAIF rate. On February 1, 2012, $2,617,203 was transferred from the former Redevelopment Agency Debt Service Fund to the Successor Agency due to the dissolution of the former Redevelopment Agency.

At June 30, 2016, the remaining balance of the Advance from City of Monterey Park totaled $1,783,673. This loan will be paid back to the Special Revenue Housing Fund according to a specific formula through the Recognized Obligation Payment Schedule distribution per the State of California Department of Finance (DOF).

Low/Mod Housing Deferred Loans

State law requires redevelopment agencies to set aside 20 percent of their tax increment revenues for low/mod housing. In 1997, the former Redevelopment Agency approved a plan to set aside future tax increment revenue in addition to the regular 20 percent set aside requirements. On February 1, 2012, the commitment was transferred to the Successor Agency due to the dissolution of the former Redevelopment Agency and was approved by the Department of Finance of the State of California as a payable to the City's Special Revenue Housing Fund. A summary of the repayment plan is presented below:

For the Year Ending June 30,	Amount
2024-2029	$ 500,000
2030-2034	450,000
2035-2039	236,222
Total	$ 1,186,222

5. EXTRAORDINARY ITEM

As a result of the passage of the Senate Bill 107, the Successor Agency transferred $5.6 million of bond proceeds from the former Redevelopment Agency's 2002 tax increment bonds to the City to be expended in a manner consistent with the original bond covenant.

6. SUBSEQUENT EVENTS

Events occurring after June 30, 2016, have been evaluated for possible adjustments to the financial statements or disclosure as of November 28, 2016, which is the date these financial statements were available to be issued.