

**Successor Agency to
Industry Urban-Development Agency
(A Component Unit of City of Industry)**

City of Industry, California

**Financial Statements and
Independent Auditors' Report**

For the Year Ended June 30, 2018



**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
For the Year Ended June 30, 2018**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Successor Agency to Industry Urban-Development Agency
City of 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 the City of Industry, California (the "City") as of June 30, 2018 and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the SA to IUDA's basic 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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2019, 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 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.



Santa Ana, California
February 1, 2019



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

Independent Auditors' Report

To the Board of Directors
of the Successor Agency to Industry Urban-Development Agency
City of Industry, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Successor Agency to Industry Urban-Development Agency (the "SA to IUDA"), a component unit of the City of Industry, California (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the SA to IUDA's basic financial statements, and have issued our report thereon dated February 1, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SA to IUDA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SA to IUDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SA to IUDA's internal control.

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

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

To the Board of Directors
of the Successor Agency to Industry Urban-Development Agency
City of Industry, California
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Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
February 1, 2019

FINANCIAL STATEMENTS

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Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Statement of Fiduciary Net Position
June 30, 2018

| | Private-purpose Trust Fund |
|---|---------------------------------------|
| ASSETS: | |
| Current assets: | |
| Cash | \$ 3,452,911 |
| Investments | 10,354,512 |
| Other receivables | 2,387,230 |
| Property held for sale or disposition | 404,101,066 |
| Noncurrent assets: | |
| Notes receivable | 11,393,979 |
| Restricted assets: | |
| Cash | 94,782 |
| Investments | 81,839,333 |
| Investments with fiscal agent | 59,240,341 |
| Total assets | 572,864,154 |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Deferred charges on refunding | 24,194,343 |
| Total deferred outflows of resources | 24,194,343 |
| LIABILITIES: | |
| Current liabilities: | |
| Accounts payable | 3,635,127 |
| Interest payable | 8,532,949 |
| Due to City of Industry | 3,974,346 |
| Bonds payable, due within one year | 58,320,972 |
| Total current liabilities | 74,463,394 |
| Noncurrent liabilities: | |
| Bonds payable, due in more than one year | 364,745,078 |
| Total non current liabilities | 364,745,078 |
| Total liabilities | 439,208,472 |
| NET POSITION: | |
| Held in trust for the SA to IUDA | \$ 157,850,025 |

Successor Agency to the Industry Urban-Development Agency
(A Component Unit of City of Industry)
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

| | | <u>Private-purpose Trust Fund</u> |
|---|--------------------|---------------------------------------|
| ADDITIONS: | | |
| Redevelopment agency property tax trust fund | \$ 68,116,078 | |
| Less: Administrative expenses | (1,198,929) | |
| Pass through payments | <u>(7,919,757)</u> | |
| Redevelopment agency property tax trust fund, net | | \$ 58,997,392 |
| Revenues from use of money and property: | | |
| Interest income | | 1,753,417 |
| Rental income | | 8,776,364 |
| Gain on sale of property | | 122,411 |
| Contribution from the City of Industry | | 47,515,162 |
| Other revenue | | <u>1,805,877</u> |
| Total additions | | <u>118,970,623</u> |
| DEDUCTIONS | | |
| General administration | | 1,978,682 |
| Interest expenses | | 28,734,681 |
| Project expenses | | 68,189,051 |
| Other expenses | | <u>6,000</u> |
| Total deductions | | <u>98,908,414</u> |
| CHANGES IN NET POSITION | | 20,062,209 |
| NET POSITION: | | |
| Beginning of the year | | <u>137,787,816</u> |
| End of the year | | <u>\$ 157,850,025</u> |

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018**

Note 1 – Summary of Significant Accounting Policies

A. Description of the Reporting 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 X1 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.

Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

SA to IUDA participates in an investment pool managed by the State of California titled Local Agency Investment Fund (“LAIF”), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool approximates the fair value of the pool shares.

Restricted cash and investments with fiscal agents are restricted due to limitations on their use by bond covenants or donor limitations. Fiscal agents acting on behalf of SA to IUDA hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for the payment of certain bonds, and have been invested only as permitted by specific State statutes or applicable ordinance, resolution or bond indenture.

D. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

Note 1 – Summary of Significant Accounting Policies (Continued)

E. 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.

F. 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.

G. Property Held for 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.

H. 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.

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

Note 1 – Summary of Significant Accounting Policies (Continued)

I. 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, 2018, consisted of the following:

| | Amount |
|----------------------------|----------------|
| Cash | \$ 3,452,911 |
| Cash - Restricted | 94,782 |
| Investments | 10,354,512 |
| Investments - Restricted | 141,079,674 |
| Total cash and investments | 154,981,879 |
| | |
| Cash: | |
| Petty cash | \$ 500 |
| Demand deposits | 3,547,193 |
| Investments | 151,434,186 |
| Total cash and investments | \$ 154,981,879 |

The amounts held as “Cash-Restricted” of \$94,782 and “Investments-Restricted” of \$141,079,675, 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 \$3,547,193 at June 30, 2018. Bank balances before reconciling items were \$3,880,533 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, 2018, SA to IUDA’s deposits exceeded federally insured limits by \$3,380,533.

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

Note 2 – Cash and Investments (Continued)

B. Investments 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 | N/A | 20% | None |
| Banker's acceptances | 180 days | 40% | 30% |
| Commercial paper | 270 days | 40% | None |
| Local Agency Investment Fund ("LAIF") | N/A | None | None |
| Repurchase agreements | 1 year | None | None |
| Los Angeles County Investment Pool | | | |
| U.S. corporate bonds/notes | 5 years | 30% | None |
| Municipal bonds | 5 years | None | None |

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.

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2018, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2018:

| Investment Type | Measurement Input | | | Total |
|-------------------------------|-------------------------------|--|--------------------|--------------------|
| | Observable Input (Level 1) | Significant Other Observable Input (Level 2) | Uncategorized | |
| LAIF | \$ - | \$ - | \$ 10,354,512 | \$ 10,354,512 |
| Investment - restricted | | | | |
| LAIF | - | - | 4,992,291 | 4,992,291 |
| Commercial paper | - | 1,505,640 ⁽¹⁾ | - | 1,505,640 |
| U.S. Treasury bill | 1,812,672 | | | 1,812,672 |
| Money market funds | - | - | 73,528,730 | 73,528,730 |
| Investment with fiscal agent: | | | | |
| Money market funds | - | - | 59,240,341 | 59,240,341 |
| Total | 1,812,672 | 1,505,640 | 148,115,874 | 151,434,186 |

⁽¹⁾ Valued based on a variety of market makers using curve-based approach.

E. Risk Disclosure

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure by the counterparty, SA to IUDA will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Under section 53652 of the California Government Code, it is required that the depository secure active or inactive deposits with eligible securities having a fair market value of at least 10% in excess of the total amount of all deposits. As of June 30, 2018, the financial institutions that hold collateral for SA to IUDA had satisfied this requirement.

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.

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure (Continued)

Interest Rate Risk (Continued)

| <u>Investment Type</u> | <u>Amount</u> | <u>Weighted Average Maturity (in months)</u> |
|---------------------------|-----------------------|--|
| Investments: | | |
| LAIF | \$ 10,354,512 | N/A |
| Investments - Restricted: | | |
| LAIF | 4,992,291 | N/A |
| Commercial paper | 1,505,640 | 1.18 |
| U.S. Treasury bill | 1,812,672 | 3.51 |
| Money market funds | 73,528,730 | N/A |
| Held by bond trustee: | | |
| Money market funds | 59,240,341 | N/A |
| Total investments | <u>\$ 151,434,186</u> | |

Credit Risk

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

| <u>Investment Type</u> | <u>Amount</u> | <u>Minimum Legal Rating</u> | <u>Rating as of June 30, 2018</u> | | |
|-----------------------------|-----------------------|-------------------------------------|-----------------------------------|-----------------------|----------------------|
| | | | <u>Actual Rating</u> | <u>Rated</u> | <u>Not Rated</u> |
| LAIF | \$ 10,354,512 | N/A | \$ - | \$ 10,354,512 | |
| Investment - restricted: | | | | | |
| LAIF | 4,992,291 | N/A | - | 4,992,291 | |
| Commercial paper | 1,505,640 | A/P-1 | P-1 | 1,505,640 | - |
| U.S. Treasury bill | 1,812,672 | N/A | Aaa | 1,812,672 | |
| Money market funds | 73,528,730 | N/A | Aaa | 73,528,730 | - |
| Invested with fiscal agent: | | | | | |
| Money market funds | 59,240,341 | N/A | Aaa | 59,240,341 | - |
| Total investments | <u>\$ 151,434,186</u> | | | <u>\$ 136,087,383</u> | <u>\$ 15,346,803</u> |

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

Note 2 – Cash and Investments (Continued)

F. State of California Local Agency Investment Fund

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

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

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

At June 30, 2018, the carrying amount of the investments in LAIF was in the amount of \$15,346,803.

Note 3 – Receivables

As of June 30, 2018, receivables on the statement of net position consisted of the following:

| | |
|---|---------------|
| Notes receivable: | |
| Developer notes receivable - construction loans | \$ 7,408,212 |
| Developer note receivable - Nissan | 3,985,767 |
| Total notes receivable | \$ 11,393,979 |

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:

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

Note 3 – Receivables (Continued)

A. Developer Notes Receivable - Grand Central Recycling (Continued)

| | Amount June 30, 2018 | 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 | \$ 3,462,124 | \$ 814,396 | \$ 2,647,728 |
| Due June, 2022, payable in monthly payments of \$66,658 including interest at 4.00% per annum beginning July 2002 | 2,952,196 | 694,446 | 2,257,750 |
| Due June, 2022, payable in monthly payments of \$22,441 including interest at 4.00% per annum beginning July 2002 | 993,892 | 223,794 | 770,098 |
| Totals | \$ 7,408,212 | \$ 1,732,636 | \$ 5,675,576 |

Total interest received on these notes during the year ended in June 30, 2018 amounted to \$332,829.

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.

| | Amount June 30, 2018 | 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 July 2002 | \$ 3,985,767 | \$ 143,956 | \$ 3,841,811 |

Total interest income received on this note during the year ended June 30, 2018, amounted to \$162,510.

Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

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.

As of June 30, 2018, the carrying amount of SA to IUDA’s property held for sale or disposition amounted to \$404,101,066.

In June 2018, the Oversight Board to the SA to IUDA approved the sale of 11 properties to the City of Industry in the amount of \$17,791,001. The City and the SA to IUDA are still in the process of closing escrow on these properties.

Note 5 – Bonds Payable

Summary of changes in the Successor Agency to IUDA’s bonds payables for the year ended June 30, 2018 is as following:

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due Within One Year | Due in more than one year |
|--------------------------------------|-------------------------|-------------|------------------------|--------------------------|------------------------|------------------------------|
| Project Area 1: | | | | | | |
| 2015 Tax Allocation Revenue | | | | | | |
| Refunding Bonds, Series A | \$ 207,525,000 | \$ - | \$ (36,180,000) | \$ 171,345,000 | \$ 36,945,000 | \$ 134,400,000 |
| Total Project Area 1 | <u>207,525,000</u> | <u>-</u> | <u>(36,180,000)</u> | <u>171,345,000</u> | <u>36,945,000</u> | <u>134,400,000</u> |
| Project Area 2: | | | | | | |
| 2015 Tax Allocation Revenue | | | | | | |
| Refunding Bonds, Series A | 6,645,000 | - | (700,000) | 5,945,000 | 735,000 | 5,210,000 |
| 2015 Tax Allocation Revenue | | | | | | |
| Refunding Bonds, Series B | 239,525,000 | - | (32,040,000) | 207,485,000 | 16,420,000 | 191,065,000 |
| 2015 Subordinate Tax Allocation | | | | | | |
| Revenue Refunding Bonds, Series A | 10,395,000 | - | (10,395,000) | - | - | - |
| Total Project Area 2 | <u>256,565,000</u> | <u>-</u> | <u>(43,135,000)</u> | <u>213,430,000</u> | <u>17,155,000</u> | <u>196,275,000</u> |
| Project Area 3: | | | | | | |
| 2015 Tax Allocation Revenue | | | | | | |
| Refunding Bonds, Series A | 6,725,000 | - | (710,000) | 6,015,000 | 740,000 | 5,275,000 |
| 2015 Tax Allocation Revenue | | | | | | |
| Refunding Bonds, Series B | 34,830,000 | - | (3,110,000) | 31,720,000 | 3,325,000 | 28,395,000 |
| Total Project Area 3 | <u>41,555,000</u> | <u>-</u> | <u>(3,820,000)</u> | <u>37,735,000</u> | <u>4,065,000</u> | <u>33,670,000</u> |
| Total tax allocation bonds | <u>505,645,000</u> | <u>-</u> | <u>(83,135,000)</u> | <u>422,510,000</u> | <u>58,165,000</u> | <u>364,345,000</u> |
| Deferred amounts: | | | | | | |
| Unamortized premium/discour | 422,070 | - | 133,980 | 556,050 | 155,972 | 400,078 |
| Total bonds payable | <u>\$ 506,067,070</u> | <u>\$ -</u> | <u>\$ (83,001,020)</u> | <u>\$ 423,066,050</u> | <u>\$ 58,320,972</u> | <u>\$ 364,745,078</u> |

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

Note 5 – Bond Payable (Continued)

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 range from 2.789% 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 |
|-------------------------|-----------------------|----------------------|-----------------------|
| 2019 | \$ 36,945,000 | \$ 5,870,490 | \$ 42,815,490 |
| 2020 | 37,925,000 | 4,840,094 | 42,765,094 |
| 2021 | 39,090,000 | 3,649,628 | 42,739,628 |
| 2022 | 30,740,000 | 2,292,814 | 33,032,814 |
| 2023 | 9,705,000 | 1,118,239 | 10,823,239 |
| 2024-2025 | 16,940,000 | 874,225 | 17,814,225 |
| | <u>\$ 171,345,000</u> | <u>\$ 18,645,490</u> | <u>\$ 189,990,490</u> |

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

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 redeem 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 redeem 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 \$735,000 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 |
|-------------------------|---------------------|---------------------|---------------------|
| 2019 | \$ 735,000 | \$ 297,250 | \$ 1,032,250 |
| 2020 | 770,000 | 260,500 | 1,030,500 |
| 2021 | 805,000 | 222,000 | 1,027,000 |
| 2022 | 845,000 | 181,750 | 1,026,750 |
| 2023 | 885,000 | 139,500 | 1,024,500 |
| 2024-2025 | 1,905,000 | 144,000 | 2,049,000 |
| | <u>\$ 5,945,000</u> | <u>\$ 1,245,000</u> | <u>\$ 7,190,000</u> |

For Series B, the SA to IUDA early redeemed \$16,000,000 of the bonds during the year ended June 30, 2018. The remaining principal ranges from \$16,420,000 to \$48,825,000 maturing annually through January 1, 2025. The remaining bonds bear interests at rates ranges from 3.039% 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 |
|-------------------------|-----------------------|----------------------|-----------------------|
| 2019 | \$ 16,420,000 | \$ 9,135,424 | \$ 25,555,424 |
| 2020 | 16,905,000 | 8,636,560 | 25,541,560 |
| 2021 | 17,490,000 | 8,063,048 | 25,553,048 |
| 2022 | 22,550,000 | 7,342,886 | 29,892,886 |
| 2023 | 46,855,000 | 6,413,600 | 53,268,600 |
| 2024-2027 | 87,265,000 | 6,340,560 | 93,605,560 |
| | <u>\$ 207,485,000</u> | <u>\$ 45,932,078</u> | <u>\$ 253,417,078</u> |

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

Note 5 – Bonds Payable (Continued)

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

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

During the year ended June 30, 2018, SA to IUDA early redeemed and paid off the bonds.

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 redeem 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 redeem 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.

For Series A, principal ranges from \$740,000 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 |
|-------------------------|--------------|--------------|--------------|
| 2019 | \$ 740,000 | \$ 300,750 | \$ 1,040,750 |
| 2020 | 780,000 | 263,750 | 1,043,750 |
| 2021 | 815,000 | 224,750 | 1,039,750 |
| 2022 | 855,000 | 184,000 | 1,039,000 |
| 2023 | 900,000 | 141,250 | 1,041,250 |
| 2024-2025 | 1,925,000 | 145,500 | 2,070,500 |
| | \$ 6,015,000 | \$ 1,260,000 | \$ 7,275,000 |

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

Note 5 – Bonds Payable (Continued)

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

For Series B, principal ranges from \$3,285,000 to \$3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates 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 |
|-------------------------|----------------------|---------------------|----------------------|
| 2019 | \$ 3,325,000 | \$ 1,461,987 | \$ 4,786,987 |
| 2020 | 3,425,000 | 1,362,237 | 4,787,237 |
| 2021 | 3,530,000 | 1,259,487 | 4,789,487 |
| 2022 | 3,435,000 | 1,081,434 | 4,516,434 |
| 2023 | 3,605,000 | 908,172 | 4,513,172 |
| 2024-2027 | 14,400,000 | 1,762,878 | 16,162,878 |
| | <u>\$ 31,720,000</u> | <u>\$ 7,836,195</u> | <u>\$ 39,556,195</u> |

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.

Revenue Pledged

All of the bonds described in this note are secured by a pledge of all future payments from the RPTTF fund 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, 2018 amounted to \$497,428,763. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2018, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to \$68,116,078, which the SA received \$58,997,392 after deductions.

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 X1 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.

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

Note 5 – Bonds Payable (Continued)

Revenue Pledged (Continued)

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. Until such time as the SA to IUDA makes any additional or different request, 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. 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, 2018 as follows:

| | | |
|-------------------------|----|--------------------|
| RPTTF Funds | \$ | 68,116,078 |
| Less: | | |
| Administrative expenses | | (1,198,929) |
| Pass through payments | | <u>(7,919,757)</u> |
| Net RPTTF Funds | \$ | <u>58,997,392</u> |

**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018**

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, 2018 are as follows:

| Year Ending June 30 | Amount |
|------------------------|--------------|
| 2019 | \$ 7,303,620 |
| 2020 | 7,309,485 |
| 2021 | 7,315,588 |
| 2022 | 10,697,333 |
| 2023 | 7,159,664 |
| 2024-2028 | 35,798,318 |
| 2029-2033 | 35,798,318 |
| 2034-2038 | 35,798,318 |
| Thereafter | 206,093,358 |

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, 2018, SA to IUDA earned and received \$8,776,364 in rental income from the Company.

SA to IUDA also leases land, buildings, and permanently attached equipment to the Industry Convalescent Hospital D.b.a. El Encanto Healthcare and Habilitation Center for \$1 a year, renewed annually, which at the time of renewal, the lease may be terminated or the lease payment renegotiated by SA to IUDA.

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, 2018, there are no pending claims outstanding against the SA to IUDA.

Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

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.

B. Project Commitments

As of June 30, 2018, the total net position held in trust was \$216,614,077. All of the fiduciary net position are committed to fund project obligations and the debt service on the bonds payable.

Note 9 – Transactions with Related Parties

As of June 30, 2018, SA to IUDA had net amount due to the City in the amount of \$3,974,346. This arose from administrative expenses incurred by the SA to IUDA and paid by the City.

A total of \$422,510,000 SA to IUDA bonds are owned by the City of Industry Public Facilities Authority, a component unit of the City of Industry.

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SUPPLEMENTARY INFORMATION

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**Successor Agency to
Industry Urban - Development Agency
(A Component Unit of City of Industry)
Schedules of Long Term Debt
\$239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A
Civic-Recreational-Industrial Redevelopment Project No. 1
For the Year Ended June 30, 2018**

| <u>Period Ending</u> | <u>Principle</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Debt Service</u> | <u>Annual Debt Service</u> |
|----------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------------|
| 7/1/2018 | \$ - | 2.789% | \$ 2,935,245 | \$ 2,935,245 | \$ - |
| 1/1/2019 | 36,945,000 | 2.789% | 2,935,245 | 39,880,245 | 42,815,490 |
| 7/1/2019 | - | 3.139% | 2,420,047 | 2,420,047 | - |
| 1/1/2020 | 37,925,000 | 3.139% | 2,420,047 | 40,345,047 | 42,765,094 |
| 7/1/2020 | - | 3.471% | 1,824,814 | 1,824,814 | - |
| 1/1/2021 | 39,090,000 | 3.471% | 1,824,814 | 40,914,814 | 42,739,628 |
| 7/1/2021 | - | 3.821% | 1,146,407 | 1,146,407 | - |
| 1/1/2022 | 30,740,000 | 3.821% | 1,146,407 | 31,886,407 | 33,032,814 |
| 7/1/2022 | - | 4.044% | 559,119 | 559,119 | - |
| 1/1/2023 | 9,705,000 | 4.044% | 559,119 | 10,264,119 | 10,823,239 |
| 7/1/2023 | - | 4.244% | 362,884 | 362,884 | - |
| 1/1/2024 | 10,105,000 | 4.244% | 362,884 | 10,467,884 | 10,830,769 |
| 7/1/2024 | 6,835,000 | 4.344% | 148,456 | 6,983,456 | 6,983,456 |
| Totals | <u>\$ 171,345,000</u> | | <u>\$ 18,645,490</u> | <u>\$ 189,990,490</u> | <u>\$ 189,990,490</u> |

**Successor Agency to
Industry Urban - Development Agency
(A Component Unit of City of Industry)
Schedules of Long Term Debt (Continued)
\$7,140,000 Tax Allocation Revenue Refunding Bonds Series 2015A
Transportation-Distribution-Industrial Redevelopment Project No. 2
For the Year Ended June 30, 2018**

| <u>Period Ending</u> | <u>Principle</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Debt Service</u> | <u>Annual Debt Service</u> |
|----------------------|---------------------|----------------------|---------------------|---------------------|----------------------------|
| 7/1/2018 | \$ - | 5.000% | \$ 148,625 | \$ 148,625 | \$ - |
| 1/1/2019 | 735,000 | 5.000% | 148,625 | 883,625 | 1,032,250 |
| 7/1/2019 | - | 5.000% | 130,250 | 130,250 | - |
| 1/1/2020 | 770,000 | 5.000% | 130,250 | 900,250 | 1,030,500 |
| 7/1/2020 | - | 5.000% | 111,000 | 111,000 | - |
| 1/1/2021 | 805,000 | 5.000% | 111,000 | 916,000 | 1,027,000 |
| 7/1/2021 | - | 5.000% | 90,875 | 90,875 | - |
| 1/1/2022 | 845,000 | 5.000% | 90,875 | 935,875 | 1,026,750 |
| 7/1/2022 | - | 5.000% | 69,750 | 69,750 | - |
| 1/1/2023 | 885,000 | 5.000% | 69,750 | 954,750 | 1,024,500 |
| 7/1/2023 | - | 5.000% | 47,625 | 47,625 | - |
| 1/1/2024 | 930,000 | 5.000% | 47,625 | 977,625 | 1,025,250 |
| 7/1/2024 | - | 5.000% | 24,375 | 24,375 | - |
| 1/1/2025 | 975,000 | 5.000% | 24,375 | 999,375 | 1,023,750 |
| Totals | <u>\$ 5,945,000</u> | | <u>\$ 1,245,000</u> | <u>\$ 7,190,000</u> | <u>\$ 7,190,000</u> |

**Successor Agency to
Industry Urban - Development Agency
(A Component Unit of City of Industry)
Schedules of Long Term Debt (Continued)
\$249,770,000 Tax Allocation Revenue Refunding Bonds Series 2015B
Transportation-Distribution-Industrial Redevelopment Project No. 2 (Continued)
For the Year Ended June 30, 2018**

| <u>Period Ending</u> | <u>Principle</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Debt Service</u> | <u>Annual Debt Service</u> |
|----------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------------|
| 7/1/2018 | \$ - | 3.039% | \$ 4,567,712 | \$ 4,567,712 | \$ - |
| 1/1/2019 | 16,420,000 | 3.039% | 4,567,712 | 20,987,712 | 25,555,424 |
| 7/1/2019 | - | 3.389% | 4,318,280 | 4,318,280 | - |
| 1/1/2020 | 16,905,000 | 3.389% | 4,318,280 | 21,223,280 | 25,541,560 |
| 7/1/2020 | - | 4.121% | 4,031,524 | 4,031,524 | - |
| 1/1/2021 | 17,490,000 | 4.121% | 4,031,524 | 21,521,524 | 25,553,048 |
| 7/1/2021 | - | 4.121% | 3,671,443 | 3,671,443 | - |
| 1/1/2022 | 22,550,000 | 4.121% | 3,671,443 | 26,221,443 | 29,892,886 |
| 7/1/2022 | - | 4.294% | 3,206,800 | 3,206,800 | - |
| 1/1/2023 | 46,855,000 | 4.294% | 3,206,800 | 50,061,800 | 53,268,600 |
| 7/1/2023 | - | 5.044% | 2,200,823 | 2,200,823 | - |
| 1/1/2024 | 48,825,000 | 5.044% | 2,200,823 | 51,025,823 | 53,226,646 |
| 7/1/2024 | - | 5.044% | 969,457 | 969,457 | - |
| 1/1/2025 | 38,440,000 | 5.044% | 969,457 | 39,409,457 | 40,378,914 |
| Totals | <u>\$ 207,485,000</u> | | <u>\$ 45,932,078</u> | <u>\$ 253,417,078</u> | <u>\$ 253,417,078</u> |

**Successor Agency to
Industry Urban - Development Agency
(A Component Unit of City of Industry)
Schedules of Long Term Debt (Continued)
\$7,230,000 Tax Allocation Revenue Refunding Bonds Series 2015A
Transportation-Distribution-Industrial Redevelopment Project No. 3
For the Year Ended June 30, 2018**

| <u>Period Ending</u> | <u>Principle</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Debt Service</u> | <u>Annual Debt Service</u> |
|----------------------|---------------------|----------------------|---------------------|---------------------|----------------------------|
| 7/1/2018 | \$ - | 5.000% | \$ 150,375 | \$ 150,375 | \$ - |
| 1/1/2019 | 740,000 | 5.000% | 150,375 | 890,375 | 1,040,750 |
| 7/1/2019 | - | 5.000% | 131,875 | 131,875 | - |
| 1/1/2020 | 780,000 | 5.000% | 131,875 | 911,875 | 1,043,750 |
| 7/1/2020 | - | 5.000% | 112,375 | 112,375 | - |
| 1/1/2021 | 815,000 | 5.000% | 112,375 | 927,375 | 1,039,750 |
| 7/1/2021 | - | 5.000% | 92,000 | 92,000 | - |
| 1/1/2022 | 855,000 | 5.000% | 92,000 | 947,000 | 1,039,000 |
| 7/1/2022 | - | 5.000% | 70,625 | 70,625 | - |
| 1/1/2023 | 900,000 | 5.000% | 70,625 | 970,625 | 1,041,250 |
| 7/1/2023 | - | 5.000% | 48,125 | 48,125 | - |
| 1/1/2024 | 940,000 | 5.000% | 48,125 | 988,125 | 1,036,250 |
| 7/1/2024 | - | 5.000% | 24,625 | 24,625 | - |
| 1/1/2025 | 985,000 | 5.000% | 24,625 | 1,009,625 | 1,034,250 |
| Totals | <u>\$ 6,015,000</u> | | <u>\$ 1,260,000</u> | <u>\$ 7,275,000</u> | <u>\$ 7,275,000</u> |

**Successor Agency to
Industry Urban - Development Agency
(A Component Unit of City of Industry)
Schedules of Long Term Debt (Continued)
\$37,425,000 Tax Allocation Revenue Refunding Bonds Series 2015B
Transportation-Distribution-Industrial Redevelopment Project No. 3 (Continued)
For the Year Ended June 30, 2018**

| <u>Period Ending</u> | <u>Principle</u> | <u>Interest Rate</u> | <u>Interest</u> | <u>Debt Service</u> | <u>Annual Debt Service</u> |
|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------------|
| 7/1/2018 | \$ - | 3.000% | \$ 730,994 | \$ 730,994 | \$ - |
| 1/1/2019 | 3,325,000 | 3.000% | 730,993 | 4,055,993 | 4,786,987 |
| 7/1/2019 | - | 3.000% | 681,119 | 681,119 | - |
| 1/1/2020 | 3,425,000 | 3.000% | 681,118 | 4,106,118 | 4,787,237 |
| 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 | <u>\$ 31,720,000</u> | | <u>\$ 7,836,195</u> | <u>\$ 39,556,195</u> | <u>\$ 39,556,195</u> |

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